LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

Abridged Consolidated Interim Financial Statements for the six-month period ended 30 June 2024

(Prepared under International Financial Reporting Standards as adopted by the European Union)

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Translation of a report originally issued in Spanish based on our work performed in accordance with International Standard on Review Engagements 2410. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Lar España Real Estate SOCIMI, S.A. at the request of the Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Lar España Real Estate SOCIMI, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position as at 30 June 2024 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying certain analytical and other review procedures. A limited review is substantially less in scope than an audit performed in accordance with the audit regulations in force in Spain and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2024 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

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Emphasis of Matters

We draw attention to Note 19 to the accompanying interim financial statements, which describes, among other matters: i) the announcement made on 12 July 2024 by Helios RE, S.A. regarding its intention to launch a voluntary tender offer for all the shares of Lar España Real Estate SOCIMI, S.A.; ii) the potential affect that, as the case may be, the approval of a tender offer that could lead to a change of control of the Parent could have on the maturities of the bond issues and bank financing arranged by the latter (see Note 10c); and iii) the directors' consideration that the acquisition would be tied to the financial viability of the Parent and, therefore, that the acquisition would foreseeably contain terms and conditions that would signify that the Parent would not be adversely affected by the potential early maturity of the financing agreements. Lastly, as also indicated in the aforementioned Note 19, at 30 June 2024 the circumstances that could trigger the early maturity of the aforementioned debt did not exist and, accordingly, the Parent did not have any obligation to repay the related liabilities early. Our conclusion is not modified in respect of this matter.

Also, we draw attention to Note 2a to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2024 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in this period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Spanish Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2024. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Lar España Real Estate SOCIMI, S.A. and Subsidiaries.

Other Matter

This report was prepared at the request of the Board of Directors of the Parent in relation to the publication of the half-yearly financial report required by Article 100 of Spanish Securities Market and Investments Services Law 6/2023, of 17 July, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE AUDITORES, S.L.
(Formerly DELOITTE, S.L.)

Antonio Sánchez-Covisa Martín-González

26 July 2024

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LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of Financial Position at 30 June 2024
(Expressed in thousands of Euros)

Assets	Note	30 June 2024 (*)	31 December 2023
Intangible assets		1	1
Investment property	5	1,304,285	1,312,956
Equity-accounted investees		1,458	1,458
Non-current financial assets	6	14,478	13,949
Trade and other long-term receivables	6	3,014	3,541
Total non-current assets		**1,323,236**	**1,331,905**
Trade and other short-term receivables	4,6	6,742	9,931
Other current financial assets	6	3	3
Other current assets		1,989	2,080
Cash and cash equivalents	7	213,025	244,218
Total current assets		**221,759**	**256,232**
Total assets		**1,544,995**	**1,588,137**

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Statement of Financial Position at 30 June 2024.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of Financial Position at 30 June 2024
(Expressed in thousands of Euros)

Net Equity and Liabilities	Note	30 June 2024 (*)	31 December 2023
Capital	8a	167,386	167,386
Issue premium	8b	410,910	415,303
Other reserves and other contributions	8c	241,541	266,441
Profit/(loss) for the period		22,333	36,789
Treasury shares	8d	(418)	(371)
Total net equity		**841,752**	**885,548**
Financial liabilities from issue of bonds and other marketable securities	10	578,075	577,542
Bank borrowings	10	69,957	69,950
Deferred tax liabilities	14	12,990	12,990
Other non-current liabilities	10,11	20,611	19,784
Total non-current liabilities		**681,633**	**680,266**
Financial liabilities from issue of bonds and other marketable securities	10	8,309	3,113
Bank borrowings	10	185	185
Other financial liabilities	10	52	107
Trade and other payables	10,12,14	13,064	18,918
Total current liabilities		**21,610**	**22,323**
Total net equity and liabilities		**1,544,995**	**1,588,137**

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Statement of Financial Position at 30 June 2024.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Interim Statement of the Comprehensive Income for the six-month period ended 30 June 2024
(Expressed in thousands of Euros)

Abridged Consolidated Income Statement	Note	30 June 2024 (*)	30 June 2023 (*)
Ordinary income	4,15	45,711	47,229
Other income		1,532	1,717
Employee benefits expense	16c	(391)	(405)
Other expenses	16	(12,865)	(15,079)
Changes in the fair value of investment property	5	(10,047)	(12,078)
Operating profit/(loss)		**22,940**	**21,384**
Financial income	7	4,915	1,131
Financial expenses	10	(6,522)	(7,779)
Impairment and gains/(losses) on disposals of financial instruments	10	-	20,402
Profit/(loss) before tax from continuing operations		**22,333**	**35,138**
Tax on profits		-	-
Profit/(loss) for the period		**22,333**	**35,138**
Basic earnings per share (in Euros)	9	0.27	0.42
Diluted earnings per share (in Euros)	9	0.27	0.42

Abridged Consolidated Statement of Comprehensive Income	30 June 2024 (*)	30 June 2023 (*)
Profit/(loss) as per the income statement (I)	**22,333**	**35,138**
Other comprehensive income recognised directly in equity (II)	-	-
Other Amounts Transferred to the Income Statement (III)	-	-
Total comprehensive income (I+II+III)	**22,333**	**35,138**

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Interim Statement of Comprehensive Income for the six-month period ended 30 June 2024.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2024
(Expressed in thousands of Euros)

	Capital	Issue premium	Other reserves	Other contributions	Profit/(loss) for the period	Treasury shares	Total net equity
Balance at 31 December 2023	167,386	415,303	266,201	240	36,789	(371)	885,548
Total income and expenses recognised in the period	-	-	-	-	22,333	-	22,333
Transactions with equity holders and owners							
Distribution of profit							
To reserves	-	-	(24.963)	-	24.963	-	-
To Dividends (Note 8b and e)	-	(4,393)	-	-	(61.752)	-	(66.145)
Treasury shares (Note 8d)	-	-	63	-	-	(47)	16
Other changes	-	-	-	-	-	-	-
Balance at 30 June 2024 (*)	167,386	410,910	241,301	240	22,333	(418)	841,752

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2024.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

Abridged Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2024

(Expressed in thousands of Euros)

	Capital	Issue premium	Other reserves	Other contributions	Profit/(loss) for the period	Treasury shares	Total net equity
Balance at 31 December 2022	167,386	452,924	205,533	240	72,921	(250)	898,754
Total income and expenses recognised in the period	-	-	-	-	35,138	-	35,138
Transactions with equity holders and owners							
Distribution of profit							
To reserves	-	-	60,587	-	(60,587)	-	-
To Dividends (Note 8b and e)	-	(37,621)	-	-	(12,334)	-	(49,955)
Treasury shares (Note 8d)	-	-	21	-	-	(101)	(80)
Other changes	-	-	-	-	-	-	-
Balance at 30 June 2023 (*)	167,386	415,303	266,141	240	35,138	(351)	883,857

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Summary Statement of Changes in Equity for the six-month period ended 30 June 2024.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of Cash Flows for the six-month period ended 30 June 2024
(Expressed in thousands of Euros)

	30 June 2024 (*)	30 June 2023 (*)
A) Cash flows from/(used in) operating activities	**36,312**	**42,293**
Profit/(loss) for the period before tax	*22,333*	*35,138*
Adjustments to the profit/(loss)	11,872	(1,578)
Changes in the fair value of investment property (Note 5)	10,047	12,078
Valuation adjustments due to impairment (Note 16)	218	98
Financial income	(4,915)	(1,131)
Financial expenses	6,522	7,779
Impairment and profit/(loss) in disposals of financial instruments (Note 10)	-	(20,402)
Changes in working capital	*(2,216)*	*9,252*
Trade and other receivables	3,498	4,033
Other current assets	92	4,039
Creditors and other accounts payable	(6,049)	424
Other non-current assets and liabilities	243	756
Other cash flows from operating activities	*4,323*	*(519)*
Receipt of interest (Note 8)	4,915	1,131
Interest Payments (Note 10d)	(592)	(1,650)
B) Cash flows from/(used in) investing activities	**(1,376)**	**(4,208)**
Investment payments	*(1,376)*	*(4,208)*
Property investment (Note 5)	(1,376)	(4,208)
C) Cash flows from/(used in) financing activities	**(66,129)**	**(148,233)**
Amounts receivable and payable for equity instruments	*16*	*(68)*
Acquisition/disposal of equity instruments	16	(68)
Proceeds and payments relating to financial liability instruments	-	*(98,198)*
Issue of:		
Repayment and redemption of:		
Debentures and other marketable debt securities	-	(98,198)
Payments relating to dividends and remuneration from other equity instruments	*(66,145)*	*(49,967)*
Dividend payments (Note 8e)	(66,145)	(49,967)
E) Changes in cash and cash equivalents of non-current assets held for sale	**-**	**4,216**
F) Net increase/decrease in cash or cash equivalents	**(31,193)**	**(105,932)**
G) Cash and cash equivalents at beginning of period	244,218	197,141
H) Cash and cash equivalents at end of period	213,025	91,209

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Interim Statement of Cash Flows for the six-month period ended 30 June 2024.

(1) NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

Lar España Real Estate SOCIMI, S.A. (hereinafter the "Parent 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, as well as that of all Group companies, is located at calle María de Molina 39, 28006 Madrid (Spain).

The corporate purpose of the Parent Company, as well as that of all the companies in the group in accordance with their articles of association, is:

- 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 undertakings governed by Law 35/2003 of 4 November on collective investment undertakings, amended by Royal Decree 83/2015 of 13 February on property collective investment undertakings.
- 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.

Lar España Real Estate SOCIMI, S.A. and its subsidiaries and associated companies (hereinafter the "Group"), the main activity of which is the acquisition and management of shopping centres, may invest to a lesser extent in other assets for rent or for direct sale (commercial premises, industrial premises, logistics centres, offices, residential products).

Lar España Real Estate SOCIMI, S.A. has been listed on the Spanish Stock Exchanges and Continuous Market since 5 March 2014 (Note 8).

The Parent Company and the subsidiaries thereof (except Inmobiliaria Juan Bravo 3, S.L.) are regulated by 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. Note 1 on the consolidated financial statements for the 2023 financial year described the investment requirements for this type of company.

