Lar España Real Estate SOCIMI, S.A.

Financial Statements for the year ended 31 December 2023 and Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2.a and 20). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of LAR España Real Estate SOCIMI, S.A.,

Report on the Financial Statements

Opinion

We have audited the financial statements of LAR España Real Estate SOCIMI, S.A. (the Company), which comprise the balance sheet as at 31 December 2023, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2023, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.a to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of non-current investments in Group companies

Description

The Company has ownership interests in the share capital of Group companies, which engage in the ownership and lease of their investment property, as detailed in Note 5 and Appendix I to the accompanying financial statements. The aforementioned investments constitute the main item in the Company's financial statements as at 31 December 2023.

As indicated in the aforementioned Note 5 to the financial statements, management determines the recoverable amount of those ownership interests and their underlying carrying amount plus the amount of the unrealised gains existing at each measurement date. Also, the unrealised gains are determined on the basis of the investment property valuations commissioned from experts, who use valuation methodologies and standards widely used in the market.

The measurement of the aforementioned ownership interests is a key audit matter, in view of the significance of those ownership interests in the financial statements taken as a whole and because the determination of their recoverable amount requires the use of judgements and estimates with a significant degree of uncertainty. Specifically, the valuation method generally used for determining the unrealised gains associated with the rental property assets is the discounted cash flow method, which requires estimates of:

- the future net revenue from each property based on available historical information and market surveys;
- the residual value of the assets at the end of the projection period;
- the exit yield; and
- the internal rate of return or opportunity cost used when discounting.

In addition, small percentage changes in the key assumptions used for the valuation of the property assets could give rise to significant changes in the recoverable amounts of the ownership interests held by the Company.

Procedures applied in the audit

Our audit procedures included, among others, the evaluation of the conclusion reached by Company management regarding the recoverability of the investments in Group companies.

In this regard, in view of the real estate nature of the business of the investees, which means that their recoverable amount is closely linked to the valuation of the property assets owned by them, in addition to the financial statements of the investees, we obtained the valuation reports of the experts engaged by the Company to value the entire property portfolio of the investees, and we evaluated the competence, capability and objectivity of the experts and the adequacy of their work for use as audit evidence. In this connection, with the assistance of our internal valuation experts, we:

- analysed and concluded on the reasonableness of the valuation procedures and methodology used by the experts engaged by Company management;
- reviewed all of the valuations, evaluating, in conjunction with our internal experts, the most significant assessed risks, including the occupancy rates and expected returns on the property assets. On conducting that review, we took into account the information available on the industry and transactions with property assets similar to the property asset portfolio owned by the Group to which the Company belongs; and
- held meetings with the experts engaged by the Group in order to check the findings of our work and obtain the necessary explanations.

In addition, we checked that the disclosures included in Notes 4b.iv) and 5 and Appendix I to the accompanying financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Compliance with the REIT tax regime

Description

The Company has availed itself of the special regime for Real Estate Investment Trusts (REITs). One of the main characteristics of companies of this nature is that they are subject to an income tax rate of 0%.

The applicability of the REIT tax regime is conditional upon compliance with certain requirements in relation, inter alia, to company name and object, minimum share capital, the obligation to distribute the profit of each year in the form of dividends and the trading of the entity's shares on a regulated market, as well as other requirements such as the investments made and the nature of the income earned each year, predominantly, which requires significant judgements and estimates to be made by management, since failure to comply with any of these requirements will lead to the loss of entitlement to the special tax regime unless the cause of the non-compliance is rectified the following year.

Therefore, compliance with the REIT regime requirements is a key matter in our audit, to the extent that the related tax exemption has a significant impact on both the financial statements and shareholder returns, since the business model of the Company and of its Group of subsidiaries is based on continuing to qualify for taxation under the REIT regime.

Procedures applied in the audit

Our audit procedures included, among others, obtaining and reviewing the documentation prepared by Company management, with the support of its tax advisers, relating to compliance with the obligations associated with this special tax regime, including the documentation relating to the estimate made by the Directors in relation to compliance with the income test in 2024 (see Note 14a.iv) to the financial statements), and we involved our internal experts from the tax area, who assisted us in analysing both the reasonableness of the information obtained and the completeness thereof in relation to all the matters provided for in the legislation in force at the analysis date.

Lastly, we verified that Notes 1, 13 and 14 to the financial statements for 2023 contained the disclosures relating to compliance with the conditions required by the REIT tax regime and other matters associated with the taxation of the Company.

Other Information: Directors' Report

The other information comprises only the Directors' report for 2023, the preparation of which is the responsibility of the Company's Directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the Directors' report. Our responsibility relating to the Directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the Directors' report is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the Directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the Directors' report was consistent with that contained in the financial statements for 2023 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit Committee for the Financial Statements

The Directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Lar España Real Estate SOCIMI, S.A. for 2023, which comprise the XHTML file including the financial statements for 2023, which will form part of the annual financial report.

The Directors of Lar España Real Estate SOCIMI, S.A. are responsible for presenting the annual financial report for 2023 in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report were included by reference in the Directors' report.

Our responsibility is to examine the digital file prepared by the Company's Directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the financial statements included in the aforementioned file corresponds in full to that of the financial statements that we have audited, and whether those financial statements were formatted, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined corresponds in full to the audited financial statements, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 28 February 2024.

Engagement Period

The Annual General Meeting held on 31 March 2023 appointed us as auditors of the Group for a period of one year from the year ended 31 December 2022.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 2014.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Carmen Barrasa Ruiz
Registered in ROAC under no. 17962

28 February 2024

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the use by the Directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Financial Statements and Management Report
31 December 2023

Prepared in compliance with Royal Decree 1514/2007, of 16 November, which approved the Spanish General Chart of Accounts, taking into consideration the industry adaptations and amendments approved subsequently thereto.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

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LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Balance sheet at 31 December 2023

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

Assets	Note	31.12.2023	31.12.2022
Investment property		93	—
Land	4a, 8	40	—
Buildings	4a, 8	53	—
Long-term investments in Group companies and associates		766,404	623,596
Equity instruments	5a, 8	766,404	623,596
Total non-current assets		**766,497**	**623,596**
Non-current assets held for sale	8	—	133,452
Trade and other receivables		31,636	27,886
Client receivables for sales and rendering of services	6a	45	8
Clients, Group companies and associates	16	31,049	27,793
Current tax assets	13a	542	85
Investments in Group companies and associates	16	337,019	438,018
Loans to companies		337,019	419,987
Other financial assets		—	18,031
Short-term financial investments	6a	34	8
Other financial assets		34	8
Short-term accruals		67	90
Cash and cash equivalents		234,353	173,095
Treasury	7.14	234,353	173,095
Total current assets		**603,109**	**772,549**
Total assets		**1,369,606**	**1,396,145**

The accompanying Notes 1 to 20 and Appendix I form an integral part of the balance sheet at 31 December 2023.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Balance sheet at 31 December 2023

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

Net Equity and Liabilities	Note	31.12.2023	31.12.2022
Treasury funds			
Capital		167,386	167,386
Issued capital	9a	167,386	167,386
Issue premium	9b	415,303	452,924
Reserves	9c	(48,989)	(50,454)
Legal and statutory		22,242	20,871
Other reserves		(71,231)	(71,325)
(Treasury shares and equity holdings)	9d	(371)	(250)
Other shareholder contributions		240	240
Profit for the period	3	68,634	13,718
Total net equity		**602,203**	**583,564**
Long-term borrowings		647,492	764,370
Debentures and other marketable debt securities	10	577,542	694,434
Bank borrowings	10	69,950	69,936
Total non-current liabilities		**647,492**	**764,370**

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

Short-term borrowings		3,298	4,170
Debentures and other marketable debt securities	10	3.113	3.985
Bank borrowings	10	185	185
Short-term borrowings from Group companies and associates	10, 16	106,378	39,590
Trade and other payables		10,235	4,451
Short-term suppliers, related companies	16	3,785	637
Sundry creditors	11	2.582	559
Personnel	11	291	205
Other public entity payables	11.13	3.577	3.050
Total current liabilities		**119,911**	**48,211**
Total net equity and liabilities		**1,369,606**	**1,396,145**

The accompanying Notes 1 to 20 and Appendix I form an integral part of the balance sheet at 31 December 2023.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Income Statement for 2023

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	Note	2023	2022
On-going transactions			
Net turnover		62,040	35,556
Revenue from stakes in equity instruments	4i, 15a, 16	48,105	19,947
Revenue from rebilling financial expenses within the Group	15a, 16	13,935	15,609
Other operating revenue		97	3
Non-core and other current operating revenue		97	3
Personnel expenses		(802)	(928)
Salaries and wages	15b	(735)	(865)
Benefits	15b	(67)	(63)
Other operating expenses		(3,713)	(2,022)
External services	15c	(3,711)	(2,022)
Taxes	15c	(2)	—
Depreciation of fixed assets		(1)	(1)
Impairment and profit/(loss) in disposals of financial instruments		(266)	(62)
Impairment and losses	5a	(266)	(62)
Operating profit/(loss)		**57,355**	**32,546**
Financial income		5,340	1,535
From negotiable securities and other financial instruments		5,340	1,535
From Group companies	16b	781	944
From third parties	7	4,559	591
Financial expenses	10c	(14,517)	(16,026)
Borrowings from Group companies and associates	16b	(163)	(73)
Borrowings from third parties	10c	(14,354)	(15,953)
Impairment and profit/(loss) in disposals of financial instruments	10	20,458	—
Changes in the fair value of financial instruments	7	—	(4,336)
Exchange-rate Differences		(2)	(1)
Financial profit/(loss)		**11,279**	**(18,828)**
Profit/(loss) before tax		**68,634**	**13,718**
Tax on profits	13b	—	—
Profit/(loss) for the period from on-going transactions		68,634	13,718
Profit for the period		**68,634**	**13,718**

The accompanying Notes 1 to 20 and Appendix I form an integral part of the income statement for 2023.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Statement of Changes in Net Equity for 2023

A) Statement of recognised income and expenses for 2023

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	2023	2022
Income statement result	68,634	13,718
Total revenue and expense recognised directly in net equity	—	—
Total transfers to the income statement	—	—
Total recognised revenues and expenses	68,634	13,718

The accompanying Notes 1 to 20 and Appendix I form an integral part of the statement of changes in net equity for 2023.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Statement of Changes in Net Equity for 2023

B) Statement of Total Changes in Net Equity at
31 December 2023

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	Issued Capital	Issue premium	Reserves	Treasury shares and equity holdings	Other shareholder contributions	Profit for the period	Total
Balance at 31 December 2021	167,386	466,176	(52,136)	(860)	240	18,594	599,400
Recognised revenues and expenses	—	—	—	—	—	13,718	13,718
Transactions with shareholders or owners							
Distribution of profit							
To reserves	—	—	1,880	—	—	(1,880)	—
To dividends (Note 9e)	—	—	—	—	—	(16,714)	(16,714)
Return of the issue premium (Notes 9e)	—	(13,252)	—	—	—	—	(13,252)
Treasury shares (Note 9d)	—	—	(199)	610	—	—	411
Other operations	—	—	1	—	—	—	1
Balance at 31 December 2022	167,386	452,924	(50,454)	(250)	240	13,718	583,564
Recognised revenues and expenses	—	—	—	—	—	68,634	68,634
Transactions with shareholders or							
Distribution of profit							
To reserves	—	—	1,384	—	—	(1,384)	—
To dividends (Note 9e)	—	—	—	—	—	(12,334)	(12,334)
Return of the issue premium (Notes 9e)	—	(37,621)	—	—	—	—	(37,621)
Treasury shares (Note 9d)	—	—	81	(121)	—	—	(40)
Balance at 31 December 2023	167,386	415,303	(48,989)	(371)	240	68,634	602,203

The accompanying Notes 1 to 20 and Appendix I form an integral part of the statement of total changes in net equity for 2023.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Statement of Cash Flows for 2023
(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	Note	2023	2022
Cash flows from operating activities			
Profit/(loss) for the period before tax		68,634	13,718
Adjustments to the profit/(loss)		(59,119)	(1,057)
Amortisation of fixed assets (+)	5	1	1
Valuation adjustments due to impairment (+/-)	5.6a	266	62
Revenue from stakes in equity instruments (-)	16	(48,105)	(19,947)
Financial revenue (-)	7.16	(5,340)	(1,535)
Financial expenses (+)	10	14,517	16,026
Impairment and gains/(losses) on disposals of financial instruments	10	(20,458)	—
Changes in the fair value of financial instruments	7	—	4,336
Changes in working capital		1,617	(7,324)
Debtors and other receivables (+/-)		(3,751)	(2,891)
Creditors and other payables (+/-)		5,371	(171)
Other current assets (+/-)		(3)	(4,262)
Other cash flows from operating activities		56,272	(9,756)
Interest payments (-)		(12,691)	(17,399)
Receipt of interest (+)		5,339	1,535
Proceeds from dividends (+)	16	63,624	6,108
Cash flows from operating activities		**67,404**	**(4,419)**
Cash flows from investing activities			
Proceeds from sales on investments (+)		154,092	70,945
Group companies and associates	6a	154,092	70,945
Cash flows from investing activities		**154,092**	**70,945**
Cash flows from financing activities			
Proceeds and payments relating to equity instruments		(40)	411
Disposal of equity instruments (+/-)	9	(40)	411
Proceeds and payments relating to financial liability instruments		(110,243)	(113,415)
a) Issue of:			
Borrowings with Group companies and associates (+)	16	—	9,285
b) Returns of:			
Bonds and other marketable securities (-)	10	(98,542)	(122,700)
Borrowings with Group companies and associates (-)		(11,701)	—
Payments relating to dividends and remuneration from other equity		(49,955)	(29,965)
Dividends (-)	9	(49,955)	(29,965)
Cash flows from financing activities		**(160,238)**	**(142,969)**
Net increase / decrease in cash or cash equivalents		**61,258**	**(76,443)**
Cash or cash equivalents at the beginning of the period		173,095	249,538
Cash or cash equivalents at the end of the period		234,353	173,095

The accompanying Notes 1 to 20 and Appendix I form an integral part of the statement of cash flows for 2023.

(1) NATURE AND ACTIVITIES OF THE COMPANY

Lar España Real Estate SOCIMI, S.A. (hereinafter the Company or Lar España) was incorporated with limited liability under Spanish law on 17 January 2014 for an indefinite duration as Lar España Real Estate, S.A. Its name was changed to the current name on 6 February 2014.

Its registered office is located at Calle María de Molina 39, 28006, Madrid, Spain.

According to its articles of association, the Company's statutory activity comprises the following:

– The acquisition and development of urban properties for lease.

– The holding of investments in the capital of other SOCIMIs (listed corporations for investment in the real estate market - Spanish "REITs") or in other entities not resident in Spain that have an identical statutory activity and are subject to a regime similar to that applicable to SOCIMIs, insofar as they have a legal or statutory obligation to distribute profits.

– The holding of investments in the capital of other entities, Spanish or foreign residents, whose main corporate purpose is the acquisition of urban property for the lease thereof that are subject to the same regime applicable to SOCIMIs insofar as they have a legal or statutory obligation to distribute profits and satisfy the investment requirements referenced in Article 3 of the SOCIMIs Law.

– The holding of shares or investments in Property Collective Investment Institutions regulated by Law 35/2003, of 4 November, on Collective Investment Institutions or any standard that might replace said Act in the future.

– In addition to the economic activity derived from the principal statutory activity, SOCIMIs may carry out complementary activities. These are understood to be activities that do not amount to more than 20% of the total earnings of the Company in each tax period or those which can be considered complementary pursuant to prevailing legislation.

The principal activity of Lar España Real Estate SOCIMI, S.A. comprises the holding of investments in the capital of other resident or non-resident entities in Spain whose main activity is the acquisition of urban properties for lease. The functional currency of the Company is the Euro.

Lar España Real Estate SOCIMI, S.A. has been listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and the Spanish automated quotation system since 05 March 2014.

Lar España Real Estate SOCIMI, S.A., as a company under the SOCIMI tax regime, is regulated by Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December and Law 11/2021, of 9 July, which regulates Listed Public Limited Companies for Investment in the Real Estate Market, in which the requirements for eligibility are determined, some of which are as follows:

1. SOCIMIs must invest at least 80% of their assets in urban properties for lease, in land for the development of urban properties for lease, provided that development commences within three years after the acquisition, or in the capital or equity of other entities referenced in Article 2.1 of Law 11/2009.

   Asset value shall be based on the average of the asset values reflected in the consolidated quarterly balance sheets for the period. To calculate this value, the Company chose to replace the carrying amount of the items comprising those balance sheets with their market value, which would apply to the four balance sheets for the period. For these purposes, cash or receivables derived from transfers of these properties or investments, if any, carried out in the current period or previous periods shall not be included provided, in the latter case, that the period for reinvestment stipulated in Article 6 of the aforementioned Law has not expired.

2. Furthermore, at least 80% of revenue for the tax period corresponding to each year, excluding that derived from the transfer of those investments and properties held for the purpose of carrying out the principal statutory activity, once the holding period mentioned in the following section has elapsed, must originate from property leases and dividends or shares in profits arising from said investments.

   This will be calculated as a percentage of consolidated profit if the company is the parent of a group in accordance with the criteria established in Article 42 of the Spanish Code of Commerce, irrespective of domicile and of the obligation to draw up consolidated financial statements. This Group shall comprise solely the SOCIMIs and other entities to which Article 2.1 of the above Law refers.

3. The properties that constitute the SOCIMI's assets must be leased for at least three years. The period of time during which the properties have been available for lease, up to a maximum of one year, shall be included for the purposes of this calculation. The period shall be calculated as follows:

   a) For properties included in the SOCIMI's holdings prior to availing of the regime, from the starting date of the first tax period in which the special tax regime established in the Law is applied, provided that on that date the asset was leased or available for lease. Otherwise, the provisions of the following point shall apply.

b) For properties developed or acquired subsequently by the Company, from the date on which they were leased or available for lease for the first time.

Shares or investments in the entities referenced in Article 2.1 of the aforementioned Law should be maintained as assets on the SOCIMI's balance sheet for at least three years from their acquisition or, where applicable, from the start of the first tax period in which the special tax regime established in the above Law is applied.

4. SOCIMIs and Spanish resident investees that have chosen to avail themselves of the special SOCIMI tax regime, after having satisfied any relevant trade obligations, shall be obligated to distribute the profit received in the period as dividends to their shareholders, where the distribution must be adopted within six months after each year-end, as follows:

   a) 100% of the profits from dividends or shares in profits distributed by the entities referred to in article 2.1 of Law 11/2009, of 26 October 2009 as amended by Law 16/2012, of 27 December 2012 and Law 11/2021, of 9 July.

   b) At least 50% of the profits derived from the transfer of the properties and shares or investments referred to in Article 2.1 of Law 11/2009, made after the periods referred to in Article 3.2 of Law 11/2009, of 26 October 2009 as amended by Law 16/2012, of 27 December 2012 and Law 11/2021, of 9 July, assigned to the fulfilment of its main statutory activity, have elapsed. The remainder of these profits must be reinvested in other properties or stakes to be held for the purpose of complying with the statutory activity, within three years after the transfer date. Otherwise, these profits must be distributed in full together with any profits obtained during the period in which the reinvestment period expires. If the items in which the reinvestment is made are transferred in the period during which they must be held, the associated profits must be distributed in full together with any profits obtained during the period in which the items were transferred.

      The mandatory distribution of profits does not apply to any portion of profits attributable to periods in which the Company will not be taxed under the special regime provided for by that law.

   c) At least 80% of the remaining profits obtained.

The dividend must be paid within one month following the date of the distribution agreement.

Likewise, as detailed in Article 3 of Law 11/2009, of 26 October 2009, amended by Law 16/2012, of 27 December 2012 and Law 11/2021, of 9 July, which regulates Listed Real Estate Investment Companies, the entity will lose the special tax regime established in this Law and will be taxed under the general corporate income tax regime in the same tax period in which any of the following circumstances arise:

- The exclusion from trading on regulated markets or in a multi-lateral trading system.

- The substantial breach of the information obligations referenced in Article 11 of said Law, unless the following year's report corrects such breach.

- The failure to agree to the total or partial distribution or payment of the dividends under the terms and within the periods referenced in Article 6 of said Law. In this case, taxation under the general regime shall take place in the tax period referencing the reporting period in which the profits giving rise to said dividends were made.

- The renouncement of the application of this special tax regime.

- The failure to fulfil any other requirements stipulated in said Law in order for the entity to apply the special tax regime, except where the failure to fulfil said requirement is corrected within the following period. Nevertheless, the breach of the period referenced in Article 3.3 of this law on the 3-year leasing period for assets shall not lead to exclusion from the special tax regime.

The exclusion from the special tax regime will prevent the entity from choosing to apply the special tax regime established in said Law again, until at least three years since the end of the last tax period in which the entity was included under the special tax regime. (Note 14a.iv).

As mentioned in Note 5, the Company owns shares in subsidies and associates. Consequently, under current legislation the Company is the parent of a Group of companies. Presenting the consolidated financial statements is necessary, in accordance with generally accepted accounting principles and regulations, to fairly present the Group's financial condition, results from operating activities, changes in net equity and cash flows. The information on stakes in Group companies and associates is provided in Appendix I.

On 27 February 2024 the Company's Directors drew up the 2023 consolidated financial statements for Lar España Real Estate SOCIMI, S.A. and the subsidiaries thereof, which reflect EUR 36,789 thousand in consolidated profits, EUR 885,548 thousand in consolidated net equity and EUR 1,588,137 thousand in consolidated total assets. The consolidated figures were obtained from the consolidated financial statements prepared by the Company based on International Financial Reporting Standards, adopted by the European Union, and other provisions of the framework regulations on financial information to which the Group is subject in Spain.

(2) BASIS OF PRESENTATION

(a) Regulatory framework on financial information

The financial statements for the year ended 31 December 2023 have been prepared by the directors on the basis of the accounting records of Lar España Real Estate SOCIMI, S.A., and have been prepared in accordance with:

- The Spanish Code of Commerce and related mercantile legislation
- The Spanish General Chart of Accounts approved by Royal Decree 1514/2007, the subsequent amendments thereto and sector adaptations
- Mandatory standards approved by the Spanish Accounting and Auditing Institute (ICAC) in drafting the Spanish General Chart of Accounts and the supplementary standards thereof
- Law 11/2009 of 26 October, as amended by Law 16/2012 of 27 December and Law 11/2021, of 9 July, which governs SOCIMIs.
- All other applicable Spanish accounting principles.

(b) True and fair view

The attached financial statements were obtained from the Company's accounting records and are presented in accordance with the applicable regulatory framework for financial information in such a way that they give a true and fair view of the equity, the financial position and the results of the Company, and cash flows during the 2023 financial year.

These financial statements, which were prepared by the Directors on 27 February 2024, shall be submitted for approval at the General Shareholders' Meeting and they are expected to be approved without any changes. The 2022 financial statements were approved by the General Shareholders' Meeting held on 31 March 2023.

These financial statements do not include any information or itemisations that do not need further details given their qualitative unimportance and were not considered material or to have relative importance according to the concept of materiality or relative importance as defined in the conceptual framework of the Spanish General Chart of Accounts (PGC 2007).

(c) Non-mandatory account principles applied

No non-mandatory accounting principles have been applied. Furthermore, the Directors have prepared these financial statements taking into account all the compulsory accounting principles and standards with a significant effect thereon. All mandatory accounting principles have been applied.

(d) Critical issues regarding the measurement and estimation of uncertainties

In preparing the adjoined financial statements, estimates have been made that are based on historical data and on other factors which are considered reasonable in accordance with current circumstances, and that constitute the basis for establishing the carrying amount of those assets, liabilities, revenues, expenses and commitments whose values are not easily determined using other sources. The Company reviews these estimates on an on-going basis.

These estimates were made on the basis of the best available information at the end of the 2023 period; nevertheless, it is possible that future events may make it necessary to modify them (either up or down) in coming years. If necessary, any changes would be made prospectively.

The following are the main assumptions made regarding the future and other sources regarding the uncertainty of the year-end estimates that could significantly affect the financial statements in the upcoming year:

- The recoverable amount of certain financial instruments and non-current assets held for sale (Notes 4a, 4b, 5 and 8).
- Assessment of provisions and contingencies (Notes 4h and 13e).
- Financial risk management (Note 14).
- The assessment of compliance with the requirements that regulate SOCIMIs (Notes 1 and 13d).

(e) Comparison of information

The application of accounting policies in 2023 and 2022 was uniform and, therefore, there were no operations or transactions recorded under different accounting principles that could give rise to discrepancies in the interpretation of the comparative figures for the two periods.

(f) Grouping together of items

In order to facilitate the comprehension of the balance sheet, certain items of the balance sheet, the income statement, the statement of changes in net equity and the statement of cash flows are presented as a group, though the disaggregated information is included in the corresponding Notes of the report, insofar as it is significant.

(g) Changes in accounting criteria

During the annual period ended on 31 December 2023 there were no changes in accounting criteria with respect to those applied when preparing the financial statements of 2022.

(h) Correction of errors

In preparing the adjoined financial statements, no significant errors have been detected that require that the amounts included in the financial statements for 2022 be re-stated.

(i) Functional and presentation currency

The figures disclosed in the financial statements are expressed in thousands of Euros rounded to the nearest thousand. The Euro is the Company's functional and presentation currency.

(j) Impact on financial statements of geopolitical instability

In recent years, various armed conflicts have erupted in certain parts of the world, increasing global geopolitical pressure. In February 2022, Russia's invasion of Ukraine began, leading to a war between the two countries, and in October 2023, the Israeli-Palestinian conflict in the Gaza Strip began. The consequences of both conflicts are still uncertain.

The Company's directors, after assessing the possible repercussions of this situation, have considered that it would not, a priori, have a direct impact on its financial statements, since all its operations are domestic and it does not depend on any raw materials that could be affected by cuts in supplies.

However, this situation has generated an increase in uncertainty in global markets and a sharp rise in the cost of energy and other natural resources, particularly in Europe, which, in conjunction with other factors, has translated into an increase in inflation and the cost of living in the Spanish macroeconomic environment, leading to a rise in interest rates by the European Central Bank in response to this context.

This situation and its potential indirect impact on the Group is being monitored by the Management and the Directors. Lease rents of shopping centres owned by the subsidiaries are indexed to the CPI and were revised in 2023. On the other hand, the activity of shopping centres and retail parks is monitored in order to identify possible decreases in footfall and/or consumption levels that could affect tenant effort rates.

Similarly, the independent third party experts engaged by the Group for the valuation of the investment properties owned by the subsidiaries, have taken into consideration the economic situation at period close in determining the fair value of the Group's investment property, although this may be affected by rapid changes in market circumstances caused by global geopolitical and economic impacts.

Given the existing geopolitical uncertainty and volatility, the Directors and the Company's Management continue to constantly monitor the evolution of the conflict and its consequences, in order to successfully deal with possible future impacts that may occur.

(3) DISTRIBUTION OF PROFIT

The proposal for distributing the Company's profits for the 2023 period and issue premium to be presented to the General Shareholders' Meeting is the following:

	Euros
Basis of allocation	
Profit for the period	68,634,491.61
Issue premium	4,395,957.55
Distribution of profit	
Legal reserve	6,863,449.16
Dividends	66,167,000.00

The proposed distribution of profit and issue premium is €0.7906 per share.

(4) RECORD AND VALUATION STANDARDS

Pursuant to Note 2, the Company has applied the accounting policies in accordance with the accounting principles and standards stipulated in the Commercial Code, which are implemented in the current Spanish General Chart of Accounts (PGC 2007), industry adaptations and subsequent amendments thereto, as well as in other mercantile legislation in force at the year-end of these financial statements. In this regard, only those policies that are specific to the Company's activity and those considered significant in view of the nature of its activities are detailed below.

(a) Investment property

"Investment property" on the adjoined balance sheet includes the values of the lands and buildings and other constructions that are maintained either to lease or to earn capital gains through the sale thereof as a result of any increases produced in the future in the respective market prices.

These assets are initially valued at their purchase price or cost of production. Said figure is subsequently reduced by the corresponding accumulated depreciation and impairment losses, where applicable.

The investment properties owned by the Company comprise an office building and a permanent security post, which provides management services to the entire Abadía business park located in Toledo. Said business park is owned by LE Retail Abadía, S.L.U., which is in turn completely owned by Lar España Real Estate SOCIMI, S.A.

(b) Financial instruments

(i) *Classification of financial instruments*

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company classifies financial instruments into the categories above according to the characteristics of the instrument and the Company's intentions when they were initially recognised.

(ii) *Offsetting principles*

A financial asset and a financial liability are offset only when the Company currently has the enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) *Loans and receivables*

This item comprises non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They basically comprise receivables from Group companies. These assets are classified as current unless they mature more than 12 months after the date of the balance sheet, in which case they are classified as non-current. Loans and receivables generated in exchange for cash deliveries or commercial transactions are included under "Trade and other receivables" on the accompanying balance sheet.

These financial assets are initially measured at fair value, including directly attributable transaction costs, and subsequently carried at amortised cost, recognising accrued interest at the effective interest rate, which is the discount rate that matches the instrument's carrying amount with all estimated cash flows to maturity. Nevertheless, trade receivables falling due in less than one period are carried at their nominal amount on both initial recognition and subsequent measurement, provided that the effect of not discounting the cash flows is immaterial.

At the year end at least, the necessary value adjustments are made for impairment losses when there is objective evidence that not all amounts due will be collected.

(iv) *Equity instruments in Group and multi-group companies and associates*

Those companies related to the Company through a relationship of control are considered to be Group companies, and companies over which the Company holds significant influence are considered to be associates. Furthermore, the jointly-controlled category includes those companies over which control is held, by virtue of an agreement, together with one or more partners.

Investments in Group companies are generally recorded initially at the fair value of the consideration plus directly attributable transaction costs.

Any fees paid to legal advisers or other related professionals who may be involved in the acquisition of investments in equity in Group companies granting control over a subsidiary are recorded directly in the income statement for the period in which they are incurred.

After initial measurement, investments in Group and multi-group companies and associates are measured at cost, unless their recoverable value is less than their carrying amount, in which case they are measured at cost less any accumulated impairment. Said adjustments are equal to the difference between the recoverable value and the carrying amount of the shareholdings at the date of measurement. Give that the Company is a holding company, it presents value adjustments made to investments in Group companies under "Operating profit/(loss)".

In this sense, given the real estate nature of the investees, their recoverable value is closely tied to the measurement of their property assets. In order to calculate the recoverable amount of such investments the Company calculates their fair value, the best estimate of which is the net equity of the investee adjusted for any unrealised gains present at the measurement date, as they are supported by independent expert appraisals.

Accordingly, in order to calculate the fair value of the property investment owned by Group companies and associates, the Company's Management entrusts independent appraisers that have no relation to the Group at year-end with the appraisal of all their property assets on 31 December. The measurement of this investment is conducted in accordance with the statements of the RICS Valuation - Professional Standards published by The Royal Institution of Chartered Surveyors ("Red Book"), based in the United Kingdom.

Specifically, buildings are appraised individually, taking into consideration each of the lease contracts in force at the appraisal date. The methodology used to calculate the market value of properties being rented consists of preparing 10 years' worth of revenue and expense projections for each type of asset, which will subsequently be updated on the date of the statement of financial condition for each review period using a market discount rate. The residual amount at the end of year 11 is calculated applying a rate of return ("exit yield") to the net revenue projections for year 11.

The market values thus obtained are analysed by calculating and analysing the yield capitalisation implicit in these values. Both the rate of return and the discount rate are defined in accordance with local property companies and considering the conditions prevailing in the institutional market, and the reasonableness of the market value thus obtained, which is tested in terms of initial gain.

Buildings with areas that have not been rented out are appraised on the basis of estimated future rents, minus a marketing period.

(v) *Impairment of financial assets*

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

– Impairment of financial assets carried at amortised cost

The amount of the impairment loss of financial assets carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For floating-rate financial assets, the effective interest rate corresponding to the measurement date under the contractual conditions is used. When calculating assets under guarantee, any sales costs pertaining to the allocation thereof shall be discounted at the effective interest rate.

The Company recognises the impairment loss and uncollectibility of loans and receivables and debt instruments by recognising an allowance account for financial assets, which is charged against profit and loss and is reversible in subsequent periods up to the amortised cost the assets would have had if the impairment loss had not been recognised.

(vi) *Financial liabilities*

Financial liabilities, including trade and other payables, are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently carried at amortised cost using the effective interest method. Said effective interest rate is the discount rate that matches the instrument's carrying amount with the expected future flow of payments to the maturity date of the liability.

Nevertheless, trade payables falling due in less than one year that have no contractual interest rate are carried at their nominal amount on both initial recognition and subsequent measurement, since the effect of discounting the cash flows is immaterial.

(vii) *Derecognition of financial assets*

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has substantially transferred all the risks and rewards of ownership.

The derecognition of a financial asset in its entirety implies the recognition of results as the difference between the carrying amount and the total consideration received, less transaction expenses, including assets obtained or liabilities assumed and any deferred profit or loss in revenues and expenses recognised in net equity.

(viii) *Derecognitions of financial liabilities*

The Company derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The exchange of debt instruments between the Company and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, providing the instruments have substantially different terms.

The Company considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the financial liability, any costs or fees incurred are recognised in the income statement as part of the result of the extinguishment. If the exchange is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are depreciated over the remaining term of the modified liability. In the latter case, a new effective interest rate is determined on the modification date, calculated as the rate that equates the present value of the flows payable under the new terms to the carrying amount of the financial liability at that date.

The difference between the carrying amount of a financial liability, or part of a financial liability, extinguished or transferred to a third party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised by the Company in the income statement.

If the Company delivers non-monetary assets as payment of debt, it recognises the difference between the fair value thereof and their carrying amount as operating profit and the difference between the value of the debt that is extinguished and the fair value of the assets as a financial result. If the company delivers inventories, the relevant sales transaction for same is recognised at the fair value and the change in inventories at the carrying amount.

(c) Own equity instruments held by the Company

The Company's acquisition of equity instruments is presented separately at the cost of acquisition in the balance sheet as a reduction in its own capital. For transactions carried out with own equity instruments no result is recognised in the income statement, rather it is directly recorded as reserve.

The subsequent redemption of the equity instruments entails a capital decrease equivalent to the par value of the shares. Any positive or negative difference between the purchase price and the par value of the shares is debited or credited to reserves.

Transaction costs related to own equity instruments, including issue costs related to a business combination, are accounted for as a deduction from reserves, net of any tax effect.

Dividends relating to equity instruments are recognised as a reduction in net equity when approved by the shareholders.

(d) Distributions to shareholders

Dividends are effective and recognised as decreased net equity when approved by the General Shareholders' Meeting.

The Company is subject to the special tax regime for SOCIMIs. This tax regime, following the amendment introduced by Law 16/2012, of 27 December and Law 11/2021 of 9 July, is based on paying a corporate income tax rate of 0%, provided certain requirements are met (Note 1).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

(f) Short-term employee benefits

Short-term employee benefits are employee benefits, other than termination benefits, for which the Company recognises the expected cost of profit-sharing or employee incentive plans when there is a present legal or constructive obligation as a result of past events and a reliable estimate can be made of the value of the obligation.

(g) Payments based on shares

The Company recognises, on one hand, goods and services received as an asset or an expense, according to the nature thereof, when same is received, and on the other, the corresponding liability if the transaction is settled with an amount that is based on the value of the equity instruments.

(h) Provisions and contingencies

In preparing the financial statements, the Company's Directors differentiate between the following:

a. Provisions: balances payable covering present obligations arising from past events that will likely give rise to an outflow of resources for the Company, where the amount and/or timing thereof are uncertain.

b. Contingent liabilities: possible obligations that arise as a result of past events and the future occurrence of which is conditional upon the occurrence or non-occurrence of one or more future events that are beyond the Company's control.

The financial statements include all the relevant provisions that more likely than not shall entail an obligation. Unless they are considered remote, contingent liabilities are not recognised in the financial statements, but information on same is provided in the notes to the report.

Provisions are measured at the present value of the best possible estimate of the amount that will be required to settle or transfer the liability, taking into account the information available on the event and the consequences thereof; the adjustments that arise due to updating said provisions are recognised as financial expenses as they accrue.

The compensation to be received from a third party on settlement of the obligation, provided there is no doubt that said reimbursement will be received, is recognised as an asset, except when there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount in which the corresponding provision, where appropriate, will be stated.

(i) Recognition of income

Pursuant to the publication in September 2009 on the consultation included in Gazette No. 79 of the Institute of Accounting and Account Auditing (ICAC), due to the Company's being a holding company, it presents revenue from dividends received from subsidiaries, financial revenue from financing granted thereto and revenue from disposing of equity instruments as net turnover.

Revenue from stakes in equity instruments

Discretionary dividends accrued after the acquisition of the shares or stakes shall be recognised as revenue on the income statement when the shareholder's right to receive same is declared by virtue of the approval by the subsidiary's shareholders.

Accordingly, when the distributed dividends unequivocally originate from profit generated prior to the date of acquisition because the distributed amounts are greater than the profits generated by the investee company since acquisition, they shall not be recognised as revenue and shall decrease the carrying amount of the investment until the distribution thereof is approved.

In turn, any distribution of available reserves, which includes issue premiums and other shareholder contributions, shall be classified as a "profit distribution" transaction. Consequently, same will be reflected as revenue upon approval, provided that since its acquisition the investee has generated profits greater than the treasury funds being distributed.

Revenue from investments in Group companies and associates

Revenue from receivables with Group companies and associates is recognised using the effective interest method and dividends are recognised when the shareholder's right to receive them has been declared, as explained in the previous section. In any case, interest and dividends from financial assets accrued after the acquisition are recognised as revenue in the income statement.

Revenue from the sale of shareholdings

Revenue from the sale of equity instruments is recognised when the risks and benefits inherent to the ownership of the sold asset are transferred to the purchaser and the day-to-day management and effective control over said asset are not retained.

Rebilling of costs to Group companies

(i) *Interests related to liabilities*

The Company considers financial costs rebilled to Group companies as revenue. The Company's distribution approach is based on the relative weight of the underlying market value of each pledged property asset of the investees over the total market value (calculated based on the latest available appraisal from the period immediately prior to 31 December of each period) of such property assets at the beginning of the relevant period.

(ii) *Rebilling of costs from service organisations and independent professionals*

The Company does not classify costs passed on to its subsidiaries for services received from external service organisations and independent professionals as revenue from the provision of services. The invoicing for these items is included under "External services" on the accompanying income statement, net of expenses paid by the Company for said items. Said rebilled costs total EUR 11,840 thousand in 2023 (EUR 7,359 thousand in 2022).

(j) Income tax

(i) *General regime*

The income tax expense or income includes the part related to the current income tax expense or tax income and the portion corresponding to the deferred tax expense or income.

Current tax is the amount the Company pays as a result of tax settlements on profits for a given year. Deductions and other tax relief applicable to payable taxes, excluding withholdings and payments on account, and tax loss carry-forwards applied in the current reporting period are accounted for as a reduction in current tax.

Deferred tax income or expenses corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences that are identified as those amounts that are expected to be payable or recoverable, arising from differences between the carrying amounts of assets and liabilities and their tax bases, and the tax loss carryforwards of compensation and credits for tax relief not fiscally applied. These amounts are recognised by applying the temporary difference or deduction corresponding to the tax rate at which they are expected to be recovered or settled.

(ii) *Tax regime for SOCIMIs*

This special SOCIMI tax regime, following the amendment introduced by Law 16/2012 of 27 December and Law 11/2021 of 9 July, is based on paying a corporate income tax rate of 0%, provided certain requirements are met.

Pursuant to the Article 9 of Law 11/2009 of 26 October, amended by Law 16/2012 of 27 December and Law 11/2021 of 9 July, governing SOCIMIs, the entity shall be subject to a special tax rate of 19% on the total amount of dividends or shares in profits distributed among shareholders with an interest in the entity exceeding 5% when such dividends are tax-exempt or are taxed at a rate of less than 10% at the shareholders' seat of economic activity. The Company has established a procedure whereby shareholders confirm their tax status and, where applicable, 19% of the amount of the dividend distributed among the shareholders that do not meet the tax requirements mentioned in Note 1 is withheld.