The composition of the Group at 30 June 2024 (with all owned directly by the Parent Company of the Group, Lar España Real Estate SOCIMI, S.A.) and their method of consolidation in the abridged interim financial statements is as follows:

Corporate name	Activity	% ownership	Method of consolidation
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	100	Full consolidation
LE Retail As Termas, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Hiper Ondara, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Vidanova Parc, S.L.U.	Leasing of property	100	Full consolidation
LE Retail El Rosal, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Lagoh, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Vistahermosa, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Sagunto II, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Anec Blau, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Albacenter, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Txingudi, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Las Huertas, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Gran Vía de Vigo, S.A.U.	Leasing of property	100	Full consolidation
LE Retail Abadía, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Rivas, S.L.U.	Leasing of property	100	Full consolidation
Inmobiliaria Juan Bravo 3, S.L.	Property development	50	Stake

All the companies are domiciled at Calle María de Molina 39, 28006, Madrid.

(2) BASIS OF PRESENTATION OF THE ABRIDGED CONSOLIDATED INTERIM FINANCIAL STATEMENTS PREPARED UNDER IFRS AS ADOPTED BY THE EUROPEAN UNION

(a) Regulatory framework

The regulatory financial reporting framework to which the Company is subject is that established in:

- The Spanish Code of Commerce and related mercantile legislation
- International Financial Reporting Standards as adopted by the European Union (IFRS-EU) through Regulation (EC) No 1606/2002/EC of the European Parliament and Law 62/2003, of 31 December, on fiscal, administrative and social measures.
- Mandatory standards approved by the Spanish Accounting and Auditing Institute (ICAC) in drafting the Spanish General Chart of Accounts and the supplementary standards thereof.
- All other applicable Spanish accounting principles;
- 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.

The consolidated financial statements for 2023 were drawn up in accordance with the regulatory financial reporting framework listed in the previous paragraph, and thus present a true and fair view of the Group's consolidated equity and consolidated financial position at 31 December 2023 and of the consolidated statements of income from its operating activities, of the changes in consolidated equity and consolidated cash flows for the Group during the financial year that ended on said date.

The Group's consolidated financial statements for the 2023 financial year were approved by the General Shareholders' Meeting of Lar España Real Estate SOCIMI, S.A., which was held on 25 April 2024.

These abridged consolidated interim financial statements are presented in accordance with International Accounting Standard (IAS) 34 on Interim Financial Reporting, and were authorised for issue by the Parent Company's Directors, on 26 July 2024, fully in accordance with that provided in article 12 of Royal Decree 1362/2007 of 19 October, implementing Law 24/1988 of 18 July, on the Spanish Securities Market regarding the transparency requirements for the information on companies whose securities are listed on the official secondary market or another regulated market in the European Union.

In accordance with IAS 34, the interim financial reporting is prepared with the sole intention of updating the content of the most recent consolidated financial statements issued by the Group, emphasising the new activities, events and circumstances that took place during the period and not duplicating the information already published in the consolidated financial statements for 2023. The abridged consolidated interim financial statements and for the six-month period ended 30 June 2024 do not, therefore, include all the information that would be required in complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. They must therefore be read in conjunction with the Group's consolidated financial statements for the financial year that ended on 31 December 2023.

Consolidated profit or loss and the calculation of consolidated equity are subject to the accounting policies and principles, valuation criteria and estimates used by the Parent Company's Directors in preparing the abridged consolidated interim financial statements. In this respect, the main accounting policies and principles and valuation criteria used are those applied in the 2023 consolidated financial statements, except for any standards or interpretations that came into force during the first six months of 2024.

During the first six months of 2024, the following standards, amendments to standards and interpretations came into force, and where applicable, have been used by the Group in drawing up the abridged consolidated interim financial statements:

Mandatory application in annual periods beginning on or after 1 January 2024

– Amendment to IFRS 16 "Liability for Lease in a sale with leaseback": This amendment clarifies the subsequent accounting for lease liabilities arising on sale and leaseback transactions.

– Amendment to IAS 1 "Classification of liabilities as current or non-current and those subject to covenants": Clarifications regarding the presentation of liabilities as current or non-current, and in particular those with maturities conditional on compliance with covenants.

– Amendment to IAS 7 and IFRS 7 "Supplier Finance Arrangements": This amendment includes disclosure requirements specific to supplier finance arrangements and their effects on the company's liabilities and cash flows including liquidity risk and associated risk management.

There is no accounting policy or valuation criterion that, having a significant effect on the abridged consolidated interim financial statements, has not been applied.

Similarly, the following standards, standard amendments and interpretations were not in force in the first six months of 2024, and were not approved in the EU for use:

– IFRS 18 "Presentation and breakdown of financial statements": Establishes the requirements for the presentation and breakdown of financial statements, thereby replacing IAS 1, currently in force.

– IFRS 19 "Breakdowns of subsidiaries without public accounting": Details the breakdowns that a subsidiary can apply, optionally, in the issuance of its financial statements.

– Modification to IAS 21 "Absence of convertibility": This modification establishes an approach that specifies when one currency can be exchanged for another, and if not, the determination of the exchange rate to be used.

– Modification to IFRS 7 and IFRS 9 "Classification and valuation of financial instruments": Clarification of the criteria for the classification of certain financial assets, as well as the criteria for the derecognition of liquid financial liabilities through electronic payment systems. Additionally, it introduces additional breakdown requirements.

(b) Functional and presentation currency

The abridged consolidated interim financial statements as at 30 June 2024 are presented in thousands of Euros, which is the Parent Company's functional and presentation currency.

(c) Comparison of information

As required by International Financial Reporting Standards as adopted by the European Union, the information in these abridged consolidated interim financial statements for the six-month period ended 30 June 2024 is presented for comparative purposes for the six month-period ended 30 June 2023 (for the abridged consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows) and 31 December 2023 (for the abridged consolidated statement of financial position).

The same main accounting criteria were applied in the 2024 and 2023 periods, such that there were no operations or transactions that were recorded using different accounting principles that could lead to discrepancies in the interpretation of the comparative figures for the two periods.

(d) Estimates made

Estimates made by the Parent Company's Directors have occasionally been used in the abridged consolidated interim financial statements to quantify some of the assets, liabilities, income, expenses and commitments reflected therein. Basically, these refer to the following:

– Calculations of fair value of investment property by applying valuation models (see Note 5).

– The assessment of compliance with the requirements that regulate SOCIMIs (Notes 1 and 14).

– Valuation adjustment for customer insolvencies (Note 6).

– Assessment of provisions and contingencies (Notes 6 and 14).

– Financial risk management (Note 13).

These estimates have been calculated by the Parent Company's Directors based on the best information about the events analysed that was available at the time. In any case, future events may require changes to these estimates in subsequent years, which would be made, if applicable, in accordance with the provisions of IAS 8.

(e) Correction of errors

During the first six months of 2024 no errors have been brought to light with respect to the close of the previous financial year that would require correction.

(f) Seasonality of the Group's transactions

Given the activities in which the companies in the Group are involved, their transactions are not markedly cyclical or seasonal in nature. Specific breakdowns in this respect have therefore not been included in these explanatory notes to the Abridged Consolidated Interim Financial Statements for the six-month period ended 30 June 2024 and 2023.

(g) Relative importance

In determining the information to be broken down in the explanatory notes on the different items in the financial statements and other matters, the Group, in accordance with IAS 34, has taken into account the relative importance in relation to the abridged consolidated interim financial statements for the six-month period ended 30 June 2024.

(h) Abridged consolidated statement of cash flows

The abridged consolidated statement of cash flows uses the following expressions and definitions:

- Cash flows are the inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that constitute the main source of the Group’s ordinary income, and any other activities that cannot be classified as investment or financing activities.
- Investing activities are the acquisition, sale or other disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities are the activities that result in changes in the size and composition of equity capital and of the loans taken out by the company.

For the purposes of preparing the abridged consolidated statement of cash flows, the following have been considered to be “cash and cash equivalents”: cash on hand and demand bank deposits, and those 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.

(3) CHANGES TO THE COMPOSITION OF THE GROUP

In Note 4e. and Appendix I of the consolidated financial statements for the period ended 31 December 2023, relevant information is provided regarding the Group companies that were consolidated as of that date and those that were consolidated using the equity method.

On 21 December 2023, the following companies were dissolved and wound up: 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., 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., which were no longer active as the real estate assets they owned were disposed of in previous years..

During the six-month period ended on 30 June 2024, there was no significant change in the Group's composition.

(4) SEGMENT REPORTING

(a) Operating segments

The Group's investment policy and its operations are focused on shopping centres and retail parks, and therefore at 30 June 2024 and 2023 it will have a single operating segment, as this classification is used as a measure of performance and is considered more relevant in the assessment of segment results in relation to other groups operating in the same business.

(b) Geographical segments

Revenue per geographical segment are presented on the basis of the geographic location of the assets.

The following table details the summary of revenue by geographic area as at 30 June 2024 and 30 June 2023:

	Thousands of Euros 30.06.2024		Thousands of Euros 30.06.2023	
	Ordinary income	%	Ordinary income	%
Andalusia	9,185	20.09	8,770	18.57
Basque Country	9,062	19.83	8,482	17.96
Galicia	7,545	16.51	7,223	15,29
Community of Valencia	6,677	14.61	8,239	17.44
Castile La Mancha	5,346	11.69	5,138	10.88
Castile and León	4,309	9.43	3,998	8.47
Catalonia	3,587	7.84	3,190	6.75
Community of Madrid	-	-	2,189	4.64
	45,771	100.00	47,229	100.00

All the activity is carried out in Spain, and all the assets are located in Spanish territory.

On 28 July 2023, the Rivas and Vistahermosa retail parks in Madrid and Valencia, respectively, were sold.

(c) Main customer

This line item presents details of the tenants that contributed the most rental revenue during the period ended 30 June 2024, as well as their main characteristics:

Position	Trade name	Project	% of total revenue	% Accumulated	Maturity *	Sector
1	Inditex	Anec Blau/Albacenter/El Rosal/As Termas/Portal de la Marina/Gran Vía de Vigo/Lagoh	11.86%	11.86%	2025-2038	Textile/Fashion
2	Carrefour	El Rosal/Gran Vía de Vigo/Hiper Portal de la Marina	4.21%	16.07%	2028-2060	Distribution/Hypermarket
3	Decathlon	Megapark/Parque Abadía/Vidanova Parc	2.73%	18.80%	2036-2043	Distribution
4	Yelmo	Lagoh/Anec Blau/Vidanova Parc/As Termas/Megapark	2.62%	21.42%	2031-2045	Leisure
5	Media Markt	Megapark/Parque Abadía/As Termas/Lagoh	2.58%	24.00%	2029-2044	Technology
6	Cortefiel/Tendam	Albacenter/AnecBlau/As Termas/Megapark/Galeria Abadía/El Rosal/Portal de la Marina/Txingudi/Vidanova Parc/Lagoh	2.35%	26.35%	2025-2033	Textile/Fashion
7	Mercadona	Lagoh, Hiper Albacenter, Anec Blau and Megapark	2.18%	28.53%	2040-2049	Distribution/Hypermarket
8	C&A Modas	Portal Marina/Parque Abadía/Megapark,/As Termas/Vidanova/Gran Vía de Vigo	2.01%	30.54%	2026-2038	Textile/Fashion
9	Corte Inglés	Lagoh/Parque Abadía/ Gran Via de Vigo/ Megapark/ As Termas	1.79%	32.33%	2024-2034	Textile/Fashion
10	Druni	Portal Marina/Albacenter/Anec Blau/Megapark/Galería Abadía/Huertas/Lagoh/EL Rosal/Gran Via de Vigo	1.63%	33.96%	2026-2041	Perfumery

* The information on contractual maturities refers to the end date of the contract, although there are cases in which there are termination options with an earlier date.