In addition, Law 11/2021, of 9 July, on measures for preventing tax fraud, which transposed Directive (EU) 2016/1164, modified Article 9 of Law 11/2009, of 26 October, which regulates SOCIMIs. Likewise, the entity's rental revenue that is not taxed at the general corporate income tax rate and that is not covered by a reinvestment period will be subject to a special tax of 15% on any profits obtained in the year that are not subject to distribution. Where applicable, this special tax must be paid by the SOCIMI within two months of the accrual date.

(k) Classification of assets and liabilities as current and non-current

"Current" assets are defined as those assets related to the normal operating cycle generally expected in a year, and also those assets expected to mature or to be disposed or to be settled in the short term at year-end, financial assets held for trading, with the exception of financial derivatives with a settlement period greater than one year, and cash and cash equivalents. Assets not meeting these requirements are classified as non-current.

Similarly, “current” liabilities are defined as liabilities related to the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives with a settlement period greater than one year, and in general all obligations that will mature or terminate in the short term. Otherwise, they are classified as non-current.

(l) Environmental assets and liabilities

Environmental assets are defined as those used on a lasting basis in the Company’s operations, the main purpose of which is to minimise the environmental impact and protect and improve the environment, including reducing or eliminating future pollution.

The Company’s activity does not have a significant environmental impact due to the nature thereof.

(m) Transactions between Group companies

Transactions between Group companies are carried out at market value and are recognised at the fair value of the consideration paid or collected, except those transactions pertaining to mergers, divisions and non-monetary contributions of business. The difference between said value and the agreed amount is recorded according to the underlying economic substance.

(n) Statement of cash flows

The Statement of Cash Flows has been prepared using the indirect method and the following expressions and definitions:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments not subject to significant risk of changes in value.

- Operating activities: the usual activity of the Company and other activities that cannot be classified as investing or financing activities.

- Investing activities: the acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of net equity and of liabilities that do not form part of operating activities.

(o) Non-current assets held for sale

The Company classifies a non-current asset or a disposal group as being held for sale when a decision has been made to sell same and such sale is expected to happen within the next twelve months.

These assets or disposal groups are measured at their carrying amount or fair value after deducting the necessary sales costs, whichever is less.

Assets classified as non-current and held for sale are not depreciated, but at the date of each balance sheet the appropriate value adjustments are made so the carrying value does not exceed the fair value minus sales costs.

Revenue and expenses generated by non-current assets and disposal groups comprising elements held for sale that do not meet the requirements to be classified as discontinued operations are recognised in the income statement under the line item that corresponds to the nature of said asset or disposal group.

(5) INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

(a) Investments in equity instruments

The breakdown of investments in Group company and associate equity instruments at 31 December 2023 and 2022 is as follows (see additional information in Appendix I):

(Expressed in thousands of Euros)

Stocks in Group Companies (all at 100%)

	Thousands of Euros						
	2023						
Company	Opening balance	Transfers (Note 8)	Voluntary contributions	Restitution of voluntary contributions	Derecognition due to return of reserves and liquidation of companies	Impairment /Reversals	Closing balance
LE Logistic Alovera I y II, S.A.U.	3,469	—	—	(3,409)	(60)	—	—
LE Retail Hiper Albacenter, S.L.U.	15,621	—	368	—	—	—	15,989
LE Retail Alisal, S.A.U.	2,327	—	—	(2,267)	(60)	—	—
LE Offices Eloy Gonzalo 27, S.A.U.	398	—	—	(398)	—	—	—
LE Retail As Termas, S.L.U.	36,826	—	1,790	—	—	—	38,616
LE Offices Joan Miró, S.L.U.	762	—	—	(746)	(16)	—	—
LE Logistic Alovera III y IV, S.L.U.	632	—	—	(632)	—	—	—
LE Logistic Almussafes, S.L.U.	2,806	—	—	(2,804)	(2)	—	—
LE Retail Hiper Ondara, S.L.U.	139,801	—	6,509	—	—	—	146,310
LE Retail Vidanova Parc, S.L.U.	—	31,767	921	—	—	—	32,688
LE Retail Galaria, S.L.U.	406	—	—	(400)	(6)	—	—
LE Retail El Rosal, S.L.U.	36,836	—	1,914	—	—	—	38,750
LE Retail Lagoh, S.L.U.	130,516	—	5,677	—	—	—	136,193
LE Retail Vistahermosa, S.L.U.	—	23,402	1,038	—	—	—	24,440
LE Retail Sagunto II, S.L.U.	—	1,369	8	—	—	103	1,480
Lar España Inversión Logística IV, S.L.U.	701	—	—	(697)	(4)	—	—
LE Retail Villaverde, S.L.U.	1,748	—	—	(1,750)	2	—	—
LE Offices Marcelo Spínola, S.L.U.	5,516	—	—	(3,593)	(1,923)	—	—
LE Retail Albacenter, S.L.U.	37,648	—	897	—	—	—	38,545
LE Retail Anec Blau, S.L.U.	94,319	—	2,149	—	—	—	96,468
LE Retail Gran Vía de Vigo, S.L.U.	64,042	—	2,752	—	—	—	66,794
LE Retail Las Huertas, S.L.U.	12,789	—	191	—	—	33	13,013
LE Retail Txingudi, S.L.U.	35,652	—	605	—	—	(391)	35,866
LE Retail Abadía, S.L.U.	—	39,475	1,707	—	—	—	41,182
LE Retail Rivas, S.L.U.	—	37,346	1,266	—	—	—	38,612
LE Retail Córdoba Sur, S.L.U.	(669)	—	671	—	—	(2)	—
	622,146	133,359	28,463	(16,696)	(2,069)	(257)	764,946

Stocks in Associates

	Thousands of Euros		
	2023		
Company	Opening balance	Impairment/ Reversals	Closing balance
Inmobiliaria Juan Bravo 3, S.L.	1,450	8	1,458
	1,450	8	1,458

(Expressed in thousands of Euros)

Stocks in Group Companies (all at 100%)

	Thousands of Euros				
	2022				
Company	Opening balance	Transfers (Note 8)	Voluntary contributions	Impairment/ Reversals	Closing balance
LE Logistic Alovera I y II, S.A.U.	3,469	—	—	—	3,469
LE Retail Hiper Albacenter, S.L.U.	15,048	—	573	—	15,621
LE Retail Alisal, S.A.U.	2,327	—	—	—	2,327
LE Offices Eloy Gonzalo 27, S.A.U.	401	—	—	(3)	398
LE Retail As Termas, S.L.U.	34,134	—	2,692	—	36,826
LE Offices Joan Miró, S.L.U.	769	—	—	(7)	762
LE Logistic Alovera III y IV, S.L.U.	635	—	—	(3)	632
LE Logistic Almussafes, S.L.U.	2,812	—	—	(6)	2,806
LE Retail Hiper Ondara, S.L.U.	135,205	—	4,596	—	139,801
LE Retail Vidanova Parc, S.L.U.	31,112	(31,767)	655	—	—
LE Retail Galaria, S.L.U.	410	—	—	(4)	406
LE Retail El Rosal, S.L.U.	35,388	—	1,448	—	36,836
LE Retail Lagoh, S.L.U.	126,518	—	3,998	—	130,516
LE Retail Vistahermosa, S.L.U.	22,739	(23,402)	663	—	—
LE Retail Sagunto II, S.L.U.	1,311	(1,369)	6	52	—
Lar España Inversión Logística IV, S.L.U.	701	—	—	—	701
LE Retail Villaverde, S.L.U.	1,748	—	—	—	1,748
LE Offices Marcelo Spínola, S.L.U.	5,516	—	—	—	5,516
LE Retail Albacenter, S.L.U.	36,231	—	1,417	—	37,648
LE Retail Anec Blau, S.L.U.	91,142	—	3,177	—	94,319
LE Retail Gran Vía de Vigo, S.L.U.	61,971	—	2,071	—	64,042
LE Retail Las Huertas, S.L.U.	12,629	—	143	17	12,789
LE Retail Txingudi, S.L.U.	34,660	—	1,065	(73)	35,652
LE Retail Abadía, S.L.U.	38,284	(39,475)	1,191	—	—
LE Retail Rivas, S.L.U.	36,431	(37,346)	915	—	—
LE Retail Córdoba Sur, S.L.U.	(661)	—	—	(8)	(669)
	730,930	(133,359)	24,610	(35)	622,146

Stocks in Associates

	Thousands of Euros		
	2022		
Company	Opening balance	Impairment/ Reversals	Closing balance
Inmobiliaria Juan Bravo 3, S.L.	1,477	(27)	1,450
	1,477	(27)	1,450

Equity instrument investment movements in 2023

- On 28 July 2023 the properties owned by LE Retail Vistahermosa, S.L.U. and LE Retail Rivas, S.L.U. were sold, whose shareholdings were classified as "Non-current assets held for sale", and which have been reclassified to "Long-term investments in group and associated companies" for the amount of EUR 23,402 thousand and EUR 37,346 thousand, respectively, as the sale of the holdings is not expected to take place in the short term (Note 8).

- On 19 October 2023, the Board of Directors of the Company approved the interruption of the sale process of the shareholdings of LE Retail Vidanova Parc, S.L.U., LE Retail Abadía, S.L.U. and LE Retail Sagunto II, S.L.U., which were recorded as "Non-current assets held for sale" at 31 December 2022, to "Long-term investments in group companies and associates", for the amount of EUR 31,767 thousand, EUR 39,475 thousand and EUR 1,369 thousand, respectively (Note 8).

- On 12 December 2023, the Company, the Sole Shareholder of practically all of its investees, approved the restitution of voluntary contributions made by the latter to the equity of its investees for a total amount of EUR 16,696 thousand through the offsetting of the credits that the investees held with the Company.

- On 12 December 2023, the Company approved the contribution of EUR 671 thousand to the equity of its investee, LE Retail Córdoba Sur, S.L.U., by offsetting the debt that the latter held with the Company.

- On 12 December 2023, the Company approved the distribution of a EUR 2,927 thousand extraordinary dividend with a charge to freely distributable reserves of its investee, LE Offices Marcelo Spinola 42, S.L.U., EUR 1,004 thousand of which was recorded under "Income from equity investments" in the 2023 income statement (Note 16b), and the remaining amount, EUR 1,923 thousand, was recorded as a reduction in the value of investments in Group companies.

- On 21 December 2023 the companies LE Logistic Alovera I y II, S.A.U., LE Logistic Alovera III y IV, S.A.U., LE Logistic Almussafes, S.L.U., LE Offices Joan Miró 21, S.L.U., LE Retail Galaria, S.L.U., LE Retail Villaverde, S.L.U., LE Retail Alisal, S.L.U., LE Offices Eloy Gonzalo 27, S.A.U., Lar España Inversión Logística IV, S.L.U., LE Offices Marcelo Spinola 42, S.L.U., and LE Retail Córdoba Sur, S.L.U. were dissolved and wound up.

  The liquidation of the investee companies resulted in a net profit of EUR 62 thousand, recording a profit of EUR 81 thousand under the heading "Income from equity investments" (Notes 15a and 16b.i) and a loss of EUR 19 thousand under "Impairment and gains or losses on disposals of financial instruments" in the Company's 2023 Income Statements.

- On 31 December 2023, the Company partially impaired its shareholdings in the group company LE Retail Txingudi, S.L.U. by EUR 391 thousand.

- On 31 December 2023, the Company partially reversed the impairment of its shareholdings in the group companies LE Retail Sagunto II, S.L.U. and LE Retail Las Huertas, S.L.U., for the amount of EUR 103 thousand and EUR 33 thousand, respectively.

- On 31 December 2023, the Company partially reversed the impairment of its interest in the associate Inmobiliaria Juan Bravo 3, S.L. for EUR 8 thousand based on the Directors' best estimate of the recoverable amount thereof.

<u>Equity instrument investment movements in 2022</u>

- On 31 December 2022, the Company partially impaired its shareholdings in the Group companies LE Offices Eloy Gonzalo 27, S.A.U., LE Offices Joan Miró 21, S.L.U., LE Logistic Alovera III y IV, S.L.U., LE Logistic Almussafes, S.L.U., LE Retail Galaria, S.L.U., LE Retail Txingudi, S.L.U. and LE Retail Córdoba Sur, S.L.U. For the amount of EUR 3 thousand, EUR 7 thousand, EUR 3 thousand, EUR 6 thousand, EUR 4 thousand, EUR 73 thousand and EUR 8 thousand, respectively.

- On 31 December 2022, the Company reversed the impairment of its shareholdings in the group companies LE Retail Sagunto II, S.L.U. and LE Retail Las Huertas, S.L.U., for the amount of EUR 52 thousand and EUR 17 thousand, respectively.

- On 31 December 2022, the Company partially impaired the shareholding it held in the associate Inmobiliaria Juan Bravo 3, S.L. for the amount of EUR 27 thousand based on the Directors' best estimate of the recoverable value thereof.

- On 31 December 2022, the Company classified as non-current assets held for sale 100% of the shares held in LE Retail Vidanova Parc, S.L.U., LE Retail Vistahermosa, S.L.U., LE Retail Rivas, S.L.U., LE Retail Abadía, S.L.U. and LE Retail Sagunto II, S.L.U., for the amount of EUR 31,767 thousand, EUR 23,402 thousand, EUR 37,346 thousand, EUR 39,475 thousand and EUR 1,369 thousand, respectively, based on the decision to sell them and their realisation in the short term (Note 8).

(Expressed in thousands of Euros)

(6) FINANCIAL ASSETS BY CATEGORY

(a) Classification of financial assets by category

The classification of financial liabilities held by the Company at 31 December 2023 and 2022 by category is as follows:

	Thousands of Euros			
	2023		2022	
	Non-current	Current	Non-current	Current
Long term financial investments in Group companies (Note 5)	766,404	—	623,596	—
Non-current assets held for sale (Note 8)	—	—	—	133,452
Other financial assets	—	34	—	8
Investments in Group companies and associates (Note 16b)	—	337,019	—	438,018
Trade and other receivables				
Client receivables for sales and rendering of services	—	45	—	8
Customers, Group companies and associates (Note	—	31,049	—	27,793
Current tax assets (Note 13)	—	542	—	85
Total financial assets	766,404	368,689	623,596	599,364

The carrying amount of the financial assets does not differ significantly from their fair value, except for long-term financial investments in Group companies where there are unrealised gains not recognised at cost amounting to EUR 344,313 thousand at 31 December 2023 (EUR 392,340 thousand at 31 December 2022) arising from real estate assets owned by such companies.

(Expressed in thousands of Euros)

(7) CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents at 31 December 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Banks	234,353	173,095
Total	234,353	173,095

At 31 December 2023, this balance includes EUR 115,000 thousand corresponding to deposits with immediate availability and maturity of less than 3 months, contracted and managed by BNP and Credite Agricole (EUR 170,165 thousand at 31 December 2022), and EUR 115,000 thousand corresponding to an interest-bearing account contracted and managed by Barclays. In 2023, financial income of EUR 4,559 thousand (EUR 575 thousand as at 31 December 2022) was recognised in respect of interest accrued on deposits and the interest-bearing account, which earn an average interest rate of 4.15%.

In addition, in 2022 the Company recognised an amount of EUR 4,336 thousand under "Change in fair value of financial instruments" in the Income Statement as a result of the change in value of the immediately available investment funds contracted and managed by Banco Santander and BBVA in which the Company invested the remaining cash it had available to cover its short-term payment commitments, all of which was drawn down in 2022.

In addition, at 31 December 2023 and 31 December 2022 the amount of cash and cash equivalents held by the Company is unrestricted.

(Expressed in thousands of Euros)

(8) NON-CURRENT ASSETS HELD FOR SALE

On 28 July 2023 the properties owned by LE Retail Vistahermosa, S.L.U. and LE Retail Rivas, S.L.U., whose shareholdings were classified as "Non-current assets held for sale", were sold and reclassified to "Long-term investments in group companies and associates", given that their sale is not expected to take place in the short term (Note 5).

On 19 October 2023, the Board of Directors of the Company approved interruption of the sale, of the shareholdings of the Group companies LE Retail Vidanova Parc, S.L.U., LE Retail Abadía, S.L.U. and LE Retail Sagunto II, S.L.U., which were recorded as "Non-current assets held for sale" at 31 December 2022, and have thus been reclassified to "Long-term investments in group companies and associates" (Note 5).

The breakdown of the shareholdings classified under this category as at 31 December 2023 and 31 December 2022 is the following:

	Thousands of Euros	
	2023	2022
LE Retail Vidanova Parc, S.L.U.	—	31,767
LE Retail Vistahermosa, S.L.U.	—	23,402
LE Retail Rivas, S.L.U.	—	37,346
LE Retail Abadía, S.L.U.	—	39,475
LE Retail Sagunto II, S.L.U.	—	1,369
	—	133,359

(Expressed in thousands of Euros)

(9) NET EQUITY

The composition and movements in net equity are presented in the statement of changes in net equity.

(a) Capital

At 31 December 2023 the share capital of Lar España Real Estate SOCIMI, S.A. amounts to EUR 167,386 thousand (EUR 167,386 thousand at 31 December 2022) represented by 83,692,969 registered shares (83,692,969 registered shares at 31 December 2022), represented through book entries, with a par value of EUR 2 each, subscribed and fully paid, all granting the same rights.

All of the shares of the company Lar España Real Estate SOCIMI, S.A. are quoted on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The quoted price at 31 December 2022 was EUR 6.15 per share, and the average price per share in the 2023 period was EUR 5.39 (in the 2022 period, the average price per share was EUR 4.23 and the quoted price was EUR 4.74 per share).

The breakdown of the Company's main shareholders at 31 December 2023 31 December 2022 is as follows:

	%	
	2023	2022
Castellana Properties SOCIMI, S.A.	25.5%	25.5%
Grupo Lar Inversiones Inmobiliarias, S.A.	10.0%	10.0%
Adamsville, S.L.	5.2%	5.2%
Brandes Investment Partners, L.P.	5.0%	5.0%
Santa Lucía S.A. Cía de Seguros	—	5.0%
Blackrock Inc.	3.7%	3.7%
Utah State Retirement Systems	3.1%	3.1%
Other shareholders with an interest of less than 3%	47.5%	42.5%
Total	100.0%	100.0%

(Expressed in thousands of Euros)

(b) Issue premium

The Revised Spanish Capital Companies Law expressly provides for the use of the issue premium to increase share capital and does not stipulate any specific restrictions as to its use, provided that the Company's equity does not fall below its share capital as a result of any distribution.

On 31 March 2023, the distribution of dividends from the 2022 period against the issue premium was approved for the amount of EUR 37,654 thousand, taking into account the shares issued (Note 9e).

On 27 April 2022, the distribution of dividends from the 2021 period against the issue premium was approved for the amount of EUR 13,266 thousand, taking into account the shares issued (Note 9e).

At 31 December 2023, the Company's share premium amounted to EUR 415,303 thousand (EUR 452,924 thousand at 31 December 2022).

(c) Reserves

The breakdown of this category as at 31 December 2023 and 2022 is the following:

	Thousands of Euros	
	31.12.2023	31.12.2022
Legal reserve	22,242	20,871
Capital redemption reserve	23,384	23,384
Other reserves	(94,615)	(94,709)
Total	(48,989)	(50,454)

(Expressed in thousands of Euros)

Reserve movements that took place during the 2023 and 2022 periods were as follows:

	Thousands of Euros	
	2023	2022
Opening balance	(50,454)	(52,136)
Profit for the period	1,384	1,880
Capital decreases	—	—
Result from treasury shares	81	(199)
Other changes	—	1
Closing balance	(48,989)	(50,454)

(i) *Legal reserve*

The legal reserve is to be provided for in compliance with Article 274 of the Spanish Capital Companies Law, which requires that companies transfer 10% of profits for the period to a legal reserve until this reserve reaches an amount equal to 20% of the share capital.

The legal reserve is not distributable to shareholders and if it is used to offset loss, in the event that no other reserves are available, the reserve must be replenished with future profits.

At 31 December 2023 the Company's legal reserve amounted to EUR 22,242 thousand (EUR 20,871 thousand at 31 December 2022). Therefore, the legal reserve at 31 December 2023 is not fully provided for.

Pursuant to Law 11/2009 which governs SOCIMIs, the legal reserve of companies that have opted to avail themselves of the special tax regime provided for by this law may not exceed 20% of their share capital. The articles of association of these companies may not stipulate any restricted reserve other than the legal reserve.

(ii) *Capital redemption reserve*

This reserve includes the nominal value of the treasury shares redeemed in the capital decreases carried out on 18 November 2021, 20 December 2019, 10 June 2019 and 28 December 2018, totalling EUR 23,384 thousand. The provision and availability of this reserve shall be held to the same requirements demanded for the capital decrease, in line with the provisions of Article 335 c) of the Spanish Capital Companies Law, the revised text of which was approved by Royal Legislative Decree 1/2010 of 2 July (the "Spanish Capital Companies Law").

(Expressed in thousands of Euros)

(d) Treasury shares

At 31 December 2023, the Company has treasury shares with an acquisition cost of EUR 371 thousand (EUR 250 thousand at 31 December 2022).

The movement during the periods 2023 and 2022 has been as follows:

2023 Period

	Number of shares	Thousands of Euros
31 December 2022	56,714	250
Additions	596,124	3,225
Derecognitions	(590,293)	(3,104)
31 December 2023	62,545	371

2022 Period

	Number of shares	Thousands of Euros
31 December 2021	130,970	860
Additions	464,516	2,219
Derecognitions	(538,772)	(2,829)
31 December 2022	56,714	250

The average selling price of treasury shares in 2023 was EUR 5.09 per share (EUR 4.80 in 2022), generating a profit of EUR 81 thousand (loss of EUR 199 thousand at 31 December 2022), which was recognised under "Other reserves" in the balance sheet.

On 5 February 2014, the Sole Shareholder of the Company authorised the Board of Directors to purchase shares of the Company, up to a maximum of 10% of the share capital. In this regard, the Parent company has a liquidity agreement formalised with a financial intermediary pursuant to the terms of Circular 3/2007, of 19 December by the Spanish Securities Market Commission on liquidity agreements for the purposes of accepting same as a market practice and other applicable regulations. In 2023, the Parent Company terminated its liquidity contract with JB Capital Markets and entered into a liquidity contract with GVC Gaesco Valores.

(e) Dividends paid and issue premiums returned

On 31 March 2023, the General Shareholders' Meeting of the Company approved the distribution of a dividend of EUR 50,000 thousand, at EUR 0.60 per share (taking into account all the shares issued), with EUR 12,346 thousand being charged against profit and loss for the 2022 period and EUR 37,654 thousand against the share premium (Note 9a). Said dividend was paid on 28 April 2023. The amount distributed amounted to EUR 49,955 thousand (EUR 12,334 thousand charged to profit for the 2022 period and EUR 37,621 thousand charged to share premium), after deducting the amount corresponding to treasury shares, which does not leave the equity of the Parent Company, taking into account the amount per share approved and the shares in circulation at the time of approval by the General Shareholders' Meeting.

On 27 April 2022, the General Shareholders' Meeting of the Company approved the distribution of a dividend of EUR 30,000 thousand, at EUR 0.36 per share (taking into account all the shares issued), with EUR 16,734 thousand being charged against profit and loss for the 2021 period and EUR 13,266 thousand against the share premium (Note 9a). Said dividend was paid on 27 May 2022. The amount distributed was EUR 29,965 thousand (EUR 16,714 thousand charged to profit for 2021 and EUR 13,252 thousand charged to share premium), after deducting the amount corresponding to treasury shares, which does not come out of the Company's equity, considering the amount per share approved and the shares in circulation at the time of approval by the General Shareholders' Meeting.

(Expressed in thousands of Euros)

(10) FINANCIAL LIABILITIES BY CATEGORIES

(a) Classification of financial liabilities by category

The classification of financial liabilities by category and class at 31 December 2023 and 2022 is as follows:

	Thousands of Euros			
	2023		2022	
	Non-current	Current	Non-current	Current
Debt and payables				
Financial liabilities from issue of bonds	577,542	3,113	694,434	3,985
Bank borrowings	69,950	185	69,936	185
Short-term borrowings from Group companies and associates (Note 16)	—	106,378	—	39,590
Trade and other payables (Note 11)	—	10,235	—	4,451
Total financial liabilities	647,492	119,911	764,370	48,211

As at 31 December 2023 the fair value of the bonds is equal to their listed price. The bonds issued in July 2021, with a nominal amount of EUR 293 million, are trading at 90.11% of par value (with a nominal amount of EUR 400 million they were trading at 80.48% at 31 December 2022), and the bonds issued in November 2021, with a nominal amount of EUR 288 million, are trading at 81.63% of par value (with a nominal amount of EUR 300 million they were trading at 70.33% at 31 December 2022). The fair value of the remaining financial liabilities does not differ significantly from their net book value at 31 December 2023 and 2022.

At 31 December 2022 the carrying amount of the financial liabilities carried at amortised cost did not differ significantly from fair value.

(Expressed in thousands of Euros)

(b) Classification of financial liabilities by maturity

The breakdown by maturity of the Company's financial liabilities at 31 December 2023 and 2022 is as follows:

	Thousands of Euros					
	2023					
	2024	2025	2026	2027	2028 and	Total
Debt from issue of bonds (a)	3,113	—	293,000	—	288,000	584,113
Bank borrowings (a)	185	—	24,500	45,500	—	70,185
Short-term borrowings from Group companies and associates	106,378	—	—	—	—	106,378
Trade and other payables	10,235	—	—	—	—	10,235
Total	119,911	—	317,500	45,500	288,000	770,911

	Thousands of Euros					
	2022					
	2023	2024	2025	2026	2027 and	Total
Debt from issue of bonds (a)	3,985	—	—	400,000	300,000	703,985
Bank borrowings (a)	185	—	—	24,500	45,500	70,185
Short-term borrowings from Group companies and associates	39,590	—	—	—	—	39,590
Trade and other payables	4,451	—	—	—	—	4,451
Total	48,211	—	—	424,500	345,500	818,211

(a) *Measuring financial liabilities from bonds and bank borrowings at amortised cost decreases the nominal value of the liabilities reflected above by EUR 3,458 thousand and EUR 50 thousand, respectively in the 2023 period (EUR 5,566 thousand and EUR 64 thousand in the 2022 period).*

(b) *This amount corresponds to the current accounts pledged with subsidiaries. Although these accounts mature yearly, they are tacitly extended on an annual basis.*

(c) Financial liabilities from borrowings

The debts held by the Company relate to corporate bonds and loans with credit institutions. The breakdown of these is as follows and their movement in 2022 and 2023 is as follows:

i) Main characteristics of debt from bonds

Issue in the 2015 period for EUR 140 million

On 21 January 2015, the Parent Company's Board of Directors approved the issue of simple bonds up to a maximum amount of EUR 200 million, following approval by the then-sole shareholder of the Parent Company on 5 February 2014. Lastly, on 19 February 2015 the Parent Company carried out an issue in the amount of EUR 140 million, each bond with a nominal value of EUR 100 thousand.

In relation to the issue of simple guaranteed bonds it should be mentioned that, on 12 July 2021, the Company offered its bondholders the possibility of early repurchase of the bonds for a purchase price equivalent to the principal plus 1%. This offer was accepted and paid on 23 July 2021 by bondholders amounting to EUR 17.3 million.

On 17 February 2022, the Company redeemed these bonds in full for the remaining amount of EUR 122.7 million. In this way, all guarantees granted in the framework of this issue have been lifted and cancelled, including several mortgages, in addition to various pledges on the corresponding stocks and shares.

The issue costs associated with this issue, which were recorded as a reduction of the debt to which they were associated, initially amounted to EUR 1,995 thousand, of which EUR 34 thousand were allocated to income in the 2022 period. The interest accrued during 2022 on this debt amounted to EUR 507 thousand.

Issue in the 2021 period for EUR 400 million

On 22 July 2021, the Company carried out a placement of green, unsecured bonds amounting to a total of EUR 400 million, each with a nominal value of EUR 100 thousand.

The main characteristics of the issue are as follows:

– Issuer: Lar España Real Estate SOCIMI, S.A.
– Amount of the issue: EUR 400,000 thousand.
– Nominal value of each bond: EUR 100 thousand.

- Maturity: 22/07/2026. In certain circumstances the early amortisation of this instrument is possible. In particular, bondholders would have the option to request early redemption of their respective bonds provided that certain requirements are met: (i) if there is a change of control and there is either a downgrade of the rating below "Investment Grade" or a failure to rate the Company; or (ii) if a takeover bid is made that could result in a change of control of the Company and is approved by the Spanish Securities Market Commission (CNMV).
- Interest rate: 1.75%
- Nature of the issue: Simple bonds.
- Guarantees: not guaranteed.

The issue costs associated with this issue amounted to EUR 5,244 thousand, which were recorded as a reduction of the debt, of which EUR 1,757 thousand (taking into account the financial expenses due to the effect of the amortised cost corresponding to the proportional part of the repurchases made during 2023) (EUR 1,044 thousand in 2022) have been charged to "Financial expenses" in the Income Statement for the period. The interest accrued during 2023 on the coupon amounted to EUR 5,279 thousand (EUR 7,000 thousand in 2022), with EUR 2,270 thousand outstanding at 31 December 2023 (EUR 3,106 thousand at 31 December 2022).

<u>Issue in the 2021 period for EUR 300 million</u>

On 3 November 2021, the Company carried out a placement of green, unsecured bonds amounting to a total of EUR 300 million, each with a nominal value of EUR 100 thousand.

The main characteristics of the issue are as follows:

- Issuer: Lar España Real Estate SOCIMI, S.A.
- Amount of the issue: EUR 300,000 thousand.
- Nominal value of each bond: EUR 100 thousand.
- Maturity: 03/11/2028. In certain circumstances the early amortisation of this instrument is possible. In particular, bondholders would have the option to request early redemption of their respective bonds provided that certain requirements are met: (i) if there is a change of control and there is either a downgrade of the rating below "Investment Grade" or a failure to rate the Company; or (ii) if a takeover bid is made that could result in a change of control of the Company and is approved by the Spanish Securities Market Commission (CNMV).
- Interest rate: 1.84%
- Nature of the issue: Simple bonds.

– Guarantees: not guaranteed.

The issue costs associated with this issue amounted to EUR 2,133 thousand which were recorded as a reduction of debt, of which EUR 351 thousand (taking into account the financial expenses due to the effect of the amortised cost corresponding to the proportional part of the repurchases made during 2023) (EUR 309 thousand in 2022) have been charged to the heading "Financial expenses" in the Income Statement for the period. Meanwhile, the interest accrued during the 2023 period for the associated coupon amounted to EUR 5,319 thousand (EUR 5,529 thousand in 2022), with EUR 843 thousand outstanding at 31 December 2023 (EUR 879 thousand at 31 December 2022).

Repurchase of corporate bonds

On 19 January 2023, the Company completed the Bonds repurchase process of the two issues made in the 2021 period, for a total nominal amount of EUR 98 million for the bonds previously issued on 22 July 2021 and EUR 12 million for the bonds issued on 3 November 2021, with a discount of 18% equivalent to a total final price of EUR 90.5 million.

In addition, during the 2023 period, the Company carried out repurchases on the open market of bonds corresponding to the issue made on 22 July 2021, for a total nominal amount of EUR 9 million, with an average discount of 16%, equivalent to a final price of EUR 7.5 million.

The Company has therefore recorded a gain of EUR 20.5 million (net of transaction costs) resulting from the aforementioned repurchases under "Impairment and gains or losses on disposal of financial instruments" in the Income Statement as at 31 December 2023.

In this regard, the bonds acquired in January 2023 have been redeemed once their repurchase has been settled, with the bonds acquired in May, June and July 2023 still to be redeemed. Thus, after the aforementioned repurchases, at 31 December 2023 the nominal amount of the bonds issued on 22 July 2021 was EUR 293 million and that of the bonds issued on 3 November 2021 was EUR 288 million.

Covenants associated with corporate bonds

The two green, unsecured bond issues issued by the Company have covenants for compliance with certain financial ratios, calculated on the consolidated financial statements of the Group, of which the Company is the parent, each year.

With respect to the bonds, the issue entails the Group’s obligation to fulfil certain ratios calculated using the consolidated financial statements:

- A financial debt ratio equal to or lesser than 60%, calculated as consolidated financial debt divided by the total consolidated value of the asset.

- A guaranteed financial debt ratio equal to or less than 40%, calculated as guaranteed consolidated financial debt divided by the consolidated value of the asset.

- An Interest Coverage Ratio higher than 2.1%, calculated as EBITDA divided by the financial expenses for the period.

- A total untaxed ratio asset less than 1.25.

The result of failing to meet said ratios is early maturity, where such failure can be corrected within 30 days after notice thereof is given by the fiscal agent or by any of the bondholders. In this sense, the Directors believe said ratios are met as at the date of these financial statements. They also expect them to be met in the next twelve months.

ii) Short-term borrowings from Group companies and associates

At 31 December 2023 current accounts were formalised with subsidiaries. The amounts of these accounts totalled EUR 106,378 thousand (EUR 39,590 thousand at 31 December 2022). These current accounts bear interest at a fixed rate of 0.21%, which is compounded annually. The formalised contracts are tacitly renewed for one-year periods, unless express notification to the contrary is received (Note 16).

Financial interest accrued in 2023 amounted to EUR 163 thousand (EUR 73 thousand in 2022), such interest being recorded under “Financial expenses - Borrowings with Group companies and associates” (Note 16).

iii) Bank borrowings

At 31 December 2023, the Company had a credit line of EUR 30,000 thousand available (EUR 30,000 thousand at 31 December 2022), with no amount drawn down at year-end 2023. Interest accrued in the 2023 period totalled EUR 49 thousand (EUR 142 thousand in 2022).

In addition, on 26 October 2018 the Company formalised a funding line for the amount of EUR 70,000 thousand with the European Investment Bank (“EIB”). Said loan matures 7 years from the first withdrawal. On 4 May 2020 the entire amount of the loan was drawn down. Interest accrues biannually and the interest rate is 1.67%. Accrued interest in 2023 totalled EUR 1,171 thousand (EUR 1,172 thousand in 2022), where EUR 185 thousand was outstanding as at 31 December 2023.

(Expressed in thousands of Euros)

In terms of the funding from the EIB, the Company undertakes to maintain, at all time, on the basis of the consolidated financial statements of the Group of the which it is the Parent Company, a Loan to Value Ratio of less than 50% (taking into account the net financial debt), a debt service coverage ratio greater than or equal to 2.5x and a net financial debt / net equity ratio of less than 1.0x. The result of failing to meet said ratios is early maturity.

In this sense, the Directors believe said ratios are met as at the date of these financial statements. They also estimate that they will be fulfilled during the life of the contract.

(11) TRADE AND OTHER PAYABLES

Details of trade and other payables at 31 December 2023 and 2022 are as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Suppliers, related companies (Note 16)	3,785	637
Sundry creditors	2,582	559
Personnel	291	205
Public entities, other payables (Note 13)	3,577	3,050
Total	10,235	4,451

(Expressed in thousands of Euros)

(12) INFORMATION ON THE AVERAGE NUMBER OF DAYS PAYABLE OUTSTANDING TO SUPPLIERS

The information required by the third additional provision of Law 18/2022, of 28 September, on the creation and growth of companies and Law 15/2010, of 5 July (amended by the second final provision of Law 31/2014, of 3 December) prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016, on the information to be included in the notes to the consolidated annual accounts in relation to the average period for payment to suppliers in commercial transactions, is detailed below.

	2023	2022
	Days	Days
Average number of days payable outstanding to suppliers	50	40
Ratio of paid operations	49	42
Ratio of outstanding operations	54	19

	Thousands of	Thousands of
Total effected payments	10,116	10,127
Total outstanding payments	1,850	701

In accordance with the ICAC Resolution, the commercial transactions corresponding to the delivery of goods or services accrued in each year have been taken into account in order to calculate the average supplier payment period in these financial statements.

For the sole purpose of providing the information foreseen in this Resolution, suppliers are considered to be trade creditors for debts with suppliers of goods or services, included under the headings "Short-term suppliers, related companies", "Suppliers, group and associated companies" and "Sundry creditors" on the current liabilities side of the balance sheet, referring solely to the Spanish entities included in the consolidable group, and regardless of any financing for early collection from the supplier company.

“Average number of days payable outstanding to suppliers” is understood to mean the time passed between the delivery of goods or the rendering of services by the supplier and the material payment of the transaction.

The monetary volume and number of invoices paid within the legal deadline are detailed below:

(Expressed in thousands of Euros)

	2023	2022
Monetary volume (thousands of Euros)	8,652	10,114
Percentage over total payments made	85.53%	69.95%
Number of invoices	335	597
Percentage on the total of invoices	65.18%	14.74%

The maximum legal payment period applicable to the Company in the 2023/15 period according to Law 3/2004, of 29 December containing measures to combat late payments in commercial transactions and in accordance with the transitory provisions established in Law 15/2010, of 5 July, is 60 days until the publication of Law 11/2013 of 26 July and 30 days as of the publication of said Law and as of today's date (unless the conditions established in same are met, which would allow said maximum payment period to be extended to 60 days).

(13) PUBLIC ENTITIES AND TAXATION

(a) Balances with Public Entities

The breakdown on balances with Public Entities at 31 December 2023 and 2022 is as follows:

Receivables

	Thousands of Euros	
	2023	2022
Current tax assets	542	85
	542	85

Payables

	Thousands of Euros	
	2023	2022
Taxation authorities, VAT payable	3,493	2,967
Taxation authorities, personal income tax	77	77
Social Security payable	7	6
	3,577	3,050

(Expressed in thousands of Euros)

(b) Reconciliation of accounting profit and income

At 31 December 2023 and 2022, the taxable fiscal base comprises the following items:

	Thousands of Euros	
	31.12.2023	31.12.2022
Profit before taxes	68,634	13,718
Permanent differences	(2,023)	302
Temporary differences	(1,933)	62
Taxable income (tax loss)	64,678	14,082
Tax payable (0%)	—	—
Corporation tax expense/income	—	—

As of the 2014 period the Company is included under the SOCIMI tax regime. In accordance with the provisions therein, as a general rule, the tax rate applicable to taxable income is 0% for distributed profits and 15% for undistributed profits, for which reason no income tax expense has been recorded.

Deferred tax assets and liabilities

The Company has not recorded deferred tax assets for the temporary differences because the applicable rate is calculated at 0%.

(c) Periods pending verification and inspections

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. At 2023 year-end, the Company has the last four financial years open for inspection.

On 11 December 2019, inspections were started regarding the company Lar España Real Estate SOCIMI, S.A. to partially verify and inspect the following items and periods:

(Expressed in thousands of Euros)

Item	Periods
Corporate Income Tax	2015 to 2018
Value Added Tax	2015 to 2018
Withholdings/direct deposit Results Work	09/2015 to 12/2018
Withholdings/direct deposit from movable capital	09/2015 to 12/2018
Withholdings from non-resident tax	09/2015 to 12/2018

According to the initial notification, the inspecting body reported that the scope of the procedure would be confined to the proper verification of the regional taxation authority tax rates for the aforesaid items. Nevertheless, by means of a notification dated 16 July 2021, the inspections were expanded to include the verification of the VAT for the 2015 and 2016 periods on property transfers of any nature that were carried out.

On 7 February 2022, after the verification and inspection concluded, five certificates were signed in witness whereof, the result of which was a payment of zero Euros for all taxes and periods. Nevertheless, a sixth certificate was signed but contested, regarding the verification of VAT for the 2015 and 2016 periods. According to the contents of this last certificate, the proposed settlement comprised a total of EUR 41,683 thousand, EUR 34,313 thousand for the tax and EUR 7,370 thousand in interest on arrears.

According to the inspecting body, said regularisation proposal was the result of not having adhered to the terms of Article 110 of Law 37/1992, of 28 December, on Value Added Tax, by regularising the amounts of the tax paid in the 2014 period for the acquisition of various investment assets that the Company transferred in 2015 and 2016 to the following subsidiaries:

- Office building located at C/ Arturo Soria No. 366, Madrid, contributed to the company LE Offices Arturo Soria, S.L., due to the incorporation thereof on 21 September 2015.
- Commercial building Parque de Medianas de Villaverde, contributed to the company, LE Retail Villaverde, S.L.U., due to the incorporation thereof on 21 September 2015.
- Undivided interest and estate located in the Albacenter shopping centre, located in Albacete, contributed to the company, LE Retail Albacenter, S.L., due to the incorporation thereof on 29 April 2016.
- Office building and parking located at Calle Cardenal Marcelo Spínola 42, Madrid, contributed to the company, LE Offices Marcelo Spínola 42, S.L.U., due to the incorporation thereof on 29 April 2016.
- Commercial building called L´Anec Blau Centro Comercial y Ocio located at Castelldefels, Barcelona, contributed to the company, LE Retail Anec Blau, S.L., due to the incorporation thereof on 29 April 2016.
- Business premises located in the Huertas shopping centre located at Avenida Madrid, Palencia, contributed to the company LE Retail las Huertas, S.L., due to the incorporation thereof on 29 April 2016.
- Business premises located in the Parque Comercial de Txingudi business park, located in Irún, contributed to the company, LE Retail Txingudi, S.L.U, due to the incorporation thereof on 29 April 2016.