(5) INVESTMENT PROPERTY

As at 30 June 2024 and 31 December 2023, investment property mainly comprises 9 shopping centres and 3 retail parks, as well as the related land on which they are located, owned by the Group, which are held for rental income and are therefore not occupied by the Group.

Investment property is presented at fair value.

Accordingly, the composition and movements that had occurred in the first six months of 2024 in the explanatory notes included under the line item "Investment property" in the Group's abridged consolidated financial statements at 30 June 2024 were as follows:

	Thousands of Euros
	Completed investment property
Fair value at 31 December 2023	1,312,956
Additions for the period	1,376
Changes in the fair value of investment property	(10,047)
Balance at 30 June 2024	1,304,285
Fair value at 30 June 2024	1,304,285

Additions and changes to the scope

The additions for the six-month period ended 30 June 2024 correspond to the following items:

		Thousands of Euros
Type of asset	Name	Additions
Shopping Centre	As Termas (a)	306
Shopping Centre	Txingudi (a)	185
-	Improvements to other assets and *fit-outs*	885
		1,376

(a) Amounts corresponding mainly to the refurbishments and fit outs granted in the As Termas and Txingudi shopping centre.

As at 30 June 2024, the amount of additions to investment property pending payment amounted to EUR 560 thousand and is recorded under "Trade and other payables" in the Abridged Consolidated Financial Statements as at 30 June 2024 (EUR 2,323 thousand as at 31 December 2023).

Investment commitments pertaining to investment property totalled EUR 3,221 thousand at 30 June 2024 (EUR 1,377 thousand at 31 December 2023).

Fair value of investment property

The fair value of investment property at 30 June 2024 amounts to EUR 1,304,285 thousand (EUR 1,312,956 thousand at 31 December 2023), which are considered level 3 measurements, and there were no transfers between levels during the first half of 2024. All of said property comprises retail parks and shopping centres.

At 30 June 2024 and 31 December 2023, the breakdown of the gross leasable area and occupancy rate by business line are as follows:

	Square metres			
	30 June 2024		31 December 2023	
	Gross leasable area	Occupancy rate (%)	Gross leasable area	Occupancy rate (%)
Shopping centres and retail parks	480,464	96.03%	480,226	97.09%

All investment properties that are rented or are expected to be rented under effective leases are classified as investment properties. In accordance with IAS 40, the fair value of the investment property has been determined by professionally accredited external independent appraisal companies with recent experience in the locations and categories of the properties being appraised. Independent appraisal companies determine the fair value of the Group's investment property portfolio every six months (June and December) and on a quarterly basis in the case of assets under construction or comprehensive renovations.

The appraisal is conducted in accordance with the Professional Standards published by The Royal Institution of Chartered Surveyors ("Red Book"), based in the United Kingdom.

The methodology used to calculate the market value of investment assets consists of updating 10 years' worth of revenue and expense projections for each asset, which will subsequently be updated on the date of the Statement of Financial Position using a market discount rate. The residual value at the end of year 11 is calculated applying a rate of return ("exit yield" or "cap rate") to the net revenue projections estimated for year 11. The market values thus obtained are analysed by calculating and analysing the yield capitalisation implicit in these values. The projections are intended to reflect the Group's best estimate, as reviewed by the appraiser, of future income, taking into account, inter alia, CPI updates, the schedule for rent updates and the maturity of the contracts and expenses of the real estate assets.

The key significant variables of this method are determining the projected rents, the rate of return ("exit rate") used for the residual value and the discount rate determined to discount the cash flows obtained.

In relation to the projected rents, consideration is given to each of the lease contracts in force at the end of the period, which generally include annual increases based on the CPI. The CPI percentages used in the valuations are estimated by the appraisers based on generally accepted forecasts Furthermore, since the appraisers do not know with certainty whether periods of vacancy will occur in the future, nor their duration, they prepare their structural forecast for each asset based on the quality and location of the property.

In turn, the exit rate and discount rate are determined on the basis of the appraisers' knowledge of market conditions, the specific conditions of each asset and, where applicable, comparable transactions carried out.

The appraisal companies that carried out the valuations of the Group's investment property at 30 June 2024 are CBRE and Cushman & Wakefield (JLL and Cushman & Wakefield at 31 December 2023).

Fees paid by the Group to the appraisal companies for valuations in the first half of 2024 and 2023 are as follows:

	Thousands of Euros	
	30.06.2024	30.06.2023
Appraisal services	38	30
	38	30

Assumptions used in the valuations

In terms of calculating the fair value of investment property, the material unobservable input data used to measure the fair value correspond to rental income, the Exit Yield and the discount cash flow used in projections. Quantitative information on the material unobservable input data used to measure the fair value is shown below:

	30.06.2024		31.12.2023	
	Exit Yield	Discount rate	Exit Yield	Discount rate
Shopping centres and retail parks	6.25-9.00	8.65-14.30	6.00 – 8.50	8.59-14.32

In terms of rental income, the amounts per square metre used in the measurement for the first half of 2024 ranged from EUR 8.51 and EUR 23.79 per month (EUR 8.2 and 22.8 per month at 31 December 2023), depending on the type of asset and the location. The revenue growth rates used in the projections are mainly based on the CPI.

Sensitivity analysis of the assumptions used

The effect of a quarter point, half point and one point change in the discount rate, rents and exit rate on Consolidated Assets and Abridged Consolidated Comprehensive Income, in respect of investment property, would be as follows:

Change in discount rate

	Thousands of Euros					
	30.06.2024					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Discount rate increase	(21,876)	(42,364)	(81,239)	(21,876)	(42,364)	(81,239)
Discount rate decrease	18,604	40,531	84,303	18,604	40,531	84,303

	Thousands of Euros					
	31.12.2023					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Discount rate increase	(19,377)	(40,677)	(80,248)	(19,377)	(40,677)	(80,248)
Discount rate decrease	21,580	43,670	89,113	21,580	43,670	89,113

Change in rents

	Thousands of Euros					
	30.06.2024					
	Assets			Consolidated comprehensive income		
	2.50%	5%	10%	2.50%	5%	10%
Rent increase	15,803	33,524	67,210	15,803	33,524	67,210
Rent decrease	(23,379)	(46,162)	(88,589)	(23,379)	(46,162)	(88,589)

	Thousands of Euros					
	31.12.2023					
	Assets			Consolidated comprehensive income		
	2.5%	5%	10%	2.5%	5%	10%
Rent increase	19,521	38,854	77,242	19,521	38,854	77,242
Rent decrease	(26,957)	(47,676)	(92,029)	(26,957)	(47,676)	(92,029)

Change in exit yield

	Thousands of Euros					
	30.06.2024					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Exit Yield increase	(24,853)	(46,288)	(84,603)	(24,853)	(46,288)	(84,603)
Exit Yield decrease	22,860	49,697	109,914	22,860	49,697	109,914

	Thousands of Euros					
	31.12.2023					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Exit Yield increase	(24,190)	(47,403)	(88,926)	(24,190)	(47,403)	(88,926)
Exit Yield decrease	27,363	56,859	123,545	27,363	56,859	123,545

The details of "Changes in fair value of investment property" in the Consolidated Statement of Comprehensive Income at 30 June 2024 and 31 December 2023 are as follows:

	Thousands of Euros		Thousands of Euros	
	30.06.2024		30.06.2023	
	Investment property	Non-current assets held	Investment property	Non-current assets held
Shopping centres and single-tenant	(10,047)	-	(12,244)	166
	(10,047)	-	(12,244)	166

(6) FINANCIAL ASSETS BY CATEGORY

(a) Classification of financial assets by category

Financial assets held by the Group are shown separately at 30 June 2024 and 31 December 2023:

	Thousands of Euros			
	30 June 2024		31 December 2023	
	Non-current	Current	Non-current	Current
Non-current financial assets	14,478	-	13,949	—
Other financial assets	-	3	—	3
Operating lease receivables - invoices awaiting formalisation	-	2,434	—	2,775
Operating lease receivables - invoices issued	-	98	—	631
Operating lease receivables - income linearisation	3,014	1,426	3,541	1,863
Public Authorities, other	-	2,784	—	4,662
Total	17,492	6,745	17,490	9,934

At 30 June 2024 and 31 December 2023, "Non-current financial assets" mainly includes guarantees and deposits received from the lessees of the investment property described in Note 5 as security, which the Group has deposited with the relevant public bodies.

As at 30 June 2024 and 31 December 2023, the item "Operating lease receivables - invoices pending formalisation" in the above table mainly includes expenses for "Property tax (IBI)" that are pending re-invoicing to tenants, as well as variable rent income that is pending invoicing to tenants.

At 30 June 2024 and 31 December 2023, the line item "Operating lease receivables - invoices issued" mainly includes rents accrued and invoiced during the year to tenants, which are receivable, net of impairment adjustments (Note 6c).

At 30 June 2024 and 31 December 2023 the line item “Operating lease receivables - rent linearisation” includes the amount pending allocation to profits and losses for waivers or discounts granted to certain tenants and that pursuant to the financial information framework applicable to the Group are allocated on a straight-line basis to the Abridged Consolidated Interim Statement of Comprehensive Income between the date of the agreement and the minimum remaining contractual duration of each lease agreement. Of this amount, at 30 June 2024, EUR 2,210 thousand corresponds to discounts granted due to the COVID-19 pandemic (EUR 2,667 thousand at 31 December 2023), with the remaining balance corresponding mainly to waivers, step rents and fit outs (contributions to tenants) granted on the signing of new lease contracts.

In addition, at 30 June 2024 and 31 December 2023, "Other receivables from Public Authorities" mainly includes value added tax receivable related to investments in the Group's real estate assets.

The carrying amount does not differ significantly from their fair value for financial assets carried at cost or amortised cost in the above.

(b) Classification of financial assets by maturity

The classification of financial assets by maturity at 30 June 2024 and 31 December 2023 is as follows:

	Thousands of Euros			
	30.06.2024			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current financial assets	-	-	14,478	14,478
Other financial assets	3	-	-	3
Operating lease receivables - pending invoices	2,434	-	-	2,434
Operating lease receivables - invoices issued	98	-	-	98
Operating lease receivables - income linearisation	1,426	2,042	972	4,440
Other receivables from Public Authorities (Note 14)	2,784	-	-	2,784
	6,745	2,042	15,450	24,237

	Thousands of Euros			
	31.12.2023			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current financial assets	—	—	13,949	13,949
Other financial assets	3	—	—	3
Operating lease receivables - pending invoices	2,775	—	—	2,775
Operating lease receivables - invoices issued	631	—	—	631
Operating lease receivables - income linearisation	1,863	2,395	1,146	5,404
Other receivables from Public Authorities (Note 14)	4,662	—	—	4,662
	9,934	2,395	15,095	27,424

(c) Impairment of accounts receivable

Movement in impairment and uncollectibility valuation allowances for amounts payable to the Group by tenants at 30 June 2024 is as follows:

	Thousands of
Balance at 31 December 2023	3,698
Impairment provisions (Note 16)	837
Impairment reversals (Note 16)	(1,124)
Balance at 30 June 2024	3,411

Impairment charges and reversals of impairment losses on trading operations are recognised under "Other operating expenses" in the accompanying Abridged Consolidated Interim Statement of Comprehensive Income (Note 16). Furthermore, at 30 June 2024, irrecoverable credits of EUR 505 thousand (EUR 981 thousand at 30 June 2023) were recognised under "other operating expenses" in the Accompanying Abridged Consolidated Interim Statement of Comprehensive Income (Note 16).

(7) CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents at 30 June 2024 and 31 December 2023 are as follows:

	Thousands of Euros	
	30.06.2024	31.12.2023
Banks	213,025	244,218
Total	213,025	244,218

At 30 June 2024, this balance includes EUR 20,000 thousand corresponding to deposits with immediate availability and maturity of less than 3 months, contracted and managed by Banco Sabadell (EUR 115,000 thousand at 31 December 2023, contracted and managed by BNP and Credit Agricole), and EUR 175,000 thousand corresponding to an interest-bearing account contracted and managed by Bankinter and Barclays (EUR 115,000 thousand at 31 December 2023 managed by Barclays). During the first half of the financial year 2024, a financial income of EUR 4,915 thousand (EUR 1,131 thousand as at 30 June 2023) was recorded in respect of interest accrued on deposits and the interest-bearing account, which earn an average interest rate of 4.10% (4.15% as at 30 June 2023).

In addition, at 30 June 2024 and 31 December 2023 the amount of cash and cash equivalents held by the Group is unrestricted.

(8) NET EQUITY

(a) Capital

At 30 June 2024 and 31 December 2023, the share capital of Lar España Real Estate SOCIMI, S.A. amounted to EUR 167,386 thousand and is represented by 83,692,969 registered shares, represented by book entries, with a par value of EUR 2 each, fully subscribed and paid up, giving their holders 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 share price at 30 June 2023 is EUR 6.83 per share (EUR 6.15 per share at 31 December 2023) and the average share price for the first half of 2024 was EUR 6.79 per share (EUR 5.39 per share at 31 December 2023).

At 30 June 2024 and 31 December 2023, the Parent Company's main shareholders were as follows:

	%	
	30.06.2024	31.12.2023
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%
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%	47.5%
	100.0%	100.0%

(b) Issue premium

The Revised Text of the 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 25 April 2024, the distribution of dividends from the 2023 period against the issue premium was approved for the amount of EUR 4,393 thousand, taking into account the shares issued (Note 8e).

At 30 June 2024, the Group's share premium amounted to EUR 410,910 miles thousand (EUR 415,303 thousand at 31 December 2023).

(c) Other reserves

The breakdown of this line item as at 30 June 2024 and 31 December 2023 is as follows:

	Thousands of Euros	
	30.06.2024	31.12.2023
Legal reserve	29,106	22,242
Capital redemption reserve	23,384	23,384
Parent Company reserves	(59,014)	(63,819)
Consolidated reserves	247,825	284,394
Other shareholder contributions	240	240
	241,541	266,441

(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 30 June 2024 the Company's legal reserve totals EUR 29,106 thousand (EUR 22,242 at 31 December 2023). Therefore, the legal reserve at 30 June 2024 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").

(d) Treasury shares

At 30 June 2024 the Parent Company holds treasury shares amounting to EUR 418 thousand. Movement during the six-month period is as follows:

	Number of shares	Thousands of Euros
31 December 2023	62,545	371
Additions	345,013	2,361
Derecognitions	(347,326)	(2,314)
30 June 2024	60,232	418

The average selling price of treasury shares sold during the first half of 2024 was EUR 6.79 per share. In addition, the profit from these sales amounted to EUR 63 thousand, which has been recognised under "Other reserves" in the abridged consolidated statement of financial position.

On 5 February 2014, the Sole Shareholder of the Parent Company authorised the Board of Directors to purchase shares of the Parent 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 TB Capital Markets and entered into a liquidity contract with GCV Gaesco Valores.

(e) Dividends paid and issue premiums returned

On April 25, 2024, the Parent's Shareholders' Meeting approved the distribution of a dividend of EUR 66,167 thousand, of which EUR 61,771 thousand were distributed with a charge to profit for 2023, at EUR 0.7381 per share, and EUR 4,396 thousand were distributed with a charge to share premium, at EUR 0.0525 per share. The aforementioned dividend was paid on May 24, 2024. The amount distributed was EUR 66,145 thousand (EUR 61,752 thousand charged to profit for 2023 and EUR 4,393 thousand charged to share premium), after deducting the amount relating to treasury shares, which does not come out of the Parent's equity, considering the amount per share approved and the shares outstanding at the time of approval by the shareholders at the Annual General Meeting.

(9) EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit for the period attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the period, excluding treasury shares.

The details of the calculation of earnings per share are as follows:

	Thousands of Euros	
	30.06.2024	30.06.2023
Profit/(loss) for the period attributable to equity holders of the Parent Company	22,333	35,138
Weighted average number of ordinary shares in circulation (number of shares)	83,646,398	83,633,750
Basic earnings per share (Euros)	0.27	0.42

The average number of ordinary shares in circulation is determined as follows:

	30.06.2024	30.06.2023
Ordinary shares	83,692,969	83,692,969
Average effect of treasury shares, capital increases and reductions	(46,571)	(59,219)
Weighted average number of ordinary shares in circulation at 30 June (shares)	83,646,398	83,633,750

(b) <u>Diluted</u>

Diluted earnings per share are calculated by adjusting profit for the period attributable to equity holders of the Parent Company and the weighted average number of ordinary shares in circulation to the effect of all dilutive potential ordinary shares; that is, as if all potential ordinary shares treated as dilutive had been converted.

The Parent Company does not have different classes of ordinary shares or other potentially dilutive instruments, which is why diluted earnings per share are the same as basic earnings per share.

(10) FINANCIAL LIABILITIES BY CATEGORY

(a) Classification of financial liabilities by category

The classification of financial liabilities by category and class at 30 June 2024 and 31 December 2023 is as follows:

	Thousands of Euros	
	30.06.2024	
	Non-current	Current
	Carrying amount	Carrying amount
Carried at amortised cost:		
Financial liabilities from issue of bonds and other marketable securities	578,075	8,309
Bank borrowings	69,957	185
Other financial liabilities	20,611	52
Trade and other payables:		
Trade payables	-	9,565
Salaries payable	-	2,032
Public entities, other payables	-	1,467
Total financial liabilities	668,643	21,610

	Thousands of Euros	
	31.12.2023	
	Non-current	Current
	Carrying amount	Carrying amount
Carried at amortised cost:		
Financial liabilities from issue of bonds and other marketable securities	577,542	3,113
Bank borrowings	69,950	185
Other financial liabilities	19,784	107
Trade and other payables:		
Trade payables	—	12,871
Salaries payable	—	4,580
Public entities, other payables	—	1,467
Total financial liabilities	667,276	22,323

At 30 June 2024 and 31 December 2023 the fair value of the bonds is equal to their market price. The bonds issued in July 2021, with a nominal value of EUR 293 million at 30 June 2024 (EUR 293 million at 31 December 2023), are trading at 94.34% of the nominal value (90.11% at 31 December 2023), and the bonds issued in November 2021 with a nominal value of EUR 288 million at 30 June 2024 (EUR 288 million at 31 December 2023) are trading at 88.16% above nominal value (81.63% at 31 December 2023).

The fair value of the remaining financial liabilities does not differ significantly at 30 June 2024 and 31 December 2023.

(b) **Classification of financial liabilities by maturity**

The details by maturity of financial liabilities at 30 June 2024 and 31 December 2023 are as follows:

	30.06.2024			
	Thousands of Euros			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities from issue of bonds (a)	8,309	581,000	-	589,309
Bank borrowings (a)	185	70,000	-	70,185
Other financial liabilities	52	-	20,611	20,663
Commercial creditors and other accounts to be paid	13,064	-	-	13,064
	21,610	651,000	20,611	693,221

(a) *The effect of measuring the financial liabilities for bonds and bank borrowings at amortised cost is to reduce the nominal value of these previously represented liabilities by EUR 2,925 thousand and EUR 43 thousand, respectively at 30 June 2024.*

	31.12.2023			
	Thousands of Euros			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities from issue of bonds (a)	3,113	581,000	-	584,113
Bank borrowings (a)	185	70,000	-	70,185
Other financial liabilities	107	-	19,784	19,891
Trade and other payables	18,918	-	-	18,918
	22,323	651,000	19,784	693,107

(a) *The effect of measuring the financial liabilities for bonds and bank borrowings at amortised cost is to reduce the nominal value of these previously represented liabilities by EUR 3,458 thousand and EUR 50 thousand, respectively, at 31 December 2023.*

(c) Main features of the financial liabilities from issue of bonds and with credit institutions

Bank borrowings

The terms and conditions of loans and payables are as follows:

				Thousands of Euros	
Company	Currency	Effective rate	Maturity	Amount granted	Amortised cost and interest pending payment at 30 June 2024
Banco Sabadell	Euro	EURIBOR 3M + 0.45%	19-Jun-2025	30,000	-
The European Investment Bank	Euro	1.67%	4-May-2027	70,000	70,142
					70,142

During the June 2024 the Parent Company of the Group has withdrawn from the renewal of the credit line it had with Bankinter for EUR 30 million, the interest rate was three-month EURIBOR plus 1.60%, so it has formalised a new credit line with Banco Sabadell for a maximum amount of EUR 30 million, annual maturity and three-month EURIBOR interest rate plus 0.45%.