The Directors of the Company, with the support of the Group’s tax advisers, believed that said regularisation proposal was not lawful. For this reason, allegations were made in due time and form to the report signed in disagreement.

The position of the assessment was confirmed in its conclusions by means of a provisional assessment issued by the Management. In this regard, if the provisional assessment was finally confirmed by the tax authorities and the courts, both the VAT and the late payment interest payable would not be recoverable.

The aforementioned assessment was challenged in due time and form before the Central Economic-Administrative Court, and the aforementioned challenge is currently pending resolution. The execution of the settlement issued by the Management was suspended in due time and form by means of the provision of the relevant guarantee (Note 14a.ii).

On the other hand, in the non-conformity report, the tax authorities considered that there was no evidence of a tax infringement. However, the provisional tax assessment that was finally issued, departing from the criteria of the tax assessment, considered that there were indications of a tax infringement.

As a result of the foregoing, disciplinary proceedings were initiated, which were resolved by means of a resolution imposing two penalties for an aggregate amount of EUR 17,156 thousand. The aforementioned resolution was challenged in due time and form through the filing of an economic-administrative claim before the Central Economic-Administrative Court.

At the present date, the challenge to the sanctioning resolution is pending resolution, and the enforcement of the sanctions issued is automatically suspended.

The Company's Directors consider, based on the opinion of its tax advisers, that it is likely that its claims will be favourably upheld, either in economic-administrative or judicial proceedings, with no final amount to be regularised, which is why no provision has been recorded in these Financial Statements.

(Expressed in thousands of Euros)

(d) Reporting requirements for SOCIMIs pursuant to Law 11/2009 amended by Law 16/2012 and Law 11/2021

2023 Period

a) Reserves from periods prior to the application of the tax regime provided in Law 11/2009, amended by Law 16/2012 of 27 December and Law 11/2021 of 9 July.	-
b) Reserves for each period in which the special tax regime provided by that Law is applicable	2023 profits proposed to be distributed to reserves: EUR 6,863 thousand to the legal reserve. 2022 profits to be distributed to reserves: EUR 1,372 thousand to the legal reserve. 2021profits to be distributed to reserves: EUR 1,859 thousand to the legal reserve. 2020 profits to be distributed to reserves: EUR 2,021 thousand to the legal reserve. 2019 profits to be distributed to reserves: EUR 6,111 thousand to the legal reserve. 2018 profits to be distributed to reserves: EUR 7,608 thousand to the legal reserve and EUR 121 thousand to the voluntary reserve. 2017 profits to be distributed to reserves: EUR 1,921 thousand to the legal reserve and EUR 4 thousand to the voluntary reserve. 2016 profits to be distributed to reserves: EUR 380 thousand to the legal reserve and EUR 4 thousand to the voluntary reserve. 2015 profits to be distributed to reserves: EUR 501 thousand to
a. Profits from income subject to the general income tax rate	2019 profits: EUR 2,176 thousand. 2018 profits: EUR 5,165 thousand.
b. Profits from income subject to a tax rate of 15%	-
c. Profits from income subject to a tax rate of 19%	-
d. Profits from income subject to a tax rate of 0%	2023 profits: EUR 68,634 thousand. 2022 profits: EUR 13,718 thousand. 2021 profits: EUR 18,594 thousand. 2020 profits: EUR 20,211 thousand. 2019 profits: EUR 58,935 thousand. 2018 profits: EUR 70,917 thousand. 2017 profits: EUR 19,211 thousand. 2016 profits: EUR 3,800 thousand. 2015 profits: EUR 5,006 thousand.

(Expressed in thousands of Euros)

c) Dividends distributed against profits for each period in which the tax regime provided by this Law is applicable	Proposed dividend distribution for 2023: EUR 66,167 thousand. Dividend distribution for 2022: EUR 50,000 thousand. Dividend distribution for 2021: EUR 30,000 thousand. Dividend distribution for 2020: EUR 18,190 thousand. Dividend distribution for 2019: EUR 55,000 thousand. Dividend distribution for 2018: EUR 68,353 thousand. Dividend distribution for 2017: EUR 17,286 thousand. Dividend distribution for 2016: EUR 3,416 thousand. Dividend distribution for 2015: EUR 4,499 thousand. Dividend distribution for 2014: EUR 1,331 thousand.
a. Dividends from income subject to general taxation	Proposed dividend distribution for 2018: EUR 5,165 thousand.
b. Dividends from income subject to a tax rate of 15%	-
c. Dividends from income subject to a tax rate of 18% (2009) and 19% (2010 to 2012)	-
d. Dividends from income subject to a tax rate of 0%	Proposed dividend distribution for 2023: EUR 66,167 thousand. Dividend distribution for 2022: EUR 50,000 thousand. Dividend distribution for 2021: EUR 30,000 thousand. Dividend distribution for 2020: EUR 18,190 thousand. Dividend distribution for 2019: EUR 55,000 thousand. Dividend distribution for 2018: EUR 68,353 thousand. Dividend distribution for 2017: EUR 17,286 thousand. Dividend distribution for 2016: EUR 3,416 thousand. Dividend distribution for 2015: EUR 4,499 thousand. Dividend distribution for 2014: EUR 1,331 thousand.
d) Distributed dividends charged against	-
a. Distribution charged against reserves subject to the general income tax rate	-
b. Distribution charged against reserves subject to a tax rate of 15%	-
c. Distribution charged against reserves subject to a tax rate of 19%	-
d. Distribution charged against reserves subject to a tax rate of 0%	Proposed dividend distribution for 2023 against the issue premium: EUR 4,396 thousand. Distribution of dividends for 2022 against the issue premium: EUR 37,654 thousand. Distribution of dividends for 2021 against the issue premium: EUR 13,266 thousand. Distribution of dividends for 2020 against the 2020 issue premium: EUR 9,310 thousand. Distribution of dividends for 2018 against the issue premium: EUR 6,647 thousand. Distribution of dividends for 2017 against the issue premium: EUR 27,714 thousand. Distribution of dividends for 2016 against the issue premium: EUR 26,565 thousand. Distribution of dividends for 2015 against the issue premium: EUR 7,521 thousand.

(Expressed in thousands of Euros)

e) Date of the agreement of the distribution of the dividends referenced in c) and d) above	2023 dividends: Pending approval. 2022 dividends: 31 March 2023 2021 dividends: 27 April 2022 2020 dividends: 22 April 2021 2019 dividends: 17 March 2020 2018 dividends: 25 April 2019 2017 dividends: 19 April 2018 2016 dividends: 29 May 2017 2015 dividends: 21 April 2016 2014 dividends: 27 April 2015
f) Date of acquisition of properties for lease that generate income subject to this special regime	2016: Txingudi shopping centre: 24 March 2014 Las Huertas shopping centre: 24 March 2014 Albacenter shopping centre: 30 July 2014 Anec Blau shopping centre: 31 July 2014 2015: Txingudi shopping centre: 24 March 2014 Las Huertas shopping centre: 24 March 2014 Albacenter shopping centre: 30 July 2014 Anec Blau shopping centre: 31 July 2014 2014: Txingudi shopping centre: 24 March 2014 Las Huertas shopping centre: 24 March 2014 Albacenter shopping centre: 30 July 2014 Anec Blau shopping centre: 31 July 2014 Marcelo Spínola office building: 31 July 2014

(Expressed in thousands of Euros)

g) Date of acquisition of shares in the capital of the entities referenced in Article 2.1 of this Law.	LE Logistic Alovera I y II, S.A.U.: 23 July 2014 (**) LE Retail Hiper Albacenter, S.A.U.: 04 November 2014 LE Retail Alisal, S.A.U.: 4 November 2014 (**) LE Offices Eloy Gonzalo 27, S.A.U.: 18 December 2014 (**) LE Retail As Termas, S.L.U.: 18 December 2014 LE Logistic Almussafes, S.L.U.: 4 March 2015 (**) LE Logistic Alovera III y IV, S.L.U.: 4 March 2015 (**) LE Retail Hiper Ondara, S.L.U.: 09 June 2015 LE Offices Joan Miró 21, S.L.U.: 4 March 2015 (**) LE Retail El Rosal, S.L.U.: 7 July 2015 LE Retail Vidanova Parc, S.L.U.: 26 March 2015 LE Retail Megapark, S.L.U.: 29 May 2015 LE Retail Galaria, S.L.U.: 20 July 2015 (**) LE Retail Lagoh, S.L.U.: 4 August 2015 LE Retail Vistahermosa, S.L.U.: 4 August 2015 (*) LE Retail Sagunto II, S.L.U.: 4 August 2015 LE Retail Villaverde, S.L.U.: 21 September 2015 (**) LE Retail Anec Blau, S.L.U.: 29 April 2016 LE Retail Albacenter, S.L.U. 29 April 2016 LE Retail Txingudi, S.L.U.: 29 April 2016 LE Retail Las Huertas, S.L.U.: 29 April 2016 LE Retail Portal de la Marina, S.L.U.: 41.22% on 30 March 2016 and 58.78% on 10 October 2014. LE Retail Gran Vía de Vigo, S.A.U.: 15 September 2016 LE Retail Abadía, S.L.U.: 27 March 2017

(Expressed in thousands of Euros)

h) Identification of the asset included in the 80% mentioned in Article 3.1 of this Law	- Investment property: Txingudi shopping centre Las Huertas shopping centre Albacenter shopping centre Anec Blau shopping centre Albacenter hypermarket As Termas shopping centre Portal de la Marina hypermarket El Rosal shopping centre Portal de la Marina shopping centre As Termas petrol station Vidanova Parc Business Park Megapark shopping centre Vistahermosa Business Park (*) Gran Vía de Vigo Shopping Centre Abadía business park and shopping centre Megapark recreation area Rivas Business Park (*) Lagoh Shopping Centre - Capital investments: LE Logistic Alovera I y II, S.A.U.: 23 July 2014 (**) LE Retail Hiper Albacenter, S.A.U.: 4 November 2014 LE Retail Alisal, S.A.U.: 4 November 2014 (**) LE Offices Eloy Gonzalo 27, S.A.U.: 18 December 2014 (**) LE Retail As Termas, S.L.U.: 18 December 2014 LE Logistic Almussafes, S.L.U.: 4 March 2015 (**) LE Logistic Alovera III y IV, S.L.U.: 4 March 2015 (**) LE Retail Hiper Ondara, S.L.U.: 9 June 2015 LE Offices Joan Miró 21, S.L.U.: 4 March 2015 (**) LE Retail El Rosal, S.L.U.: 7 July 2015 LE Retail Vidanova Parc, S.L.U.: 26 March 2015 LE Retail Galaria, S.L.U.: 20 July 2015 (**) LE Retail Lagoh, S.L.U.: 4 August 2015 LE Retail Vistahermosa, S.L.U.: 4 August 2015 (*) LE Retail Sagunto II, S.L.: 4 August 2015 LE Retail Villaverde, S.L.U.: 21 September 2015 (**) LE Retail Anec Blau, S.L.U.: 29 April 2016 LE Retail Albacenter, S.L.U. 29 April 2016 LE Retail Txingudi, S.L.U.: 29 April 2016 LE Retail Las Huertas, S.L.U.: 29 April 2016 LE Retail Gran Vía de Vigo, S.A.U.: 15 September 2016 LE Retail Abadía, S.L.U.: 27 March 2017 LE Retail Rivas, S.L.U: 6 February 2018 (*) LE Retail Córdoba Sur, S.L.U.: 15 January 2019 (**)

i) Reserves from periods in which the special tax regime provided in this Law was applicable that have been applied in the tax period other than for the distribution thereof or to offset losses. The period from which these reserves have been taken must be specified.	-

(*) On 28 July 2023, the LE Retail Vistahermosa, S.L.U. and LE Retail Rivas, S.L.U. medium-sized parks were sold (Notes 5a and 8).

(**) On 21 December 2023 the companies LE Logistic Alovera I y II, S.A.U., LE Logistic Alovera III y IV, S.A.U., LE Logistic Almussafes, S.L.U. and LE Logistic Almussafes, S.L.U. were dissolved and liquidated, LE Offices Joan Miró 21, S.L.U., LE Retail Galaria, S.L.U., LE Retail Villaverde, S.L.U., LE Retail Alisal, S.L.U., LE Offices Eloy Gonzalo 27, S.A.U. and LE Retail Córdoba Sur, S.L.U. were dissolved and wound up.

(14) RISK MANAGEMENT POLICY

(a) Financial risk factors

The Company's activities are exposed to various financial risks: market risk, credit risk, liquidity risk and interest rate risk in cash flows and the risk associated with the special SOCIMI tax regime. The Company's global risk management plan focuses on the uncertainty of the financial markets and tries to minimise the possible adverse effects on the Company's financial profitability.

The Senior Management of the Company manages risks in accordance with policies approved by the Board of Directors. The Senior Management identifies, evaluates and mitigates financial risks in close collaboration with the Company's operational units. The Board of Directors issues global risk management policies in writing, as well as policies for specific issues such as market risk, interest rate risk, liquidity risk and investments of cash surpluses.

(i) *Market risk*

As discussed in Note 2j, we are currently facing a macroeconomic environment with a high level of uncertainty, mainly due to the armed conflicts in Ukraine and the Middle East.

In view of this circumstance and the current situation of the real estate sector, and in order to minimise the impact that this may have, the Company has established specific measures that it plans to adopt to minimise the impact on its financial situation.

The application of these measures is dependent on the outcome of the sensitivity analyses that the Company performs periodically. These analyses take the following factors into consideration:

- Economic environment in which it operates: design of different economic scenarios modifying the key variables that may affect the Company and its investees (interest rates, share prices, occupancy of real estate investments, increase in default, increase in subsidies granted, contraction of the credit market, etc.)

- The identification of variables that are interconnected and their degree of connection.

- Time frame for the assessment: the time frame shall take into account the analysis and potential deviations therefrom.

Cash and cash equivalents

At 31 December 2023 the Company holds cash of EUR 234,353 thousand representing its maximum risk exposure for these assets (EUR 173,095 thousand at 31 December 2022).

At 31 December 2023, this balance includes EUR 115,000 thousand (EUR 170,165 thousand at 31 December 2022) corresponding to deposits with immediate availability and maturity of less than 3 months, arranged and managed by BNP and Credite Agricole, and EUR 115,000 thousand corresponding to an interest-bearing account arranged and managed by Barclays. During the 2023 period, financial income of EUR 4,559 thousand has been recorded in respect of the interest accrued on deposits (EUR 575 thousand in the 2022 period).

Cash and cash equivalents are held at banks and financial institutions with a high credit rating. The entire balance is unrestricted.

(ii) *Liquidity risk*

Defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company applies a prudent policy to cover its liquidity risks based on having sufficient liquidity to meet its obligations when they fall due in both normal and stressed conditions, without incurring unacceptable losses or placing the Company's reputation at risk.

In this context the Company's Directors and Management made the decision in 2021 to carry out two unsecured green bond issues for the amount of EUR 400 million and EUR 300 million to strengthen the liquidity position and cancel a large portion of the Group's financial debt in advance. These green bond issues were successfully completed in July 2021 and November 2021, respectively, and enabled the Group to pay off most of its financial debt, with almost all of it being repaid in 2022 with the repayment of the senior secured notes issued in 2015, which amounted to EUR 122.7 million at 31 December 2021.

(Expressed in thousands of Euros)

Furthermore, on 19 January 2023, the Parent Company completed a repurchase process of the bonds issued in 2021, for a total nominal amount of EUR 110 million, with an average discount of 18%, equivalent to a total final price of EUR 90.5 million. In addition, during the period, these bonds were repurchased on the open market for a nominal total of EUR 9 million, at an average discount of 16%, equivalent to a total final price of EUR 7.5 million. These operations resulted in a profit of EUR 20.5 million (Note 10).

The Company's exposure to liquidity risk at 31 December 2023 and 2022 is detailed below. The following tables show the analysis of financial liabilities by remaining contractual maturity dates.

	Thousands of Euros				
	2023				
	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
Financial liabilities from issue of bonds (Note 10)	—	—	3,113	577,542	580,655
Bank borrowings (Note 10)	—	—	185	69,950	70,135
Debts with Group companies and associates (a)(Note 16)	—	—	106,378	—	106,378
Trade and other payables	10,235	—	—	—	10,235
Total	10,235	—	109,676	647,492	767,403

(Expressed in thousands of Euros)

	Thousands of Euros				
	2022				
	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
Financial liabilities from issue of bonds (Note 10)	—	—	3,985	694,434	698,419
Bank borrowings (Note 10)	—	—	185	69,936	70,121
Debts with Group companies and associates (a)(Note 16)	—	—	39,590	—	39,590
Trade and other payables	4,451	—	—	—	4,451
Total	4,451	—	43,760	764,370	812,581

(a) This amount corresponds to the current accounts pledged with subsidiaries. Although these accounts mature yearly, they are tacitly extended on an annual basis.

In addition, the Company has signed a EUR 50 million guarantee facility with Credite Agricole to cover the amount of the settlement, as well as late payment interest, issued by the Technical Office of the Regional Inspection Unit of Madrid in relation to the VAT audit for the periods covered in 2015 and 2016 (Note 13c).

(iii) *Cash flow and fair value interest rate risks*

The Company manages interest rate risk by obtaining finance at fixed and variable rates. The Company's policy is to maintain non-current financing received from third parties at a fixed rate.

Additionally, at 31 December 2023, the Company holds short-term fixed-rate financial assets (deposits) to generate a return on cash surpluses not invested in investment property. Fixed-rate financial assets are for the most part independent of market interest rate fluctuations.

At the reporting date, revenue and cash flows from the Company’s operating activities are not significantly affected by fluctuations in market interest rates.

(iv) *Tax risk*

As mentioned in Note 1, the Company and part of the subsidiaries thereof have availed themselves of the special tax regime for SOCIMIs.

Among the obligations that the Company must comply with are some that are more formalistic in nature, such as the inclusion of the term SOCIMI in the corporate name, the inclusion of certain information in the notes to the individual financial statements, listing on a stock exchange, etc., and others that additionally require the preparation of estimates and the use of judgements by Management (determination of taxable income, income tests, asset tests, etc.) that may be complex, considering that the SOCIMI Regime is relatively recent and is being implemented, fundamentally, through responses of the General Directorate of Taxation to queries raised by different companies. In this regard, the Company's Management, with the support of its tax advisers, has carried out an assessment of compliance with the requirements of the regime, concluding that as at 31 December 2023 all requirements are met, except for the income test. This non-compliance is, in the Directors' opinion, an extraordinary situation caused by the positive result obtained after the Company's repurchase in 2023 of the bonds issued in 2021 that were listed at a discount (Note 10).

In this regard, as established in article 13 of the SOCIMI Law, which allows this non-compliance to be remedied in the following period, the Directors consider, in accordance with the company's business plan for 2024, which the Group will comply with the level required by law in relation to the income test in 2024, and therefore will continue to apply the SOCIMI regime, a situation that has been considered in the preparation of these consolidated financial statements.

On the other hand, and in order to also consider the financial effect of the regime, it should be noted that according to the provisions of Article 6 of the SOCIMI Law, companies that have opted for this regime are obliged to distribute the profit obtained during the period to their shareholders in the form of dividends, once the corresponding commercial obligations have been fulfilled, and the distribution must be agreed within six months following the end of each financial year and paid within the month following the date of the distribution agreement (Notes 1 and 4j).

Should the Company meet the requirement established in the Regime or the Company’s Shareholders’ Meeting not approve the dividend distribution proposed by the Board of Directors, calculated in accordance with the requirements set forth in the aforementioned law, the companies would be in breach of said law and, consequently, would have to file their tax returns under the general tax regime rather than that applicable to SOCIMIs (Note 1).