Interest accrued on loans in the six months ended 30 June 2024 amounted to EUR 599 thousand (EUR 622 thousand at 30 June 2023), the effect of the amortised cost of the loans being EUR 7 thousand (EUR 7 thousand at 30 June 2023). The accrued, unpaid interest at 30 June 2024 amounts to EUR 185 thousand (EUR 185 thousand at 31 December 2023).

Covenants associated with the loans subscribed with the EIB

The Parent Company of the Group undertakes to maintain, at all times, on the basis of the consolidated financial statements, 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 the opinion of the Directors, these ratios were met at the date of preparation of these abridged consolidated interim financial statements and are expected to be met over the next twelve months.

Furthermore, in certain circumstances, the loan entered into by the Parent Company of the Group and the European Investment Bank may be repaid early. In particular, in the event of a change of control, the aforementioned entity may cancel the undrawn portion of the loan and request early repayment of the outstanding amount, together with accrued interest and any other amounts owed (Note 19).

Financial liabilities from issue of bonds

During the 2021 period the Group restructured the Group's debt by issuing two unsecured green bonds for the amount of EUR 400 million in July 2021 and EUR 300 million in November 2021, maturing on 22 July 2026 and 3 November 2028, respectively. The interest rate applicable to these issues is 1.75% and 1.84% respectively.

Repurchase of corporate bonds

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.

In addition, during the first half of the 2023 financial year, the Parent Company completed 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, at an average discount of 16%, equivalent to a final price of EUR 7.5 million.

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

In this regard, the bonds acquired in January 2023 were redeemed once their repurchase has been settled, with the bonds acquired in May and June 2023 still to be redeemed. Thus, after the aforementioned repurchases, at 30 June 2024 and 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.

Financial performance associated with corporate bonds

The financial expenses accrued for the bonds in the six months ended 30 June 2024 amounted to EUR 5,730 thousand, being the amortised cost effect thereof EUR 533 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 and which have been recorded against the Abridged Consolidated Interim Statement of Comprehensive Income) (EUR 5,344 thousand as at 30 June 2023, being the amortised cost effect of EUR 1,574 thousand). The accrued, unpaid interest at 30 June 2024 amounts to EUR 8,309 thousand (EUR 3.113 thousand at 31 December 2023).

Covenants associated with corporate bonds and early maturity assumptions

The two bond issues issued by the Group during the 2021 period and outstanding at 30 June 2024 have covenants for compliance with certain financial ratios, calculated on the Group's consolidated financial statements at each relevant date (half-yearly).

- 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 is not greater than 40%, calculated as guaranteed financial debt divided by the consolidated asset value.

- An interest coverage ratio higher than 2.1, calculated as EBITDA divided by the financial expenses for the period.

– The Total Untaxed Asset Ratio is 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 respect, in the opinion of the Directors, these ratios were met at the date of preparation of these abridged interim consolidated financial statements. They also expect them to be met in the next twelve months.

Early redemption of these financial instruments is also possible in certain circumstances. 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) (Note 19). If this situation were to occur, the Parent Company would repay 101% of the outstanding principal amount.

(d) Movements of cash under financial liabilities from borrowings

The movement of cash in the first six months of the 2024 period of the Group's financial debts is as follows:

			Thousands of Euros				
	Opening balance	New debt	Amortised cost effect	Principal amortisation	Interest paid	Accrued interest	Closing balance
		Cash flow		Cash flow	Cash flow		
Financial liabilities from issue of bonds	580,655	-	533	-	-	5,196	586,384
Bank borrowings	70,135	-	7	-	(592)	592	70,142
	650,790	-	540	-	(592)	5,788	656,526

(11) OTHER NON-CURRENT FINANCIAL LIABILITIES

Under "Other non-current financial liabilities" the Group includes EUR 20,611 thousand at 30 June 2024 (EUR 19,784 thousand at 31 December 2023), corresponding to the guarantees given to the Group by the various lessees of the premises of the real estate assets. This amount generally represents two months' rent and will be reimbursed at the end of the contract term.

(12) TRADE AND OTHER PAYABLES

The breakdown of "Trade and other payables" at 30 June 2024 and 31 December 2023 are as follows:

	Thousands of Euros	
	30.06.2024	31.12.2023
Trade payables (a)	7,544	8,269
Trade creditors, related companies (Note 17a)	1,761	4,311
Outstanding remuneration (Note 17c)	260	291
Public entities, other payables (Note 14)	2,032	4,580
Current tax liabilities (Note 14)	1,467	1,467
	13,064	18,918

(a) At 30 June 2024, "Trade payables" includes EUR 560 thousand (EUR 2,323 thousand at 31 December 2023) corresponding to outstanding amounts from property investments (Note 5).

(13) RISK MANAGEMENT POLICY

(a) Financial risk factors

The Group's activities are exposed to various financial risks: market risk, credit risk, liquidity risk, cash flow interest rate risk, tax risk and environmental risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise the potential adverse effects on the Group's profit.

The Group's Senior Management manages risks in accordance with policies approved by the Board of Directors. The Senior Management identifies, assesses and mitigates financial risks in close collaboration with the Group'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*

In light of current conditions in the property sector, the Group has established specific measures that it plans to adopt to minimise their impact on its financial position.

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

- The economic environment in which the Group performs its activity: the design of various economic scenarios with different key variables that can affect the Group (interest rates, share price, % of occupancy rates of investment property, etc.).
- The identification of variables that are interconnected and their degree of connection.

– The time frame within which the assessment is made: The time frame for the analysis and the potential deviations should be taken into account.

(ii) *Credit risk*

Defined as the risk of financial loss for the Group if a customer or counterparty fails to discharge its contractual obligations.

Moreover, the Group has formal procedures in place to detect impairment of trade receivables. By means of these procedures and the individual analysis by business area, delays in payment can be detected and methods for estimating the impairment loss can be established.

(iii) *Liquidity risk*

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

The Group 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 loss or placing the Group's reputation at risk.

In this context the Parent 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 satisfactorily completed in July and October 2021 and enabled the Group to pay off its financial debt and place the maturity of its main financial obligations as from 2026.

In addition, the Group's subsidiaries have provided guarantees amounting to EUR 715 thousand (EUR 4,481 thousand at 31 December 2023), the largest amount corresponding to two guarantees deposited in June 2023 and February 2024 by the Group company LE Retail Hiper Ondara, S.L.U. for EUR 351 thousand and EUR 356 thousand, respectively, provided to the Provincial Council of Bizkaia for a tax proceeding initiated in 2023 (Note 14b).

The guarantee deposited until 31 December 2023 by the Group company Le Retail Vistahermosa, S.L.U. for EUR 3,957 thousand, provided to the Valencian Tax Agency for a tax proceeding that ended on 19 June 2023, the economic-administrative claim filed by the company having been fully upheld, has been cancelled.

Lastly, the Group's Parent Company, Lar España Real Estate SOCIMI, S.A. signed a EUR 50 million guarantee facility with Credite Agricole to cover the amount of the provisional settlement, as well as late payment interest, issued by the Technical Office of the Madrid Regional Inspection Unit in relation to the verification of VAT for the periods covered in 2015 and 2016. (Notes 14b and 19).

(iv) *Cash flow and fair value interest rate risk*

The Group manages interest rate risk by obtaining finance at fixed and variable rates. The Group policy is to maintain the non-current net financing from third parties at fixed rate.

In addition, at 30 June 2024 and 31 December 2023, the Group holds short-term fixed-interest financial assets (deposits) in order to realise surplus cash not invested in investment property. Fixed-rate financial assets are for the most part independent of market interest rate fluctuations.

At 30 June 2024 and 31 December 2023, the Group's income and cash flows from operating activities are largely independent of changes in market interest rates.

(v) *Tax risk*

As mentioned in Note 1 to the consolidated financial statements for 2023, the Parent Company and some of its subsidiaries are subject to the special tax regime for listed real estate investment companies (SOCIMI).

Among the obligations that the Parent 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, especially 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 Group's management, with the support of its tax advisers, has carried out an assessment of compliance with the requirements of the regime, concluding that although, at 31 December 2023, not all the requirements of the special SOCIMI regime had been met, given that 80% of the income obtained during 2023 did not come from the lease of the properties owned by the Group companies, at 30 June 2024, the Group expects to remedy the aforementioned non-compliance by the end of 2024, reaching the minimum threshold of income from the lease of properties under the special SOCIMI regime.

Therefore, the Company’s Directors and Management consider that this non-compliance will be remedied by the end of the 2024 financial year, within the period established by 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.

Therefore, the Directors consider that the Group will continue to be covered by the SOCIMI regime, a situation that has been taken into account in the preparation of these abridged consolidated interim financial statements.

(vi) *Environmental information*

LAR España is aware that the integration of sustainability in its business model is essential to creating value for stakeholders, which is why in recent years, it has taken appropriate measures supported by the different internationally recognised standards.

As part of the risk analysis performed each year, a study of the main climate risks that may affect the continuity of the company's business is performed, in addition to the main controls implemented to mitigate them. This analysis is detailed in the Group's consolidated financial statements for the year ended 31 December 2023 and has not significantly changed during the first half of 2024.

(14) PUBLIC ENTITIES AND TAXATION

(a) Balances with public entities

Details on balances with public entities at 30 June 2024 and 31 December 2023 are as follows:

	Thousands of Euros	
Receivables	30.06.2024	31.12.2023
Taxation authorities, VAT recoverable	2,034	3,927
Taxation authorities, other withholdings	750	735
	2,784	4,662

	Thousands of Euros	
Payables	30.06.2024	31.12.2023
Taxation authorities, VAT payable	1,960	4,493
Taxation authorities, personal income tax withholdings payable	65	80
Social Security payable	7	7
Current tax liabilities	1,467	1,467
Deferred tax liabilities	12,990	12,990
	16,489	19,037

(b) 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 30 June 2024, the Group has the last four tax years open for inspection.

The Parent Company's Directors consider that the aforementioned taxes have been adequately settled, and consequently, even if discrepancies were to arise in the interpretation of prevailing standards with respect to the tax treatment of operations, the accompanying financial statements would not be significantly affected by any resulting liabilities.

VAT inspection actions

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:

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 Parent 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.U., 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.U., 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.U., 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.U., due to the incorporation thereof on 29 April 2016.
- Business premises located in the Parque Comercial de Txingudi retail 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 Parent Company, with the support of the Group’s tax advisers, believe that said regularisation proposal is 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 Administration. 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 settlement was challenged in due time and form before the Central Economic-Administrative Court, The execution of the liquidation ordered by the Administration was suspended in due time and form by means of the provision of a line of guarantees in the amount of EUR 42,127 thousand that was in force (Note 13.a.iii).

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

In this regard, on April 4, 2024, the Economic-Administrative Court has cumulatively resolved the previous claims, having fully confirmed the settlement agreement and partially confirmed the sanctioning agreement, due to the partial prescription of the administrative right to sanction. Consequently, the amount not cancelled by the Economic-Administrative Tribunal amounts to EUR 56,136 thousand, of which EUR 34,312 thousand relate to the tax charge, EUR 7,814 thousand to interest and EUR 14,010 thousand to the penalty.

Thus, considering that the decision of the Central Economic Administrative Court was contrary to law, on May 21, 2024, the Directors of the Parent Company filed a contentious-administrative appeal before the Contentious-Administrative Chamber of the National Court of Appeals requesting the suspension of the execution of the appealed decision.

On June 3, 2024, this contentious-administrative appeal was admitted for processing, and on June 10, 2024, the Contentious-Administrative Chamber of the National High Court agreed to adopt the precautionary measure of suspension of the decision of the Central Economic-Administrative Court, conditional upon the provision of a certificate of economic sufficiency, validity and extension to contentious-administrative proceedings of the bank guarantee held by the Tax Authorities. Before August 1, 2024, the Parent Company of the Group is expected to provide the relevant guarantee for an amount of 14,010 thousand euros before the National Court (Notes 13.a.iii and 19).

Finally, on July 19, 2024, a lawsuit was filed before the Audiencia Nacional (Note 19).

The Parent Company's directors consider, based on the opinion of its tax advisors, that it is probable that its claims will be favorably estimated in court, and that no amount will be finally settled, for which reason no provision has been recorded in these Interim Condensed Consolidated Financial Statements.

Additionally, on June 13, 2023, the Group company LE Retail Hiper Ondara, S.L.U. has received an agreement issued by the Department of Treasury and Finance of the Provincial Council of Bizkaia, by virtue of which the limited verification procedure limited to the comparison of the Value Added Tax corresponding to the fiscal year 2019 has been completed. Said agreement refers a revenue quota in the amount of 351 thousand euros, of which 313 thousand euros correspond to the tax quota and 38 thousand euros to late payment interest. On December 18, 2023, the Group company filed an economic-administrative claim before the Foral Economic-Administrative Court of Bizkaia against the aforementioned settlement agreement, and a guarantee deposit of 351 thousand euros was provided to the Provincial Council of Bizkaia (Note 13.a.iii).

On the other hand, on November 20, 2023, this Group company received a resolution issued by the Treasury and Finance Department of the Provincial Council of Bizkaia, by virtue of which the limited verification procedure limited to the comparison of the Value Added Tax corresponding to the financial year 2020 has been completed. This agreement refers to an amount of income of 341 thousand euros, of which 310 thousand euros correspond to the tax liability and 31 thousand euros to late payment interest. In this respect, the Group company has constituted a guarantee deposit for an amount of 356 thousand euros, provided to the Provincial Council of Bizkaia (Note 13.a.iii).

Finally, on February 12, 2024, this Group company has received a notification from the General State Administration, by virtue of which it has been notified of the extension of the verification and inspection actions, in relation to Value Added Tax, to the periods between January 2020 and December 2023.

In this regard, in relation to the last three proceedings, the Group's directors, based on the opinion of their tax advisors, consider that it is probable that their claims will be favorably upheld, and that no amount will be settled, for which reason no provision has been recorded in these consolidated financial statements.

ITP (Transfer Tax and Stamp Duty) inspection actions

Likewise, on 20 May 2020, the LE Retail Vistahermosa, S.L.U. Group company was inspected and proceedings were initiated with regard to the 2016 Transfer Tax and Stamp Duty in relation to the property owned by this company. On 28 January 2021, the company filed an economic-administrative claim against the aforementioned settlement agreement, and in February 2021, the company made a guarantee deposit of EUR 3,957 thousand, which was provided to the Valencian Tax Agency. In this regard, on 19 June 2023, the Central Economic-Administrative Court fully upheld the economic-administrative claim filed by the company, annulling the settlement, which is why the Company has recovered the guarantee deposited with Banco Sabadell (Note 13.a.iii).

ICIO (Transfer Tax and Stamp Duty) inspection actions

On 30 January 2023, four tax assessments were signed at the Group company LE Retail Lagoh, S.L.U., following the completion of the verification and inspection proceedings in relation to the tax on Installations, Construction and Works for the construction of the Lagoh shopping centre, located in the municipality of Seville, initiated on 8 June 2022, resulting in an amount payable of EUR 486 thousand, which was paid on 20 April 2023.

(15) <u>ORIDINARY INCOME</u>

The breakdown of ordinary income are presented in Note 4, in conjunction with segment reporting.

(16) OTHER EXPENSES

The breakdown of "Other expenses" as at 30 June 2024 and 30 June 2023 is as follows:

	Thousands of Euros	
	30.06.2024	30.06.2023
Independent professional services	7,637	10,162
Insurance premiums	154	202
Bank fees and commissions	77	19
Advertising and publicity	690	435
Utilities	9	8
Taxes	1,948	2,056
Losses allowances due to loss and uncollectibility of trade and other receivables (see Note 6c)	218	98
Remuneration of the Board of Directors (*)	300	315
Other expenses	1,832	1,784
	12,865	15,079

(*) Includes the non-executive secretary's remuneration.

The "Independent professional services" line item mainly includes the amount relating to the remuneration of Grupo Lar Inversiones Inmobiliarias, S.A., the Group's asset manager (see Note 17b).

Invoices issued to tenants include EUR 15,459 thousand for communal charges (shared utility costs, services, etc.) passed on to them (EUR 15,661 thousand at 30 June 2023). This amount is presented on an accruals basis, with the expense for these items being offset in "Other expenses" in the Abridged Consolidated Interim Statement of Comprehensive Income for the six months ended 30 June 2024.

In addition, the item "Impairment and uncollectibility losses on trade and other receivables" includes the movement in the provision for impairment and impairment of trade and other receivables for the period.

(17) RELATED PARTY BALANCES AND TRANSACTIONS

(a) Balances with associated companies and related parties

The details of the balances held with associates and related parties as at 30 June 2024 and 31 December 2023 are as follows:

	Thousands of Euros		
	30.06.2024		
	Other related parties		
	Grupo Lar Inversiones Inmobiliarias, S.A.	Gentalia 2006, S.L.	Total
Trade and other payables (Note 12)	1,297	464	1,761

	Thousands of Euros		
	31.12.2023		
	Other related parties		
	Grupo Lar Inversiones Inmobiliarias, S.A.	Gentalia 2006, S.L.	Total
Trade and other payables (Note 12)	3,741	570	4,311

(b) Transactions with associates and related parties

Management agreement with Grupo Lar

On 29 December 2021, the Parent Company approved a new agreement with its management company, 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.

In relation to the "base fee" accrued by the manager, this amounted to EUR 2,785 thousand in the first half of 2024 (EUR 2,834 thousand at 30 June 2023), recognised under "Other expenses" in the Abridged Consolidated Interim Statement of Comprehensive Income (Note 17). At 30 June 2024, an amount of EUR 367 thousand (EUR 472 thousand at 31 December 2023) is outstanding (Note 17a).

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 Parent Company can choose whether to pay the performance fee in cash or in the form of treasury shares.

In relation to this variable amount and based on the first half-yearly evolution, at 30 June 2024, an amount of EUR 930 thousand (EUR 1,006 thousand at 30 June 2023) has been provisioned and is pending payment (Note 17a).

Other contracts with related parties

The Group has also signed a contract with a related company, Gentalia 2006, S.L., (an investee in which Grupo Lar Inversiones Inmobiliarias, S.A. has a majority shareholding) for the provision of services related to the administration of property assets.

At 30 June 2024 the expense incurred in this connection amounts to EUR 1,712 thousand (EUR 1,619 thousand at 30 June 2023), of which EUR 464 thousand were outstanding at 30 June 2024 (EUR 570 thousand at 31 December 2023).

(c) Information on the Parent Company's Board of Directors and Senior Management personnel of the Group

The remuneration received at 30 June 2024 and 30 June 2023 by the members of the Board of Directors and senior management of the Group, classified by item, was as follows:

	Thousands of Euros			
	30.06.2024			
	Salaries	Other company expenses	Allowances	Insurance premiums
Board of Directors	-	-	300	91*
Senior Management	391	-	-	-

	Thousands of Euros			
	30.06.2023			
	Salaries	Other company expenses	Allowances	Insurance premiums
Board of Directors	-	-	315	92*
Senior Management	405	-	-	-

* 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.

The allowances to the Board of Directors include EUR 36 thousand at 30 June 2024 of allowances to the non-director Secretary of the Board of Directors (EUR 43 thousand at 30 June 2023).

At 30 June 2024 the Parent Company has five Directors, three of them men and two women (at 31 December 2023 the Parent Company had six Directors, four men and two 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 financial year 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 amount of the salaries in the above table includes EUR 42 thousand corresponding to the accrued amount of the LTI for the first half of the 2024 period, which will be paid, if applicable, in 2025. In addition, EUR 80 thousand corresponding to the LTI accrual was accrued during the 2023 period.

At 30 June 2024 and 31 December 2023 there are certain commitments and indemnity agreements in place for members of Senior Management in certain cases for termination of their employment relationship, following a change of control in the Parent Company, as well as in other circumstances. In no case does this contingent commitment exceed two year's remuneration.

At 30 June 2024 and 31 December 2023, the Group has no pension, life insurance, stock options or termination benefit obligations to former or current members of the Board of Directors and Senior Management of the Parent Company.

At 30 June 2024 and 31 December 2023, there are no advances or loans granted to members of the Board of Directors and Senior Management.

(18) EMPLOYEE INFORMATION

The average headcount of the Group at 30 June 2024 and 31 December 2023, distributed by category, is as follows:

	30.06.2024	31.12.2023
Professional category		
Senior Management	4	4
Total	4	4

In addition, the gender distribution of the Group as at 30 June 2024 and 31 December 2023 is as follows:

	Number			
	30.06.2024		31.12.2023	
	Women	Men	Women	Men
Senior Management	1	3	1	3
Total	1	3	1	3

Additionally, At 30 June 2024 and 31 December 2023 the Group does not have any employees with a disability equal or greater than 33%.