The Company's Directors monitor compliance with the requirements of the SOCIMI regime on an ongoing basis and believe that there is currently no tax risk associated with non-compliance with the SOCIMI regime.

(Expressed in thousands of Euros)

(v) Capital management

The Company is essentially financed with its own capital and financial debt. In 2021 the Group issued unsecured green bonds for the amount of EUR 400 million and EUR 300 million (Note 10).

The Company manages its capital with the aim of safeguarding its capacity to continue operating as a going concern, so as to continue providing shareholder remuneration and benefiting other stakeholders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, the Company can adjust the amount of dividends payable to shareholders (within the limits established by the SOCIMI regime), reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups in the sector, the Company controls its capital structure on a leverage ratio basis. This ratio is calculated as net debt divided by the sum of net debt and equity. Net debt is the sum of financial debt (bonds, mortgages and derivatives) less cash and cash equivalents.

	Thousands of Euros	
	31.12.2023	31.12.2022
Total financial debt (Note 10)	650,790	768,540
Less, Cash and cash equivalents (Note 7)	(234,353)	(173,095)
Net debt	416,437	595,445
Treasury funds	602,203	583,564
Total	1,018,640	1,179,009
Leverage ratio	40.88%	50.50%

(vii) Environmental and social issues

For Lar España, corporate sustainability within its business model is a differentiating element in the context of its value creation, integrating all its stakeholders: from shareholders, regulators, tenants or customers, among others.

In January 2016, the Company approved its Sustainability Policy, which reflects Lar España's commitment to the sustainable development of the business and the creation of shared value in the long term. It also establishes that Lar España will carry out its activities in accordance with the principles of the OECD and the issues set out in the United Nations Universal Declaration of Human Rights, as well as in the Declaration of the International Labour Organisation (ILO).

Subsequently, in 2017 Lar España drafted its ESG Master Plan, with the aim of having a clear and defined roadmap at company level. This Plan is aligned with the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) of the United Nations, with the Paris Agreement (COP21). Following the drafting of this Plan, the company proceeded to work on more specific issues and focused on more concrete aspects, incorporating quantified measures and goals in accordance with different international standards at both corporate and sectoral level.

As evidence of the progress made in the different aspects of sustainability, Lar España has continued to improve the ratings obtained in independent assessment schemes such as GRESB, in which it has participated for the sixth consecutive year, as well as in the international MSCI index, in which it has increased the BBB rating to A rating in 2023.

In terms of equality issues, it continues to form part of the IBEX Gender Equality Index as Spain's leading gender equality index.

Thus, in 2023 Lar España worked on the following projects, among others:

Certifications

The Company has continued its commitment to participate in assessment and certification schemes to ensure that all properties operate as sustainably as possible, having achieved that 100% of the assets in the portfolio are certified to the BREEAM standard, of which 98% (in terms of asset value) are rated as "Excellent" and "Very Good".

In addition, from 2023, 100% of the assets under operational control comply with the standards of the Environmental Management System and the Health and Safety Management System determined respectively by the ISO 14001 and 45001 standards, with the relevant certifications accrediting this.

Commitment to contribute to the fight against climate change

- In 2023, the company updated its Carbon Footprint Reduction Plan in order to establish a roadmap that integrates the latest progress made in the assets, as well as the data recorded since the completion of the Company's first Decarbonisation Plan in 2021. In this way, Lar España has established a clear emissions neutrality goal and a decarbonisation pathway in line with the international *Science Based Targers Initiative* (SBTi). Within this plan, measures adapted to each of the assets have been designed and will be implemented over the next few years in accordance with the investment plans proposed and the progress of the different technologies in this field.

- Following the registration of the Company's Carbon Footprint for 2018, 2019, 2020 and 2021 with the Ministry for Ecological Transition and the Demographic Challenge (MITERD) as part of the national strategy framed within that of the European Union, Lar España has completed the process of registering its Carbon Footprint for the 2022 period. Thanks to the decrease in asset emissions in this period, it has revalidated the "Calculo y Reduzco (I Reduce)" seal, which demonstrates the various efforts made in recent years to implement improvements that allow for more sustainable operations. It has thus become the first listed company in the real estate sector to obtain this recognition for the second consecutive year.

In addition, since the first year of registration of the Carbon Footprint, the company has carried out the verification by an independent external party, in accordance with the "Carbon Footprint Declaration of Conformity", of the information submitted to the Ministry relating to the emissions data for each of the periods and the required Reduction Plan.

Waste management

- In terms of contributing to the principles of the Circular Economy, as a further step in the fight against climate change, in 2019 Lar España developed its Waste Management Plan with the aim of obtaining greater traceability of the waste generated in the assets. In the last two years, the company has made progress in identifying and collecting such data in order to establish improvement measures. The next step will be to achieve greater traceability of transport and processing data in line with the new Law 7/2022 of 8 April on waste and contaminated soils for a circular economy.

- The company's aim is to continue working on this issue with the intention of having greater control over the waste generated by its activity. This will provide more detail on the Company's indirect emissions (Scope 3) which will complete its Carbon Footprint calculation.

Responsible water consumption

Lar España has carried out an analysis of its water consumption and management in its operational phase, in accordance with the ISO 14046 standard. For this, the number of visitors to each asset, the annual consumption broken down according to the different uses of water, as well as the main environmental impacts derived, have been taken into account, identifying the risks and opportunities in the related activities and processes.

Sustainable Mobility

Sustainable mobility is a concept created to counteract the environmental and social problems associated with the urban mobility of citizens, something on which Lar España is focusing its efforts as it is considered an added value factor for the portfolio's assets. Thus, the options offered by the company include solutions such as vehicle charging points, parking for motorbikes, bicycles and *scooters,* development of new pedestrian access and public transport campaigns.

It should be noted that Lar España's twelve assets can be accessed by the main transport lines of the municipalities in which they are located.

Air quality

Lar España's spaces have once again been an example of health and well-being thanks to the control, monitoring and innovation due to specialised monitoring software. Through the information collected monthly in specific reports, Lar España is aware of the optimum air quality in its main indicators of: thermal comfort, CO_2, suspended particles and organic compounds from decoration materials, renovations, cleaning and maintenance, among others.

Accessibility

Lar España has continued with its goal of guaranteeing an inclusive shopping and leisure experience that complies with Universal Accessibility criteria, in line with the requirements of the UNE 17001 standard as a guarantee of access and enjoyment. Thus, the company already has eight assets certified according to this standard: Abadía Park, El Rosal, Vidanova, Lagoh, Megapark, Albacenter, As Termas and Portal de La Marina. Work is currently underway to extend it to the Gran Vía de Vigo and Ànec Blau assets.

Social impact

Other new developments include the creation of the Social Impact Committee to achieve greater synergies between teams responsible for this area, as well as the corresponding Impact Report which is expected to be launched in 2024 to strengthen the role of Lar España within the socio-economic context of its communities.

Tenants and users

In terms of the day-to-day running of its centres and parks, Lar España has continued to develop *engagement* initiatives through specific marketing actions such as satisfaction and accessibility campaigns and surveys, among others, as well as social action in conjunction with various NGOs, foundations and entities.

In addition, coinciding with the publication of the consolidated financial statements, Lar España publishes a half-yearly report, available on its corporate website, in which it sets out the progress made in 2023 in the different areas within the context of the development of its activity. The report contains more extensive information on environmental, social and governance issues than is contained in this document.

(Expressed in thousands of Euros)

(15) REVENUE AND EXPENSES

(a) Net turnover

Distribution of the net turnover for the 2023 and 2022 periods, by business category and by geographical market is as follows:

	Thousands of Euros	
	2023	2022
Revenue from stakes in equity instruments:		
Revenue from dividends (Note 16b)	45,615	19,947
Revenue from distributing available reserves (Notes 5 and 16b)	2,409	—
Revenue from liquidation available investee (Note 5)	81	—
Revenue from invoicing financial expenses within the Group (Note 16a)	13,935	15,609
	62,040	35,556

	Thousands of Euros	
	2023	2022
Spain	62,040	35,556
	62,040	35,556

(b) Personnel expenses

Details of employee benefits expense for 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Salaries and wages	735	865
Other benefits and taxes	67	63
	802	928

(Expressed in thousands of Euros)

(c) Other operating expenses

The details of "Other operating expenses" in years 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Services by independent professionals	3,093	1,272
Insurance premiums	236	209
Bank fees and commissions	7	86
Advertising and publicity	209	146
Utilities	2	2
Other expenses	164	307
Taxes	2	—
	3,713	2,022

On 31 December 2023 Lar España Real Estate SOCIMI, S.A. invoiced the subsidiaries it completely controls a total of EUR 11,840 thousand for management support services provided to these companies during the year (EUR 7,359 thousand at 31 December 2022). This amount appears net of the expenses included under "Independent professional services" (Note 16a).

(16) RELATED PARTY BALANCES AND TRANSACTIONS

(a) The Company's balances and transactions with related parties

Management agreement with Grupo Lar

On 29 December 2021, the Company approved a new agreement with its management Grupo Lar Inversiones Inmobiliarias, S.A. (the "Management Company"), for the purpose of renewing the terms of the Investment Management Agreement (IMA). According to the aforementioned novation, the IMA will be effective for 5 years from 1 January 2022. In addition, the structure of the fees payable to the Management Company (base fee and performance fee) has been modified.

The base fee or fixed amount payable to the Management Company will be calculated as 0.62% of the value of EPRA net tangible assets (excluding net cash) at 31 December the previous year.

The “base fee” accrued by the manager totalled EUR 5,669 thousand in 2023 (EUR 5,391 thousand in 2022) is recorded under “Other operating expenses” of the Income Statement. At 31 December 2023 an amount of EUR 472 thousand is outstanding (at 31 December 2022 an amount of EUR 544 thousand was outstanding).

Similarly, the performance fee payable to the Management Company will be the minimum amount of: (i) the sum of applying 8% to anything in excess of the 8.5% increase in the Group's EPRA NTA (net of capital increases and reductions and dividend distributions) plus 2% of anything in excess of the 8.5% annual increase in market capitalisation (net of capital increases and reductions and dividend distributions); (ii) 10% of the *high water mark outperformance*, and will be subject to a total limit equal to 1.5 times the amount of the annual fixed amount. Pursuant to Clause 7.2.2 of the management agreement, the Company can choose whether to pay the performance fee in cash or in the form of treasury shares.

In relation to this variable amount, at 31 December 2023, an amount of EUR 3,268 thousand has been recorded and is pending payment (EUR 80 thousand at 31 December 2022).

Rebilling between Group companies

In 2023, as in previous years, the Company has formalized service provision and management agreements with companies in its group for the period ended 31 December 2023, where the expenses of this nature incurred by the Company on the behalf of the Group companies are passed on.

In this regard, in 2023, the Company invoiced EUR 11,840 thousand, net of VAT, for management support services (EUR 7,359 thousand in 2022). The Company’s distribution approach is based on the relative weight of the underlying market value of each property asset of the investees over the total market value (calculated based on the latest available appraisal from the period immediately prior to 31 December of each period) of such property assets at the beginning of the relevant period.

Similarly, the Company entered into agreements with the group companies that own the shopping centres to pass on the financial cost of the green bonds issued in 2021 (Note 10). The amount charged at 31 December 2023 for this item amounts to EUR 12,707 thousand (EUR 13,880 thousand as at 31 December 2022), recorded under " Net turnover".

In addition, the financial cost corresponding to the loan contracted with the EIB and the credit line with Bankinter (Note 10) has been rebilled for the amount of EUR 1,228 thousand (EUR 1,185 thousand in 2022).

Revenue from receivables and shareholdings in Group and multi-group companies and associates

The amount of revenue the Company collects in terms of the dividends received from subsidiaries totalled EUR 45,615 thousand in 2023 (EUR 19,947 thousand in 2022). Of this amount, EUR 42,636 thousand corresponds to interim dividends distributed on the profit for 2023 of the investees and EUR 2,979 thousand to final dividends distributed on the profit for the 2022 period after approval of the distribution of the profit of the investees.

Also, on 12 December 2023, the Company, in its capacity as Sole Shareholder of its investees, approved the distribution of dividends charged to unrestricted reserves in the amount of EUR 2,409 thousand (Notes 5a and 16b).

Short-term borrowings from Group companies and associates

The Company has current accounts formalised with some subsidiaries. The sums of these accounts at 31 December 2023 totalled EUR 106,378 thousand (EUR 39,590 thousand at 31 December 2022). Said current accounts accrue fixed interest at a rate of 0.21% and any interest is payable yearly. The accounts mature yearly and are tacitly renewed for one-year periods, unless express notification to the contrary is received.

Financial interest accrued in 2023 amounted to an expense of EUR 163 thousand (EUR 73 thousand in 2022), such interest being recorded under “Financial expenses - Borrowings with Group companies and associates”.

In addition, on 12 December 2023, the Board of Directors of the Company's investees approved the restitution of the voluntary contributions made by the latter to the equity of its investees in the amount of EUR 16,696 thousand (Note 5a). This restitution of contributions was approved by the Company, in its capacity as Sole Shareholder of its investees, through the offsetting of the latter's receivables from the Company.

Short-term credits with Group companies and associates

During 2023 and 2022, the Company has entered into current accounts with certain wholly-owned subsidiaries, some of which show a debit balance at 31 December 2023 of EUR 337,019 thousand (EUR 419,987 thousand as at 31 December 2022), due to the early repayment of the mortgage loans associated with the shopping centres that the Company's investees held with financial institutions prior to the bond issues made by the Company in 2023 (Note 10c).

Financial interest accrued in 2023 comprised a revenue of EUR 781 thousand (EUR 944 thousand in 2022).

(Expressed in thousands of Euros)

(b) Breakdown of related party balances and transactions

Transactions and balances with related parties in the 2023 and 2022 periods are as follows:

	2023						
	Thousands of Euros						
	Balances					Transactions	
	Loans and receivables		Payables	Current account		Revenue (*)	Expense
Balances with Group and related companies	Long-term	Short-term	Short-term	Receivable	Payable		
LE Retail Txingudi, S.L.U.	—	605	—	—	9,687	281	17
LE Retail Las Huertas, S.L.U.	—	205	—	—	3,212	95	6
LE Retail Anec Blau, S.L.U.	—	2,179	—	—	8,865	1,012	11
LE Retail Albacenter, S.L.U.	—	899	13	—	8,017	417	17
LE Offices Marcelo Spínola, S.L.U.	—	—	—	—	—	—	11
LE Logistic Alovera I y II, S.A.U.	—	—	—	—	—	—	6
LE Offices Eloy Gonzalo 27, S.A.U.	—	—	—	—	—	—	1
LE Retail As Termas, S.L.U.	—	1,815	—	25,652	—	899	—
LE Logistic Alovera III y IV, S.L.U.	—	—	—	—	—	—	1
LE Logistic Almussafes, S.L.U.	—	—	—	—	—	—	5
LE Retail Hiper Ondara, S.L.U.	—	7,590	—	98,376	—	3,742	—
LE Offices Joan Miró 21, S.L.U.	—	—	—	—	—	—	1
LE Retail Vidanova Parc, S.L.U.	—	1,082	—	11,821	—	530	—
LE Retail Galaria, S.L.U.	—	—	—	—	—	—	—
LE Retail Lagoh, S.L.U.	—	6,488	—	74,252	—	3,170	—
LE Retail Vistahermosa, S.L.U.	—	1,175	10		33,543	347	34
LE Retail Gran Vía de Vigo, S.A.U.	—	3,075	—	63,636	—	1,567	—
LE Retail Hiper Albacenter, S.A.U.	—	353	—	—	1,213	164	1
LE Retail Alisal, S.A.U.	—	—	—	—	—	—	4
LE Retail El Rosal, S.L.U.	—	2,147	—	32,856	—	1,071	—
LE Retail Villaverde, S.L.U.	—	—	—	—	—	—	3
LE Retail Abadía, S.L.U.	—	1,997	—	30,288	—	994	—
Lar España Inversión Logística IV, S.L.U.	—	—	—	—	—	—	3

(Expressed in thousands of Euros)

	2023						
	Thousands of Euros						
	Balances					Transactions	
	Loans and receivables		Payables	Current account		Revenue (*)	Expense
Balances with Group and related companies	Long-term	Short-term	Short-term	Receivable	Payable		
LE Retail Rivas, S.L.U.	—	1,430	13	—	41,840	420	41
LE Retail Sagunto II, S.L.U.	—	9	—	137	—	5	—
LE Retail Córdoba Sur, S.L.U.	—	—	—		—	1	—
Inmobiliaria Juan Bravo 3, S.L.	—	—	—	—	—	—	—
Revenue from dividends (i)	—	—	—	—	—	48,105	—
Gentalia	—	—	8	—	—	—	46
Grupo Lar Inversiones Inmobiliarias, S.A.	—	—	3,741	—	—	—	—
	—	31,049	3,785	337,019	106,378	62,821	209

(*) Revenue from rebilling that is presented net of any external service expense, in accordance with Note 4i, totalled EUR 11,840 thousand at 31 December 2023.

(i) The breakdown of the dividends recognised in 2023 is as follows (in thousands of euros):

Company	**Interim dividends over profit and loss at 31.12.2023**	**Complementary dividends over profit and loss at 31.12.2022**	**Dividend to be charged to unrestricted reserves (Notes 5a and 16a)**	**Total**
LE Logistic Alovera I y II, S.A.U.	—	14	157	171
LE Retail As Termas, S.L.U.	1,913	94	—	2,007
LE Retail Hiper Ondara, S.L.U.	6,921	763	—	7,684
LE Retail Vistahermosa, S.L.U.	7,799	96	—	7,895
LE Retail Gran Vía de Vigo, S.A.U.	1,831	341	—	2,172
LE Retai Abadía, S.L.U.	2,859	19	—	2,878
LE Retail Anec Blau, S.L.U.	1,034	125	—	1,159
LE Retail Txingudi, S.L.U.	242	305	—	547
LE Retail Albacenter, S.L.U.	1,319	168	—	1,487
LE Retail Las Huertas, S.L.U.	—	31	—	31
LE Retail Rivas, S.L.U.	8,983	94	—	9,077
Le Retail Sagunto II, S.L.U.	—	22	—	22
LE Retail El Rosal, S.L.U.	1,756	300	—	2,056
LE Retail Hiper Albacenter, S.A.U.	139	—	—	139
LE Retail Vidanova Parc, S.L.U.	1,829	—	—	1,829
LE Retail Alisal, S.A.U.	—	1	—	1
LE Offices Marcelo Spinola 42, S.L.U.	—	—	1,004	1,004
Lar España Inversión Logística IV, S.L.U.	—	—	1,248	1,248
LE Retail Lagoh, S.L.U.	6,011	606	—	6,617
Total	**42,636**	**2,979**	**2,409**	**48,024**

The interim dividends on the result as at 31 December 2023 were approved on 29 December 2023 and paid within a month of approval. Likewise, complementary dividends from the 2022 profit were liquidated in less than a month from the approval thereof.

Also, on 12 December 2023, the Company, in its capacity as Sole Shareholder of its investees, approved the distribution of dividends charged to unrestricted reserves in the amount of EUR 4,332 thousand, of which EUR 1,923 thousand has been recorded as a reduction in investments in Group companies (Note 5a). These dividends have been settled within one month of their approval by offsetting the investees' receivables from the Company.