(19) EVENTS AFTER THE REPORTING PERIOD

Takeover bid

On July 12, 2024, a voluntary tender offer for 100% of the share capital of Lar España Real Estate SOCIMI, S.A. was made public, which is subject to the mandatory authorization of the Spanish National Securities Market Commission (CNMV). According to the public information, the offeror is Helios RE, S.A., a special purpose vehicle that has been incorporated for the purpose of formulating the offer and which is indirectly owned 62.5% by Hines European Real Estate Partners III SCSp and 37.5% by Grupo Lar Retail Investments, S.L., a company majority owned by Grupo Lar Inversiones Inmobiliarias, S.A. (hereinafter Grupo Lar, the entity that manages Lar España Real Estate SOCIMI, S.A.). The offeror has communicated that it is its intention to submit the request for authorization of the offer to the CNMV, together with the prospectus and the other complementary documents during the second half of the one-month period established in article 17 of Royal Decree 1066/2007.

According to the terms of the offer, which is voluntary, the offer is made for all the issued shares of the Parent Company, except for the ordinary shares owned by the shareholders Grupo Lar and Mr. Miguel Pereda Espeso, representing 10.15% of the share capital. The consideration offered is 8.10 euros for each share of the Parent Company and will be paid in full in cash. The effectiveness of the offer is subject, among other conditions, to the authorization of the CNMV, the National Markets and Competition Commission (CNMC), that the offer reaches a minimum level of acceptance that grants control to the offeror, that there has not been an amendment to the Parent Company's bylaws, that the SOCIMI regime has not been waived, the net financial debt is not modified with respect to that published on May 24, 2024 in the “Business Update” issued by the Parent Company, except for increases arising from the ordinary course of business and that the Parent Company, or its subsidiaries, have not made any acquisition of new real estate assets or any sale or encumbrance of the assets in its portfolio.

Change of control clauses

The events of change of control of the Parent Company, as well as the mere approval by the CNMV of a takeover bid that could give rise to a change of control, are included in the clauses of the financing agreements described in Note 10c as situations of early maturity, which allow the financial institution and the bondholders to request repayment of the full amount of the outstanding amounts of the financing.

At the date of preparation of the condensed interim consolidated financial statements as of June 30, 2024, there was no situation in which any of the early maturity clauses were met and, therefore, the Parent Company of the Group did not incur any obligation for early repayment of the financing.

In relation to the approval of the tender offer described in this note, to the extent that this process has been initiated recently and after June 30, 2024, its evolution will depend on various factors beyond the control of the Parent Company and the bidder. It is currently not possible to determine the date on which, if any, it will be resolved and whether it will be subject to other conditions. In this context and for the purposes of this note, the Directors of the Parent Company have confirmed with the offeror that, in the event of approval of the offer by the CNMV, the financial viability of the Parent Company would not be compromised since the refinancing agreed by the offeror in relation to the offer would be assumable by the Parent Company even in the event that the offer is not successful (unless this is due to the success of a competing offer authorized by the CNMV), all in the terms that will be set out in more detail in the prospectus of the offer to be submitted for approval, if applicable, by the CNMV.

Other subsequent events

Por su parte, con fecha 19 de julio de 2024 la Sociedad Dominante ha presentado demanda contra la resolución del TEAC ante la sala de lo contencioso-administrativo de la Audiencia Nacional, estando a la fecha de formulación de los Estados Financieros Intermedios Resumidos Consolidados pendiente de resolución (Note 14b).

(20) EXPLANATION ADDED FOR TRANSLATION 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.

1 Situation of the Group

1.1 Organisational structure and operations

The Group, created in 2014, is comprised of a group of companies mostly under the tax regime governing Listed Real Estate Investment Companies (“SOCIMI”). It has designated Grupo Lar Inversiones Inmobiliarias, S.A. as exclusive manager, a company that has more than fifty 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 Group'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 the first semester of 2024 and the year 2023 the Group has carried out its activity with the rental of shopping centre and single-tenant commercial premises.

The Group focuses its strategy on searching for shopping centres and single-tenant 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 Group's investment policy focuses mainly on the following:

- On assets the company considers to be strategic assets, mainly retail parks and shopping centres.

- Investment opportunities in retail assets that are dominant in its area of influence, and that offer great management possibilities, avoiding those segments where competition may be greater.

- Risk diversification, expanding throughout Spain mainly in shopping centre investments.

2 Evolution and result of the businesses

2.1 Introduction

As of 30 June 2024, the Group's ordinary revenue amounted to EUR 45,711 thousand, corresponding to the business in which the Group is engaged, the rental business.

During first half 2024, the Group incurred "Other operating expenses" amounting to EUR 12,865 thousand, corresponding essentially to the fees for management provided by Grupo Lar Inversiones Inmobiliarias, S.A. to the Group amounting EUR 3,715 thousand, recurrent services that are directly linked to the everyday management of the assets by the amount of EUR 6,295 thousand.

Earnings before interest, taxes, depreciation and amortization (EBITDA) is calculated as the result of the operations, net of the change in fair value of investment property, net of amortization expenses, stood at EUR 33,987 thousand.

The valuation in value during the first semester of 2024 of the assets held by the Group at 30 June 2024, according to the independent valuation conducted by Cushman & Wakefield and CBRE at the close of the first semester of the year supposed a negative effect in the Abridged Consolidated Interim Statement of Comprehensive Income of EUR 10,047 thousand.

The financial result was negative amount of EUR 1,607 thousand, including impairment and result from the disposals of financial instruments and changes in the fair value of financial instruments and without considering the share of profit (loss) for the year of investments accounted for using equity method.

The Group's profit for the period (after taxes) was EUR 22,333 thousand.

By area of activity, we should be emphasised:

- A significant percentage of the Group's revenue is the result of rent from shopping centres, representing a 70.6% of total revenue, as opposed to 29.4% from commercial parks.

- Around 39.5% of rental revenue is generated by the Lagoh, Portal de la Marina and Gran Vía de Vigo.

As of 30 June of 2024, the Group occupied across its whole business 96.0% the gross leasable area (GLA), the occupancy rate at shopping centres being 95.8% and retail parks occupancy stands at 96.4%.

As of 30 June of 2024, the Group has a portfolio of real estate rental projects covering shopping centres (310,766 sqm) and retail parks (169,698 sqm). The overall total gross leasable area of 480,464 sqm.

2.2 Other financial indicators

As of 30 June of 2024, the Group revealed the following financial indicators:

- Working capital (calculated as the difference between current assets and current liabilities) → EUR 200,149 thousand (EUR 233,909 thousand as of 31 December 2023).
- Liquidity ratio (calculated as the ratio of current assets to current liabilities) →10.3 (11.5 as of 31 December 2023).
- Solvency ratio (calculated as the quotient of the sum of net assets and non-current liabilities in the numerator and denominator, non-current assets) → 1.2 (1.2 as of 31 December 2023).

These ratios represent particularly high values, indicating that the Group 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 profitability obtained by the Group on its own shares, totals 2,72% (positive amount of 4.09% as of 31 December 2023). This is calculated as the quotient of the profit for the last 12 months and the Company's net equity, averaged over the last four quarters.

The ROA (Return on Assets), which measures the efficiency of the Group's total assets, regardless of the source of funding used, i.e. the capacity of a company's assets to generate profit, is 1,51% (positive amount of 2.29% as of 31 December 2023); This is calculated as the quotient of the profit for the last 12 months and the Company's total assets, averaged over the last four quarters.

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA) regarding the calculation and determination of Alternative Performance Measures used by the Company's Management in taking financial and operational decisions, sections 5 and 8 of the "Half yearly report 2024", which was published on the same date as the Financial Statements and explanatory notes, state how the EPRA (European Public Real Estate Association) indicators are calculated and defined.

2.3 Environment and staff issues

Personnel

As of 30 June 2024, the Group has 4 employees (3 men and 1 woman). Said employees are classified as Senior Management. In the 2024 period the Company has had no employees with a 33% or greater disability.

3. Liquidity and capital resources

3.1 Liquidity and capital resources

On 30 June 2024, the Group's financial debt amounted to EUR 656,526 thousand. The level of debt is related basically to the two unsecured green bonds issuances, launched in July and November 2021. This also includes a credit line arranged by the Parent Company with European Investment Bank.

In 2023 the Group carried out partial buybacks in order to reduce its leverage, positively impact the Consolidated Statement of Comprehensive Income, and generate returns on the cash available at that time. In January 2023 the first buyback was performed for Euros 98 million in respect of the bonds issued on 22 July 2021 and Euros 12 million in respect of those issued on 3 November 2021, with an average discount of 18%, equivalent to a final total price of Euros 90.5 million, which was paid in full with cash held by the Parent. The debt reduction resulted in a positive impact on the Condensed Consolidated Interim Statement of Comprehensive Income for the first half of 2023 of around Euros 20 million.

Subsequently, during 2023 partial buybacks of the first bond issued, which matures in 2026, continued, totalling Euros 8.6 million. The average discount rate recorded on these transactions was approximately 16%, with a positive impact on the Condensed Consolidated Interim Statement of Comprehensive Income for the first half of 2023 of Euros 0.5 million.

In this respect, from the average discount associated with these bonds repurchases, the Parent Company has recognised a profit of EUR 20.4 million (net of transaction costs) under "Impairment and gains or losses on disposal of financial instruments" in the Condensed Consolidated Interim Statement of Comprehensive Income at first half of 2023. As at 31 December 2023, this profit amounted to EUR 20.5 million.

In this regard, the bonds acquired in January 2023 have been redeemed once their repurchase has been settled, with the bonds acquired in May and June 2023 still to be redeemed. Thus, after the aforementioned repurchases, at 30 June 2024 and 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.

As of 30 June 2024, the Group's short-term financial debt stands at EUR 8,494 thousand.

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

In June 2024 the Parent arranged a new credit facility with Banco Sabadell for Euros 30,000 thousand, maturing in June 2025 and with the interest rate set as 0.45% + 3-month Euribor.

The financial expenses accrued on loans during the six months ended 30 June 2024 amounted to EUR 599 thousand, and the effect of the amortised cost of these was EUR 7 thousand. The accrued, unpaid interest at 30 June 2024 amounts to EUR 185 thousand.

The financial expenses accrued on the bonds during the six months ended 30 June 2024 amounted to EUR 5,730 thousand, and the effect of the amortised cost thereof was EUR 533 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 2024). The accrued, unpaid interest at 30 June 2024 amounts to EUR 8,309 thousand.