(Expressed in thousands of Euros)

	2022						
	Thousands of Euros						
	Balances					Transactions	
	Loans and receivables		Payables	Current account		Revenue (*)	Expense
Balances with Group and related companies	Long-term	Short-term	Short-term	Receivable	Payable		
LE Retail Txingudi, S.L.U.	—	604	—	—	6,620	354	12
LE Retail Las Huertas, S.L.U.	—	191	—	—	2,507	106	5
LE Retail Anec Blau, S.L.U.	—	2,151	—	—	1,830	1,266	—
LE Retail Albacenter, S.L.U.	—	898	13	—	7,300	526	14
LE Offices Marcelo Spínola, S.L.U.	—	—	—	—	6,512	—	14
LE Logistic Alovera I y II, S.A.U.	—	—	—	—	3,686	—	4
LE Offices Eloy Gonzalo 27, S.A.U.	—	—	—	—	399	—	1
LE Retail As Termas, S.L.U.	—	1,790	—	27,846	—	1,112	—
LE Logistic Alovera III y IV,	—	—	—	—	635	—	1
LE Logistic Almussafes, S.L.U.	—	—	—	—	2,779	—	6
LE Retail Hiper Ondara, S.L.U.	—	6,509	—	111,460	—	3,866	—
LE Offices Joan Miró 21, S.L.U.	—	—	—	—	745	—	2
LE Retail Vidanova Parc, S.L.U.	—	921	—	14,341	—	545	—
LE Retail Galaria, S.L.U.	—	—	—	—	250	—	1
LE Retail Lagoh, S.L.U.	—	5,676	—	82,167	—	3,340	—
LE Retail Vistahermosa, S.L.U.	—	1,037	—	20,640	—	623	—
LE Retail Gran Vía de Vigo, S.A.U.	—	2,753	—	68,898	—	1,675	—
LE Retail Hiper Albacenter, S.A.U.	—	369	—	—	286	216	—
LE Retail Alisal, S.A.U.	—	—	—	—	2,341	—	5
LE Retail El Rosal, S.L.U.	—	1,913	—	37,283	—	1,145	—
LE Retail Villaverde, S.L.U.	—	—	—	—	1,750	—	4
LE Retail Abadía, S.L.U.	—	1,708	—	33,722	—	1,022	—
Lar España Inversión Logística IV, S.L.U.	—	—	—	—	1,950	—	4
LE Retail Rivas, S.L.U.	—	1,266	—	22,643	—	753	—
LE Retail Sagunto II, S.L.U.	—	7	—	97	—	4	—
LE Retail Córdoba Sur, S.L.U.	—	—	—	890	—	—	—
Inmobiliaria Juan Bravo 3, S.L.	—	—	—	—	—	—	—
Revenue from dividends (i)	—	18,031	—	—	—	19,947	—
Grupo Lar Inversiones Inmobiliarias, S.A.	—	—	624	—	—	—	—
	—	45,824	637	419,987	39,590	36,500	73

(Expressed in thousands of Euros)

(*) Revenue from rebilling that is presented net of any external service expense, in accordance with Note 4i, totalled EUR 7,359 thousand at 31 December 2022.

(i) The breakdown of the dividends recorded in 2022 is as follows (thousands of euros):

Company	**Interim dividends over profit and loss at 31.12.2022**	**Complementary dividends over profit and loss at 31.12.2021**	**Total**
LE Logistic Alovera I y II, S.A.U.	227	—	227
LE Retail As Termas, S.L.U.	1,438	117	1,555
LE Retail Hiper Ondara, S.L.U.	4,346	283	4,629
LE Retail Vistahermosa, S.L.U.	74	126	200
LE Retail Gran Vía de Vigo, S.A.U.	1,089	—	1,089
LE Retai Abadía, S.L.U.	2,267	33	2,300
LE Retail Anec Blau, S.L.U.	812	—	812
LE Retail Txingudi, S.L.U.	417	—	417
LE Retail Albacenter, S.L.U.	1,093	100	1,193
LE Retail Las Huertas, S.L.U.	108	—	108
LE Retail Rivas, S.L.U.	663	238	901
Le Retail Sagunto II, S.L.U.	327	7	334
LE Retail El Rosal, S.L.U.	2,389	215	2,604
LE Retail Lagoh, S.L.U.	2,781	797	3,578
Total	**18,031**	**1,916**	**19,947**

The interim dividends over profit and loss at 31 December 2022 were approved on 30 December 2022 and were paid on 25 January 2023. Likewise, complementary dividends from the 2021 profit were liquidated in less than a month from the approval thereof.

(Expressed in thousands of Euros)

(c) Information relating to Directors and Senior Management of the Company

Remuneration received during 2023 and 2022 by the members of the Board of Directors and Senior Management of the Company classified by items, was as follows:

	Thousands of Euros					
	2023			2022		
	Salaries	Allowances	Insurance premiums	Salaries	Allowances	Insurance premiums
Board of Directors	-	622	183*	-	615	180*
Senior Management	735	-	-	865	-	-

* The amount for insurance premiums covering civil liability for damages from acts or omissions corresponds to the Company's Board of Directors and Senior Management.

Allowances for the Board of Directors include EUR 77 thousand for the non-executive Secretary of the Board of Directors (EUR 85 thousand at 31 December 2022).

As at 31 December 2023 the Company has six Directors, four of whom are men and two of whom are women (as at 31 December 2022 the Company had six Directors, four of whom were men and two of whom were women).

Senior Management salaries include both fixed and variable remuneration. The latter is accrued annually based on the degree of compliance with the specific goals established for each year and is settled entirely in cash, although it is in turn composed of the bonus, which is settled in the first months of the year following its accrual, and the long-term variable remuneration (LTI), which is settled at the end of the corresponding programme and is subject to the employee's permanence in the Company and to the absence of events that would result in the modification of the data on which the estimate of the annual amount to be received by LTI was based.

The LTI approved by the Board of Directors for the 2022 covers the 2022-2024 period, whereby the long-term variable remuneration for these financial years will be paid, if the conditions are met, in the first four months of 2025. The Salaries amount in the above table includes EUR 80 thousand corresponding to the accrued amount of the 2023 LTI (EUR 69 thousand in 2022) to be paid, if applicable, in 2025. In addition, during the 2022 period, Senior Management received EUR 164 thousand from the settlement of the previous LTI that matured in this year.

At close of the 2023 period, there are certain indemnity commitments and agreements in place for members of Senior Management in certain cases of termination of their employment relationship following a change of control in the Company. In no case, at close of the 2023 period, does this contingent commitment exceed two year's remuneration.

At 31 December 2023 and 2022, the Company has no pension, life insurance, stock options or compensation obligations, different than those mentioned above, with former or current members of the Board of Directors or Senior Management personnel of the Company.

At 31 December 2023 and 2022 no advances or loans have been extended to members of the Board of Directors or Senior Management.

(d) Transactions other than ordinary business or under terms differing from market conditions carried out by the Directors

Apart from the transactions with related parties listed above, in the periods 2023 and 2022 the Directors of the Company and members of its Board of Directors have not carried out any transactions other than ordinary business or under terms that differ from market conditions with said Company or any other Group company.

(e) Investments and positions held by the Directors and their related parties in other companies

The Directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with Article 229 of the Revised Spanish Capital Companies Law.

Notwithstanding the above, it is hereby stated that the board member Mr Miguel Pereda Espeso holds the following positions in other companies:

i. Chairman and Chief Executive Officer of Grupo Lar Inversiones Inmobiliarias, S.A. (the Company's management company). Grupo Lar Inversiones Inmobiliarias, S.A. (the then sole shareholder of the Company) and the General Shareholders' Meeting saved this situation of potential conflict of interest by appointing Miguel Pereda as board member of Lar España Real Estate SOCIMI, S.A. on 5 February 2014 and 29 May 2017, respectively.

ii. Chairperson of the Board of Villamagna, S.A.

iii. In addition, Miguel Pereda Espeso holds positions in subsidiaries of Grupo Lar Inversiones Inmobiliarias S.A. as indicated below:

Company	Position/Role	Number of shareholdings	Shareholding %
Grupo Lar Europa del Este, S.L.U.	Chairperson of the Board of Directors	N/A	N/A
Grupo Lar Holding Iberia, S.A.U.	Individual representing the Sole Director (GRUPO LAR INVERSIONES INMOBILIARIAS, S.A.)	N/A	N/A
Grupo Lar Management Services Iberia, S.L.U.	Sole Director	N/A	N/A
Global Caronte, S.L.U.	Joint and Several Director	N/A	N/A
Desarrollos Ibéricos Lar, S.L.U.	Joint and Several Director	N/A	N/A
Grupo Lar Desarrollo Suelo, S.L.U.	Joint and Several Director	N/A	N/A
Grupo Lar Oficinas Europeas, S.A.U.	Sole Director	N/A	N/A
Acacia Inmuebles, S.L.	Chairperson of the Board of Directors	N/A	N/A
Grupo Lar Tech, S.L.U.	Sole Director	N/A	N/A
Grupo Lar Latam, S.L.U.	Individual representing the Sole Director (GRUPO LAR INVERSIONES INMOBILIARIAS, S.A.)	N/A	N/A
Lar Crea Residencial I Spain, S.L.	Joint Director	N/A	N/A
Gentalia 2006, S.L.	Chairman and individual representative of the Board member (GRUPO LAR HOLDING IBERIA, S.A.)	N/A	N/A
Inmuebles logísticos Iberia, S.L.	Board member	N/A	N/A

Notwithstanding the above, the board member Mr Miguel Pereda abstained from participating in those decisions that might have created a conflict of interest.

(Expressed in thousands of Euros)

(17) EMPLOYEE INFORMATION

The average headcount of the Company at 31 December 2023 and 2022, distributed by category, is as follows:

	2023	2022
Professional category		
Senior Management	4	4
Total	4	4

The gender distribution in the Company at 2023 and 2022 year ends is as follows:

	2023		2022	
	Women	Men	Women	Men
Professional category				
Senior Management	1	3	1	3
Total	1	3	1	3

Salaries, wages and similar expenses corresponding to these employees at 31 December 2023 totalled EUR 735 thousand (EUR 865 thousand at 31 December 2022).

In 2023 and 2022 the Company did not employ anyone with a disability greater than or equal to 33%.

(18) AUDIT FEES

During 2023 and 2022, fees for audit and other related services charged to the Group by the auditor of the company Deloitte, S.L. and by a company related to the auditor through control, shared property or management were as follows (in thousands of Euros):

	Thousands of Euros	
	2023	2022
Audit and related services		
Audit services	255	244
Other verification services	27	26
Professional Services		
Other services	—	—
Total	282	270

(19) EVENTS AFTER THE REPORTING PERIOD

There have been no additional subsequent events up to the date these financial statements were drawn up that materially affect these financial statements.

(20) EXPLANATION ADDED FOR TRANSALTION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2.a). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Information on Group Companies
31 December 2023

a) Subsidiaries

			Shareholding %		Thousands of Euros						
Company	**Activity**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	Subsidiary	100	100	60	158	159	(139)	15,582	15,662	15,989
LE Retail As Termas, S.L.U.	Leasing of property	Subsidiary	100	100	4	1,987	1,931	(1,913)	38,613	38,634	38,616
LE Retail Hiper Ondara, S.L.U.*	Leasing of property	Subsidiary	100	100	4	7,423	7,207	(6,921)	152,655	152,945	146,310
LE Retail Vidanova Parc, S.L.U.	Leasing of property	Subsidiary	100	100	4	1,984	1,957	(1,829)	31,172	31,304	32,688
LE Retail El Rosal, S.L.U.*	Leasing of property	Subsidiary	100	100	3	1,850	1,776	(1,756)	28,407	28,430	38,750
LE Retail Lagoh, S.L.U.*	Leasing of property	Subsidiary	100	100	3	6,555	6,395	(6,011)	127,828	128,215	136,193
LE Retail Sagunto II, S.L.U.	Leasing of property	Subsidiary	100	100	3	19	(124)	—	1,099	978	1,480
LE Retail Vistahermosa, S.L.U.	Leasing of property	Subsidiary	100	100	3	15,788	15,767	(7,799)	24,437	32,408	24,440
LE Retail Anec Blau, S.L.U.*	Leasing of property	Subsidiary	100	100	3	1,222	1,232	(1,034)	94,644	94,845	96,468
LE Retail Albacenter, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,318	1,335	(1,319)	38,543	38,562	38,545

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Information on Group Companies
31 December 2023

			Shareholding %		Thousands of Euros						
Company	**Activity**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
LE Retail Txingudi, S.L.U.	Leasing of property	Subsidiary	100	100	3	561	578	(242)	35,872	36,211	35,866
LE Retail Las Huertas, S.L.U.	Leasing of property	Subsidiary	100	100	3	236	50	—	13,221	13,274	13,013
LE Retail Gran Vía de Vigo, S.A.U.*	Leasing of property	Subsidiary	100	100	502	2,179	2,041	(1,831)	35,604	36,316	66,794
LE Retail Abadía, S.L.U.	Leasing of property	Subsidiary	100	100	7,204	3,162	3,096	(2,859)	22,089	29,530	41,182
LE Retail Rivas, S.L.U.	Leasing of property	Subsidiary	100	100	3	19,412	17,962	(8,983)	30,752	39,734	38,612
					7,805	63,854	61,362	(42,636)	690,518	717,049	764,946

* Company audited by Deloitte, S.L.
All the companies have their registered office at Calle María de Molina 39, Madrid.

Information on Group Companies
31 December 2023

b) Joint venture

					Shareholding %		Thousands of Euros						
Company	**Registered office**	**Activity**	**Auditor**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
Inmobiliaria Juan Bravo 3, S.L.	María de Molina, 39, Madrid	Property development	Deloitte	Associate	50	50	1,483	(30)	(28)	—	1,461	2,916	1,458

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Information on Group Companies
31 December 2022

a) Subsidiaries

Company	Activity	Type of entity	Shareholding % Direct	Shareholding % Total	Thousands of Euros Share capital	Operating profit/(loss)	Profit/(loss)	Dividends	Other equity	Total net equity	Net book value of investment
LE Logistic Alovera I y II, S.A.U.	Leasing of property	Subsidiary	100	100	60	(4)	293	(227)	3,527	3,653	3,469
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	Subsidiary	100	100	60	(109)	(109)	—	15,323	15,274	15,621
LE Retail Alisal, S.A.U.	Leasing of property	Subsidiary	100	100	60	(4)	1	—	2,278	2,339	2,327
LE Offices Eloy Gonzalo 27, S.A.U.	Leasing of property	Subsidiary	100	100	60	(4)	(3)	—	341	398	398
LE Retail As Termas, S.L.U.	Leasing of property	Subsidiary	100	100	4	1,595	1,532	(1,438)	36,823	36,921	36,826
LE Logistic Alovera III y IV, S.L.U.	Acquisition and leasing of property	Subsidiary	100	100	4	(4)	(3)	—	632	633	633
LE Logistic Almussafes, S.L.U.	Leasing of property	Subsidiary	100	100	4	(12)	(6)	—	2,808	2,806	2,806
LE Retail Hiper Ondara, S.L.U.*	Leasing of property	Subsidiary	100	100	4	5,361	5,109	(4,346)	146,146	146,913	139,801
LE Offices Joan Miró 21, S.L.U.	Leasing of property	Subsidiary	100	100	4	(8)	(7)	—	765	762	762

LE Retail Vidanova Parc, S.L.U.	Leasing of property	Subsidiary	100	100	4	26	(8)	—	30,259	30,255	31,767
LE Retail El Rosal, S.L.U.*	Leasing of property	Subsidiary	100	100	3	2,772	2,689	(2,389)	26,494	26,797	36,836
LE Retail Galaria, S.L.U.	Leasing of property	Subsidiary	100	100	4	(4)	(4)	—	407	407	407
LE Retail Lagoh, S.L.U.*	Leasing of property	Subsidiary	100	100	3	3,576	3,387	(2,781)	122,152	122,761	130,516
LE Retail Sagunto II, S.L.U.	Leasing of property	Subsidiary	100	100	3	17	348	(327)	1,091	1,115	1,369
LE Retail Vistahermosa, S.L.U.	Leasing of property	Subsidiary	100	100	3	217	170	(74)	23,400	23,499	23,403
Lar España Inversión Logística IV, S.L.U.	The acquisition and development of properties for	Subsidiary	100	100	3	(4)	—	—	1,945	1,948	701
LE Retail Villaverde, S.L.U.	Leasing of property	Subsidiary	100	100	3	(4)	—	—	1,745	1,748	1,748
LE Retail Anec Blau, S.L.U.*	Leasing of property	Subsidiary	100	100	3	943	937	(812)	92,494	92,622	94,317
LE Retail Albacenter, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,247	1,262	(1,093)	37,645	37,817	37,648
LE Retail Txingudi, S.L.U.	Leasing of property	Subsidiary	100	100	3	709	722	(417)	35,267	35,575	35,653
LE Retail Las Huertas, S.L.U.	Leasing of property	Subsidiary	100	100	3	175	138	(108)	13,030	13,063	12,789

Information on Group Companies
31 December 2022

LE Offices Marcelo Spínola, S.L.U.	Leasing of property	Subsidiary	100	100	3	(12)	1	—	6,505	6,509	5,516
LE Retail Gran Vía de Vigo, S.A.U.*	Leasing of property	Subsidiary	100	100	502	1,577	1,430	(1,089)	32,851	33,694	64,041
LE Retail Abadía, S.L.U.	Leasing of property	Subsidiary	100	100	7,204	2,614	2,541	(2,267)	20,127	27,605	39,474
LE Retail Rivas, S.L.U.	Leasing of property	Subsidiary	100	100	3	798	757	(663)	29,486	29,583	37,347
LE Retail Córdoba Sur, S.L.U.	The acquisition and development of properties for	Subsidiary	100	100	4	(6)	(8)	—	(665)	(669)	(670)
					8,014	21,452	21,169	(18,031)	682,876	694,028	755,505

* Company audited by Deloitte, S.L.
All the companies have their registered office at Calle María de Molina 39, Madrid.

b) Joint venture

					Shareholding %		Thousands of Euros							
Company	**Registered office**	**Activity**	**Auditor**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
Inmobiliaria Juan Bravo 3, S.L.	María de Molina, 39, Madrid	Property development	Deloitte	Associate	50	50	1,483	(248)	(248)	—	1,665	2,900	1,450

1 Position of the Company

1.1 Organisational structure and functional operation

The company is a recent establishment with an externalised management structure. It has designated Grupo Lar Inversiones Inmobiliarias, S.A. as exclusive manager, a company that has more than forty years of experience in the property market and a long history of generating value through various property cycles in the last decades, and that has alliances with some of the most internationally renowned investors.

At Lar España, the highest governance body is the Board of Directors. The Board oversees the management of the Company with a view to promoting and protecting shareholders' interests. Strategic management, allocation of resources, risk management and corporate control, as well as accounting, financial and non-financial reports are among the main responsibilities of the Company's Board of Directors. The Board is the Company's chief management body, except as regards decisions that are reserved to the shareholders when constituted as a General Meeting.

During 2023 and 2022 the Group has carried out its activity with the rental of shopping centres and single-tenant commercial premises.

The Company focuses its strategy on searching for shopping centres and single-tenants premises with great potential for growth and with opportunities of improvement in asset management, mainly those where there is the possibility to replace or expand.

The Company's investment policy focuses mainly on the following:

- On assets the company considers to be strategic assets, mainly commercial parks and shopping centres.
- Investment opportunities in mid-sized assets that offer great management possibilities, avoiding those segments where competition may be greater.
- Risk diversification, expanding throughout Spain mainly in shopping centre investments.

2 Development and business results

2.1 Introduction

At the 2023 reporting date, the Company's revenue amounted to EUR 62,040 thousand, which corresponded to returns from dividends received from investee companies, financial income from financing granted to same and returns from the disposal of equity instruments in accordance with their standing as holding companies.

The operating result before amortisations, provisions and interest (EBITDA), that is calculated as the result of the operations, net of amortisation expenses presents a positive result of EUR 57,622 thousand.

The positive financial result was EUR 11,279 thousand.

The Company's profit for the period amounts to EUR 68,634 thousand.

2.2 Other financial indicators

At 31 December 2023, the Company presents the following financial indicators:

- Working capital (calculated as the difference between current assets and current liabilities) → EUR 483,198 thousand (EUR 724,338 thousand at 31 December 2022).
- Liquidity ratio (calculated as the ratio of current assets to current liabilities) → 5.03 (16.02 at 31 December 2022).
- Solvency ratio (calculated as non-current liabilities and equity divided by non-current assets → 1.63 (2.16 at 31 December 2022).

These ratios represent particularly high values, indicating that the Company enjoys a sufficient level of liquidity and a high degree of safety margin in order to meet its payments.

The ROE ("Return on Equity"), which measures the Company's rate of return divided by its equity, is 11.40% (it was 2,35% as of 31 December 2022). This is calculated as the quotient of the profit for the last 12 months and the Company's net equity at 31 December 2023.

The ROA ("Return on Assets"), which measures the efficiency of the Company's total assets, regardless of the source of funding used, i.e. the capacity of a company's assets to generate profit, is 5.01% (0.98% as of 31 December 2022). This is calculated as the quotient of the profit for the last 12 months and the Company's total assets at 31 December 2023.

2.3 Matters regarding personnel

Personnel

At 31 December 2023 the Company has 4 employees (3 men and 1 woman). Said employees are classified as Senior Management. In the 2023 period the Company has had no employees with a 33% or greater disability.

3 Liquidity and capital resources

3.1 Liquidity and capital resources

At 31 December 2023, the company financial debt amounted to EUR 650,790 thousand. The level of debt is related basically to the two green bonds issuances, launched in July and November 2021. This also includes a credit line arranged by the Company with European Investment Bank.

On 19 January 2023, the Parent Company completed the Bonds repurchase process of the two issues made in the 2021 period, for a total nominal amount of EUR 98 million for the bonds issued on 22 July 2021 and EUR 12 million for the bonds issued on 3

November 2021, with a discount of 18% equivalent to a total final price of EUR 90.5 million. The transaction resulted in a positive impact on the 2023 Statement of Comprehensive Income of around €20 million. The company appointed J.P. Morgan as the sole dealer manager for the transaction, which was targeted exclusively at certain eligible holders and settled on 19 January 2023.

In addition, during the 2023 period, the Parent Company carried out repurchases on the open market of bonds corresponding to the issue made on 22 July 2021, for a total nominal amount of EUR 9.0 million. The average discount rate recorded on these transactions was approximately 16%, with a positive impact on the Consolidated Statement of Comprehensive Income for the year 2023 of EUR 0.5 million.

In addition, from the average discount associated with these bonds repurchases, the Parent Company has recognised a profit of EUR 20.5 million (net of transaction costs) under "Impairment and gains or losses on disposal of financial instruments" in the Consolidated Statement of Comprehensive Income at 31 December 2023 (Note 24).

In this regard, the bonds acquired in January 2023 have been redeemed once their repurchase has been settled, with the bonds acquired in May, June and July 2023 still to be redeemed.

As at 31 December of 2023, the Company's short-term financial debt stands at EUR 3,298 thousand.

The Company intends its debt's maturity profile to be in line with its ability to generate cash flow to cover the debt.

In June 2023 the credit facility the Company is held with Bankinter was renewed for one year without any changes to the amount or the conditions.

The financial expenses accrued on loans during the twelve months ended 31 December 2023 amounted to EUR 1,234 thousand, and the effect of the amortised cost of these was EUR 14 thousand. The accrued, unpaid interest at 31 December 2023 amounts to EUR 185 thousand.

The financial expenses accrued on the bonds during the twelve months ended 31 December 2023 amounted to EUR 12,705 thousand, and the effect of the amortised cost thereof was EUR 3,458 thousand (taking into account the financial expenses for the amortised cost effect corresponding to the proportional part of the repurchases made during the first half of 2023). The accrued, unpaid interest at 31 December 2023 amounts to EUR 3,113 thousand.

3.2 Analysis of contractual obligations and off-balance-sheet transactions

The Company does not have any contractual obligations that imply an outflow of liquid resources at 31 December 2023 beyond those mentioned in point 3.1.

At 31 December 2023, the Company does not present off-balance-sheet transactions that have had, or are expected to have, a significant effect on the financial position of the Company, the expenditure structure, the operating result, liquidity, capital expenses or on own resources.

4 Main risks and uncertainties

The Company is exposed to a variety of risk factors arising from the nature of its business. The Company's Board of Directors is responsible for approving the risk management and control policy, and it assumes responsibility for identifying the Company's main risks and supervising the internal oversight systems; it is informed by the Audit and Oversight Committee. The Group’s Risk Management and Control System identifies, groups, manages and control risks that could potentially affects said Group in the areas that make up the Group's corporate risk map, which is adequately reported in the Annual Corporate Governance Report.

In addition to these risks and impacts produced, those detailed in section 8 of this management report are of great importance.

5 Environment

The Company takes measures to prevent, reduce and repair the damage caused to the environment by its activities. However, due to its nature, the Company's activity does not have a significant impact on the environment.

For Lar España, corporate sustainability within its business model is a differentiating element in the context of its value creation, integrating all its stakeholders: from shareholders, regulators, tenants or customers, among others.

In January 2016, the Company approved its Sustainability Policy, which reflects Lar España's commitment to the sustainable development of the business and the creation of shared value in the long term. It also establishes that Lar España will carry out its activities in accordance with the principles of the OECD and the issues set out in the United Nations Universal Declaration of Human Rights, as well as in the Declaration of the International Labour Organisation (ILO).

Subsequently, in 2017 Lar España drafted its ESG Master Plan, with the aim of having a clear and defined roadmap at company level. This Plan is aligned with the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) of the United Nations, with the Paris Agreement (COP21). Following the drafting of this Plan, the company proceeded to work on more specific issues and focused on more concrete aspects, incorporating quantified measures and goals in accordance with different international standards at both corporate and sectoral level.

As evidence of the progress made in the different aspects of sustainability, Lar España has continued to improve the ratings obtained in independent assessment schemes such as GRESB, in which it has participated for the sixth consecutive year, as well as in the international MSCI index, in which it has upgraded its score from ‘BBB’ to ‘A’ in 2023.

In terms of equality issues, it continues to form part of the IBEX Gender Equality Index as Spain's leading gender equality index.

Thus, in 2023 Lar España worked on the following projects, among others:

Certifications

The Company has continued its commitment to participate in assessment and certification schemes to ensure that all properties operate as sustainably as possible, having achieved that 100% of the assets in the portfolio are certified to the BREEAM standard, of which 98% (in terms of asset value) are rated as "Excellent" and "Very Good".

In addition, from 2023, 100% of the assets under operational control comply with the standards of the Environmental Management System and the Health and Safety Management System determined respectively by the ISO 14001 and 45001 standards, with the relevant certifications accrediting this.

Commitment to contribute to the fight against climate change

In 2023, the company updated its Carbon Footprint Reduction Plan in order to establish a roadmap that integrates the latest progress made in the assets, as well as the data recorded since the completion of the Company's first Decarbonisation Plan in 2021. In this way, Lar España has established a clear emissions neutrality goal and a decarbonisation pathway in line with the international Science Based Targers Initiative (SBTi). Within this plan, measures adapted to each of the assets have been designed and will be implemented over the next few years in accordance with the investment plans proposed and the progress of the different technologies in this field.

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Following the registration of the Company's Carbon Footprint for 2018, 2019, 2020 and 2021 with the Ministry for Ecological Transition and the Demographic Challenge (MITERD) as part of the national strategy framed within that of the European Union, Lar España has completed the process of registering its Carbon Footprint for the 2022 period. Thanks to the decrease in asset emissions in this period, it has revalidated the "Reduzco (I Reduce)" seal, which demonstrates the various efforts made in recent years to implement improvements that allow for more sustainable operations. It has thus become the first listed company in the real estate sector to obtain this recognition for the second consecutive year. In addition, since the first year of registration of the Carbon Footprint, the company has carried out the verification by an independent external party, in accordance with the "Carbon Footprint Declaration of Conformity", of the information submitted to the Ministry relating to the emissions data for each of the periods and the required Reduction Plan.

Waste management

- In terms of contributing to the principles of the Circular Economy, as a further step in the fight against climate change, in 2019 Lar España developed its Waste Management Plan with the aim of obtaining greater traceability of the waste generated in the assets. In the last two years, the company has made progress in identifying and collecting such data in order to establish improvement measures.

  The next step will be to achieve greater traceability of transport and processing data in line with the new Law 7/2022 of 8 April on waste and contaminated soils for a circular economy.

- The company's aim is to continue working on this issue with the intention of having greater control over the waste generated by its activity. This will provide more detail on the Company's indirect emissions (Scope 3) which will complete its Carbon Footprint calculation.

Responsible water consumption

Lar España has carried out an analysis of its water consumption and management in its operational phase, in accordance with the ISO 14064 standard. For this, the number of visitors to each asset, the annual consumption broken down according to the different uses of water, as well as the main environmental impacts derived, have been taken into account, identifying the risks and opportunities in the related activities and processes.

Sustainable Mobility

Sustainable mobility is a concept created to counteract the environmental and social problems associated with the urban mobility of citizens, something on which Lar España is focusing its efforts as it is considered an added value factor for the portfolio's assets. Thus, the options offered by the company include solutions such as vehicle charging points, parking for motorbikes, bicycles and scooters, development of new pedestrian access and public transport campaigns.

It should be noted that Lar España's twelve assets can be accessed by the main transport lines of the municipalities in which they are located.

Air quality

Lar España's spaces have once again been an example of health and well-being thanks to the control, monitoring and innovation due to specialised monitoring software. Through the information collected monthly in specific reports, Lar España is aware of the optimum air quality in its main indicators of: thermal comfort, CO2, suspended particles and organic compounds from decoration materials, renovations, cleaning and maintenance, among others.

Accessibility

Lar España has continued with its goal of guaranteeing an inclusive shopping and leisure experience that complies with Universal Accessibility criteria, in line with the requirements of the UNE 17001 standard as a guarantee of access and enjoyment. Thus, the company already has eight assets certified according to this standard: Abadía Park, El Rosal, Vidanova, Lagoh, Megapark, Albacenter, As Termas and Portal de La Marina. Work is currently underway to extend it to the Gran Vía de Vigo and Ànec Blau assets.

Social impact

Other new developments include the creation of the Social Impact Committee to achieve greater synergies between teams responsible for this area, as well as the corresponding Impact Report which is expected to be launched in 2024 to strengthen the role of Lar España within the socio-economic context of its communities.

Tenants and users

In terms of the day-to-day running of its centres and parks, Lar España has continued to develop engagement initiatives through specific marketing actions such as satisfaction and accessibility campaigns and surveys, among others, as well as social action in conjunction with various NGOs, foundations and entities.

In addition, coinciding with the publication of the consolidated financial statements, Lar España publishes a half-yearly report, available on its corporate website, in which it sets out the progress made in 2023 in the different areas within the context of the development of its activity. The report contains more extensive information on environmental, social and governance issues than is contained in this document.

6 Information on the foreseeable evolution of the Company

In line with the company's business, the acquisition, operation and repositioning of assets, mainly focused on the retail sector (shopping centres and retail parks), active management capacity is key to ensure the creation of value for its shareholders.
At Lar España, we aware of the role we play with our activity, committing ourselves to contribute in an ethical, responsible and sustainable way with our operations and decisionmaking, generating positive impact for both society and the environment and obtaining, in turn, a profitable financial return for our investors.

We have set ourselves the goal of leading the retail property industry in terms of portfolio size, asset quality and management effectiveness. To achieve this, we work on our ongoing commitment to deliver maximum value to shareholders, tenants and end customers.

Based on available information and the current business plans, we believe that the Company will be in a position to continue making progress in 2024 and in subsequent years.

7 Market context

7.1 Current military conflicts

In recent years, various armed conflicts have erupted in different parts of the world increasing the global geopolitical tensions. In February 2022, Russia's invasion of Ukraine began, leading to a war between the two countries, and in October 2023, the Israeli-Palestinian conflict in the Gaza Strip began. The consequences of both conflicts are still uncertain.

The Company's directors, after assessing the possible repercussions of this situation, have considered that it would not, a priori, have an impact on its financial statements, since all its operations are domestic and it does not depend on any raw materials that could be affected by cuts in supplies.

However, the situation has generated an increased in uncertainty in global markets and a sharp rise in the cost of energy and other natural resource costs, particularly in Europe, which, in conjunction with other factors, has translated into an increase in inflation and the cost of living in the Spanish macroeconomic environment, leading to a rise in interest rates by the European Central Bank in response.

The situation and its potential indirect impacts on the Group is being monitored by the Management and the Directors. Lease trends are indexed to the CPI and have been revised in 2023. On the other hand, the activity of shopping centres and retail parks is monitored to identify possible decreases in footfall and/or consumption levels that could affect tenant effort rates.

Similarly, the independent third-party experts engaged by the Group have taken into consideration the economic situation at period close in determining the fair value of the Group's investment property, although this may be affected by rapid changes in market circumstances caused by global geopolitical and economic impacts.

Given the existing geopolitical uncertainty and volatility, the Directors and the Company's Management continue to constantly monitor the evolution of the conflict and its consequences, in order to successfully deal with possible future impacts that may occur.

7.2 Management experience

The Company's subsidiaries' benefits from a business model unlike any other on the Spanish property market, pioneering specialist services in the Spanish retail sector.

With more than 50 years of behind it, the group has successfully dealt with past crisis situations and has a highly expert management team recognized at all decision-making and management levels.

Thanks to a wealth of professional experience in retail asset management, Lar España operates teams that specialise in the Spanish retail sector. Since it was first created, the Company's subsidiaries have made profitable management and continually improving its assets a priority, investing in technology and committed to achieving a robust client portfolio to provide unique added value to its properties.

7.3 Business model and operational structure

In terms of location and standing in their respective catchment areas, the Company's subsidiaries' properties are dominant in their catchment areas. A premium collection of properties with high value-add that secures sustainable returns for shareholders.

At 2023 year-end, the assets of Lar España occupancy rate of 97.1%, operating at close to full capacity.

During the year the Company has continued to position itself at the forefront of the retail sector, through the development of innovation projects that guarantee a differential and sustainable experience at our assets. Lar España has a high added value portfolio, which is demonstrated by the recurring profitability for its shareholders, something that has been particularly relevant this year thanks to the spectacular increase in the listed share price.

Ongoing dialogue with stakeholders continues to be one of the Company's priorities, with the aim of anticipating and adapting to the preferences and needs of each customer. Shopping centres have become spaces that offer much more than just shopping; they are spaces where leisure, culture, gastronomy and entertainment come together.

Once again, performance of the activity has been aligned with sustainability at all levels, having complied with the corporate agenda set at the beginning of the year by the Company. Thus, new environmental, social and good governance factors have been integrated throughout the year, enabling us to meet the objectives set and become a benchmark in the various aspects of sustainability.

The Company continues to have a solid and very consolidated tenant base that has proven quality, which, once again this year, has driven the growth in sales and footfall at our assets. Commercial relationships with tenants have been strengthened thanks to the contact maintained therewith, reinforcing the duration and stability of contracts in all shopping centres and retail parks.

The top ten tenants account for 33,2 % of its rental income, and more than 60% of all the leases signed with retailers have a remaining term beyond 2027.

The Company's subsidiaries' properties have a clear competitive edge in their catchment areas, generally offering more than 480,226 sqm of retail space and located in regions with an above average per capita income for Spain.

7.4 Commitment to retailers

The Company communicate openly and regularly with all of its tenants, across all its properties. All of its strategies share the clear objective of guaranteeing the safety of its customers and employees, to ensure that all the stores in the Company's subsidiaries' portfolio can carry on their activity, for example through the project to monitor the air quality of the assets to guarantee optimum indoor air quality in the shopping centres. In addition, over the last few months the company has been analysing different ways to establish channels of dialogue with its tenants, responding to any possible needs that may arise.

7.5 Consolidated financial position

The Company's subsidiaries' strong liquidity levels and financial autonomy afford it considerable economic resilience. This stands it in excellent stead to face scenarios, having carried out stress tests that have produced satisfactory results on its annual business model.

An example of this is the average cost of the company's financial debt, which stands at 1,8%, 100% at a fixed rate, and with no relevant maturities until 2026.

7.6 Financial and investment caution

The company has reactivated its CAPEX plan and all decisions will be made on the premise of achieving solid returns via effective management and value uplift across all of its assets and taking into account the exposure to inflationary risk.

8 R&D+i activities

Due to the inherent characteristics of the companies that make up the Company, and their activities and structure, the Company does not usually conduct any research, development and innovation initiatives. However, Lar España continues its commitment to become the leader in the transformation of the Retail sector, creating new ways of interacting more efficiently and digitally with both external and internal customers (Customer Journey Experience).

9 Acquisition and disposal of treasury stock

Pursuant to section 2.c) of Rule Four of CNMV Circular 1/2017 of 26 April 2017 on liquidity contracts ("Circular 1/2017"), Lar España announced in February that the liquidity contract entered into with JB Capital Markets, Sociedad de Valores, S.A.U., which had been in effect since 11 July 2017 and the execution of which was announced to the market by means of the relevant event published on 10 July 2017 (under registration number 254,421), had been terminated with effect from 23 February 2023.

Subsequently, on 13 March 2023 and in accordance with the provisions of section 2 of Rule Four of CNMV Circular 1/2017 of 26 April 2017 on liquidity contracts ("Circular 1/2017"), Lar España announced the execution of a liquidity contract (the "Liquidity Contract") with GVC Gaesco Valores, Sociedad de Valores, S.A. (the "Financial Intermediary"), effective as of that day.

Such Liquidity Contract is consistent with the contract template included in Circular 1/2017 and a copy thereof was sent to the CNMV for the purposes envisaged in section 3 of Rule Four of Circular 1/2017.

At of 31 December 2023 the share price was EUR 6.15.

As of 31 December 2023, the Parent Company holds a total of 62,545 shares, representing 0.07% of total issued shares.

10 Other relevant information

10.1 Stock exchange information

The initial share price at the start of the year was EUR 4.30 and the nominal value at year end was EUR 6.15. During 2023, the average price per share was EUR 5.39.

In the context of the green bonds issuances made by the company in 2021, the rating agency Fitch assigned an investment grade rating or BBB rating to both Lar España and its green bond issuance, which has been ratified in 2023.

10.2 Dividend policy

On 31 March 2023, the Shareholders’ General Meeting approved the distribution of a dividend of 12,346 thousand Euros, at EUR 0.1475 per share (taking into account all the shares issued) and recognised in profit and loss for the 2022 period, and of 37,654 thousand Euros, at EUR 0.4499 per share (taking into account all the shares issued), charged to the share premium.

The total pay-out was 12,334 thousand Euros charged to the Profit for the period 2022 (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company’s equity and totals 12 thousand Euros), and 37,621 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 31 March 2023. The dividend pay-out was settled in full on 28 April 2023.

10.3 Average number of days payable outstanding to suppliers

The average number of days payable outstanding to suppliers is 50, complying with the maximum legal payment period applicable to the Company in the year 2021 according to Law 3/2004, of 29 December containing measures to combat late payments in commercial transactions and in accordance with the transitory provisions established in Law 15/2010, of 5 July.

11 Annual Corporate Governance Report

For the purposes of Article 538 of the Spanish Companies Act, we confirm that the Annual Corporate Governance Report (IAGC) along with the Internal Financial Reporting Control Systems (SCIIF) and the Annual Report of Directors' Remuneration (IARC) for 2022 all form part of the Management Report. Both Reports are available on the website of the National Securities Market Commission (CNMV).

- Annual Corporate Governance Report: https://www.cnmv.es/portal/consultas/ee/informaciongobcorp.aspx?TipoInforme=6&nif=A86918307&lang=en

- Annual Report on Directors' Remuneration: https://www.cnmv.es/portal/consultas/ee/informaciongobcorp.aspx?TipoInforme=6&nif=A86918307

12 Events after the reporting period

There have been no additional subsequent events up to the date these financial statements |were drawn up that materially affect these financial statements.

LAR ESPAÑA REAL ESTATE, SOCIMI, S.A. STATEMENT OF RESPONSIBILITY FOR THE 2023 FINANCIAL STATEMENTS

The members of the Board of Directors of LAR ESPAÑA REAL ESTATE, SOCIMI, S.A. declare that, to the best of their knowledge, the individual financial statements of LAR ESPAÑA REAL ESTATE, SOCIMI, S.A., as well as those consolidated with its subsidiaries, for the year ended 31 December 2023, drawn up by the Board of Directors at its meeting of 27 February 2024 and prepared in accordance with the applicable accounting principles and in a single electronic format, give a true and fair view of the net worth, financial position and results of LAR ESPAÑA REAL ESTATE SOCIMI, S.A., and of the subsidiaries included in the consolidation, taken as a whole, and that the management reports supplementing the individual and consolidated financial statements (together with the documentation attached and/or supplementary thereto) include a true and fair view of the business performance and results and of the position of LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and of the subsidiaries included in the consolidation, taken as a whole, as well as a description of the main risks and uncertainties they face.

Signatories:

Mr José Luis del Valle Doblado (Chairman)

Mr Alec Emmott

Mr Roger Maxwell Cooke

Ms Leticia Iglesias Herraiz

Mr Miguel Pereda Espeso

Ms Isabel Aguilera Navarro

Madrid, 27 February 2024