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

As of 30 June 2024, the Group presents investment commitments pertaining to investment property totalled EUR 3,221 thousand, in addition to the indications in section 3.1.

As of 30 June 2024, the Group does not present off-balance-sheet transactions that have had, or are expected to have, a significant effect on the financial position of the Group, the revenue and expenditure structure, the operating result, liquidity, capital expenses or on own resources.

4. Main risks and uncertainties

The Group is exposed to a variety of risk factors arising from the nature of its business. The Group's Board of Directors is responsible for approving the risk management and control policy, and it assumes responsibility for identifying the Group'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, refer to section 7 of this management report in order to see the most important ones.

5. Environmental information

The Group undertakes operations the main aim of which is to prevent, reduce or rectify any damage which it could cause to the environment as a result of its activities. However, given its nature, the Group's operations have no significant environmental impact.

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 addition, the Company remains on the international FTSE4Good index series following an assessment of its performance 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, during the first half of 2024 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 “Outstanding”, "Excellent" and "Very Good".

In April Lagoh obtained BREEAM "in use" certification with an "Outstanding" rating in both part 1 (Building) and part 2 (Management), according to the most recent version of BREEAM (V6). Thus, Lagoh is currently the highest BREEAM-rated asset in Spain according to the latest version of the manual (V6).

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

- Following the update of its Carbon Footprint Reduction Plan carried out in 2023, the Company has worked on its implementation and the monitoring of indicators linked to the fulfilment of the objectives set.

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 Company is now working on achieving greater traceability of transport and treatment data in line with the new Law 7/2022 of 8 April 2022 on waste and contaminated soil 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.

In addition, since 2023, Megapark has a management system aimed at waste recovery that has been audited and certified in accordance with the Zero Waste Regulation by TÜV SÜD.

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.

During the first half of 2024, an action plan was being developed to analyse the feasibility of the possible measures to be implemented in each asset based on the results obtained in the Water Footprint analysis.

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 170001 standard as a guarantee of access and enjoyment. Thus, the company already has eight assets certified according to this standard: Parque Abadía, 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 first semester of 2024 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.

For more information on these types of operations, see section 3 of the ‘Half yearly report 2024”.

6. Information on the foreseeable evolution of the Group

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 decision-making, 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.

With the appropriate reservations given the current situation, we believe that the Group will be in a position to continue making progress in 2024 and in subsequent years.

7. Market context

7.1 Management experience

The Company 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 has 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.

An example of the excellent management by the teams in charge was the negotiation with the tenants of the assets during the duration of the COVID-19 pandemic, reaching individualised agreements on practically all the gross leasable area of their assets. The Group managed each situation directly and without intermediaries, enabling it to reach agreements tailored to the specific needs of each tenant and activity. This demonstrates the company's agility in managing and dealing with crisis situations, which is possible because it has 100% control of the assets in most of the portfolio.

The agreements were mostly reached under conditions that represent a great commitment on both sides, strengthening relations with retailers and reinforcing the duration and stability of the contracts, as well as that of all the shopping centres and retail parks. As a result, at the first semester of 2024 the Group continues to have a solid, well-established tenant base of proven quality, which has driven the growth in sales and visits recorded, for yet another year, in its assets.

7.2 Business model and operational structure

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

The company’s shopping centres and retail parks boast an occupancy rate of 96.0%, 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 33.96% of its rental income, and more than 65% of all the leases signed with retailers have a remaining term over 2027.

The company's properties have a clear competitive edge in their catchment areas, generally offering more than 480,464 sqm of retail space and located in regions with an above average per capita income for Spain.

7.3 Commitment to retailers

The company communicates 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 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.

7.4 Consolidated financial position

The company's strong liquidity levels and financial autonomy afford it considerable economic resilience. This stands it in excellent stead to face different 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.

7.5 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 Group, and their activities and structure, the Group does not usually conduct any research, development and innovation initiatives. However, Lar España remains committed to becoming the leader of the transformation of the retail sector, by creating new, more efficient and digital methods of interacting with external and internal customers (Customer Journey Experience).

For more information on this point, please refer to point 1.1 of the "Half yearly report 2024" as it included information on the innovation projects that are carried out on the assets and the impact they have on management.

9. Acquisition and disposal of treasury stock

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, following the termination of the contract previously held with JB Capital Markets.

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.

As of 30 June 2024, the share price was EUR 6.83

As of 30 June 2024, the Company holds a total of 60,232 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 6.15 and the nominal value at the reporting date was EUR 6.83. During the first six months of 2024, the average price per share was EUR 6.79.

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 issuances, which has been ratified in 2024.

10.2 Dividend policy

On 25 April 2024, the Shareholders' General Meeting approved the distribution of a dividend of 61,771 thousand Euros, at EUR 0.7381 per share (taking into account all the shares issued) and recognised in profit and loss for the 2023 period, and of 4,396 thousand Euros, at EUR 0.0525 per share (taking into account all the shares issued), charged to the share premium.

The amount of dividends distributed with a charge to profit for 2023 amounted to EUR 61,752 thousand (after deducting the amount relating to treasury shares, which does not come out of the Parent Company's equity, and which amounted to EUR 20 thousand), and EUR 4,393 thousand with a charge to share premium (after deducting EUR 1 thousand relating to treasury shares) considering the amount per share approved and the shares outstanding at the time of approval by the Shareholders' Meeting on April 25, 2024. The amount of the distributed dividend was paid in full on May 24, 2024.

11. Events after the reporting period

Takeover bid

On July 12, 2024, a voluntary tender offer for 100% of the share capital of Lar España Real Estate SOCIMI, S.A. was made public, which is subject to the mandatory authorization of the Spanish National Securities Market Commission (CNMV). According to the public information, the offeror is Helios RE, S.A., a special purpose vehicle that has been incorporated for the purpose of formulating the offer and which is indirectly owned 62.5% by Hines European Real Estate Partners III SCSp and 37.5% by Grupo Lar Retail Investments, S.L., a company majority owned by Grupo Lar Inversiones Inmobiliarias, S.A. (hereinafter Grupo Lar, the entity that manages Lar España Real Estate SOCIMI, S.A.). The offeror has communicated that it is its intention to submit the request for authorization of the offer to the CNMV, together with the prospectus and the other complementary documents during the second half of the one-month period established in article 17 of Royal Decree 1066/2007.

According to the terms of the offer, which is voluntary, the offer is made for all the issued shares of the Parent Company, except for the ordinary shares owned by the shareholders Grupo Lar and Mr. Miguel Pereda Espeso, representing 10.15% of the share capital. The consideration offered is 8.10 euros for each share of the Parent Company and will be paid in full in cash. The effectiveness of the offer is subject, among other conditions, to the authorization of the CNMV, the National Markets and Competition Commission (CNMC), that the offer reaches a minimum level of acceptance that grants control to the offeror, that there has not been an amendment to the Parent Company's bylaws, that the SOCIMI regime has not been waived, the net financial debt is not modified with respect to that published on May 24, 2024 in the “Business Update” issued by the Parent Company, except for increases arising from the ordinary course of business and that the Parent Company, or its subsidiaries, have not made any acquisition of new real estate assets or any sale or encumbrance of the assets in its portfolio.

Change of control clauses

The events of change of control of the Parent Company, as well as the mere approval by the CNMV of a takeover bid that could give rise to a change of control, are included in the clauses of the financing agreements as situations of early maturity, which allow the financial institution and the bondholders to request repayment of the full amount of the outstanding amounts of the financing.

At the date of preparation of the condensed interim consolidated financial statements as of June 30, 2024, there was no situation in which any of the early maturity clauses were met and, therefore, the Parent Company of the Group did not incur any obligation for early repayment of the financing.

In relation to the approval of the tender offer described in this note, to the extent that this process has been initiated recently and after June 30, 2024, its evolution will depend on various factors beyond the control of the Parent Company and the bidder. It is currently not possible to determine the date on which, if any, it will be resolved and whether it will be subject to other conditions. In this context and for the purposes of this note, the Directors of the Parent Company have confirmed with the offeror that, in the event of approval of the offer by the CNMV, the financial viability of the Parent Company would not be compromised since the refinancing agreed by the offeror in relation to the offer would be assumable by the Parent Company even in the event that the offer is not successful (unless this is due to the success of a competing offer authorized by the CNMV), all in the terms that will be set out in more detail in the prospectus of the offer to be submitted for approval, if applicable, by the CNMV.

Other subsequent events

On July 19, 2024, the Parent Company filed a lawsuit against the resolution of the TEAC before the contentious-administrative chamber of the Audiencia Nacional, which at the date of formulation of the Interim Condensed Consolidated Financial Statements is pending resolution.

Authorisation for issue of the Abridged Consolidated Interim Financial Statements and Consolidated Interim Management Report for the six-month period ended 30 June 2024.

The members of the Board of Directors of Lar España Real Estate SOCIMI, S.A., meeting on 26 July 2024 and in compliance with the requirements established in articles 253 of the Consolidated Text of the Spanish Companies Act and article 37 of the Spanish Commercial Code, proceed to prepare the Abridged Consolidated Interim Financial Statements together with the Consolidated Interim Management Report for the six months ended 30 June 2024. The Abridged Consolidated Interim Financial Statements and the Consolidated Interim Management Report comprise the documents that precede this certification.

Signatories:

Mr José Luis del Valle Doblado (Chairman)

Mr. Miguel Pereda

Mr José Luis del Valle Doblado (representing Ms. Isabel Aguilera Navarro)

Ms Leticia Iglesias Herraiz

Mr Roger Maxwell Cooke

Madrid, 26 July 2024

*The Director Mr. Miguel Pereda and Ms Isabel Aguilera Navarro attended the Board meeting by videoconference and, having expressed his agreement with the financial statements, proceeded to prepare them, expressly authorising Mr. José Luis del Valle Doblado to sign them on his behalf.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

Mr José Luis del Valle and Ms Susana Guerrero, as Chairman and Deputy Secretary of the Board of Directors of the Parent Company, respectively, hereby certify:

(i) That the Abridged Consolidated Interim Financial Statements along with the Consolidated Interim Management Report for the six-month period ended 30 June 2024 have been approved, authorised for issue and signed by all the Directors of the Parent Company at their meeting on 26 July 2024.

(ii) That the attached copy of the Financial Statements and the Consolidated Interim Management Report is identical to that signed and authorised for issue by the Board of Directors.

Mr José Luis del Valle Doblado (Chairperson)	Ms Susana Guerrero Trevijano (Deputy Secretary to the Board)