Lar España Real Estate SOCIMI, S.A. and Subsidiaries

Consolidated Financial Statements for year then ended on 31 December 2022, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2.a and 31). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel: +34 915 14 50 00
www.deloitte.es

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Lar España Real Estate SOCIMI, S.A.:

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Lar Estate Real Estate SOCIMI, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in net equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2022, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

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

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

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

Key Audit Matters

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

Valuation of Investment Property

Description

The Group manages a portfolio of urban property assets earmarked for lease (mainly shopping centres) located in Spain. Investment property is stated at its fair value at the reporting date and is not depreciated. At 31 December 2022, the portfolio of investment property was valued at EUR 1,473 million.

The Group periodically uses third parties independent of the Group as experts to determine the fair value of its property assets. The aforementioned experts have substantial experience in the markets in which the Group operates and employ valuation methodologies and standards widely used in the market.

The valuation of the real estate portfolio is a key audit matter, since it requires the use of estimates with a significant degree of uncertainty. Specifically, the discounted cash flow method is generally applied to the valuation of the rental property assets, which requires estimates of:

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

In addition, small percentage changes in the key assumptions used for the valuation of the property assets could give rise to significant changes in the consolidated financial statements.

Procedures applied in the audit

Our audit procedures included, among others, the obtaining the valuation reports of the experts hired by the Group to value the entire real estate portfolio and assessed the competence, ability and objectivity of the experts and the suitability of their work for use as audit evidence. In this connection, with the cooperation of our internal valuation experts, we:

- analysed and concluded on the reasonableness of the valuation procedures and methodology used by the experts hired by Group management;
- performed a review of the practical totality of valuations, assessing in conjunction with our internal experts, the most significant risks, including the occupancy rates and expected returns on the real estate assets. While carrying out this review we have taken into consideration available industry information and transactions with property assets similar to those in the Group's real estate portfolio.

We also analysed and concluded on the suitability of the disclosures made by the Group in relation to these matters, which are included in Notes 5.a, 7 and 9 to the accompanying consolidated financial statements for 2022.

Compliance with the special REIT tax regime

Description	Procedures applied in the audit
The Parent and most of its subsidiaries have availed themselves of the special tax regime for Real Estate Investment Trusts (REITs). One of the main characteristics of companies of this nature is that they are subject to an income tax rate of 0%. The tax regime for REITs is subject to certain mandatory requirements, such as those relating to their company name and object, the minimum amount of their share capital, the obligation to distribute the profit obtained each year in the form of dividends, and the listing of their shares on a regulated market, as well as other requirements, such as, basically, investment requirements and those relating to the nature of the income obtained each year, which require significant judgements and estimates to be made by management, since failure to comply with any of these requirement will result in the loss of entitlement to the special tax regimen unless the cause of non-compliance is rectified within the immediately following year. Therefore, compliance with the REIT tax regime requirements is a key matter in our audit, to the extent that the related tax exemption has a significant impact on both the consolidated financial statements and shareholder returns, since the business model of the Parent and its Group is based on continuing to qualify for taxation under the REIT tax regime.	Our audit procedures included, among other, obtaining and reviewing the documentation prepared by Group management relating to compliance with the obligations associated with this special tax regime and we involved our internal experts from the tax area, who assisted us in analyzing both the reasonableness of the information obtained and the completeness thereof in relation to all the matters provided for in the legislation in force at the analysis date. Lastly, we verified that Notes 1, 20 and 21 to the consolidated financial statements contain the disclosures relating to compliance with the conditions required by REIT tax regime and other matters associated with the taxation of the Parent and of its subsidiaries.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2022, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels thereof:

a) Checking only certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Audit Law refers, has been provided as stipulated by applicable regulations and, if not, reporting this fact.

b) Evaluating and reporting on the consistency of the remaining information included in the consolidated director's report with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this part of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in above, we have checked that the information described in section a) above is provided in the consolidated directors' report and that the other information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2022 and its content and presentation are in conformity with the applicable regulations.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Lar España Real Estate SOCIMI, S.A. for 2022, which comprise the XHTML file including the financial statements for 2022, which will form part of the annual financial report.

The directors of Lar España Real Estate SOCIMI, S.A. are responsible for presenting the annual financial report for 2022 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (“ESEF Regulation”). For these purposes, the Annual Corporate Governance Report and the Annual Directors’ Remuneration Report were included by reference in the directors’ report.

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

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

Additional Report to the Parent's Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit committee dated 24 February 2023.

Engagement Period

The Annual General Meeting held on 27 April 2022 appointed us as auditors of the Group for a period of one year from the year ended 31 December 2021.

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

DELOITTE, S.L.
Registered in R.O.A.C. under no. S0692

Carmen Barrasa Ruiz
Registered in R.O.A.C. under no. 17962

24 February 2023

Appendix to our auditor's report

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

Consolidated financial statements for the 2022 period

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

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

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(Expressed in thousands of Euros)

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

Assets	Note	31.12.2022	31.12.2021
Intangible fixed assets		1	2
Investment property	7	1,199,898	1,423,848
Equity-accounted investees		1,450	1,477
Non-current financial assets	10	11,868	14,422
Trade and other long-term receivables	10,11	5,615	11,586
Total non-current assets		**1,218,832**	**1,451,335**
Non-current assets held for sale	9	287,964	—
Trade and other receivables	10,11	11,744	25,452
Other current financial assets	10	3	3,944
Other current assets		2,594	3,752
Cash and cash equivalents	12	197,141	313,199
Total current assets		**499,446**	**346,347**
Total assets		**1,718,278**	**1,797,682**

The accompanying Notes 1 to 31 and Appendix I form an integral part of the consolidated statement of financial position at 31 December 2022.

(Expressed in thousands of Euros)

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

Net Equity and Liabilities	Note	31.12.2022	31.12.2021
Capital	13	167,386	167,386
Issue premium	13	452,924	466,176
Other reserves and other contributions	13	205,773	196,903
Retained earnings	13,14	72,921	25,782
Treasury shares	13	(250)	(860)
Total net equity		**898,754**	**855,387**
Financial liabilities from issue of bonds and other marketable securities	15,16a	694,434	693,647
Bank borrowings	15,16b	69,936	69,921
Deferred tax liabilities	20	15,578	15,578
Other non-current liabilities	15.17	17,480	20,716
Total non-current liabilities		**797,428**	**799,862**
Liabilities connected to non-current assets held for sale	9	5,738	—
Financial liabilities from issue of bonds and other marketable securities	15,16a	3,985	129,702
Bank borrowings	15,16b	185	185
Other financial liabilities	15	12	—
Trade and other payables	15,18	12,176	12,546
Total current liabilities		**22,096**	**142,433**
Total net equity and liabilities		**1,718,278**	**1,797,682**

The accompanying Notes 1 to 31 and Appendix I form an integral part of the consolidated statement of financial position at 31 December 2022.

(Expressed in thousands of Euros)

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

Consolidated Statement of Comprehensive Income	Note	2022	2021
Revenue	6,22	80,228	76,271
Other income		3,363	2,836
Employee benefit expenses	25	(928)	(592)
Other operating expenses	23	(22,639)	(27,888)
Changes in the fair value of investment property	7,9	32,575	(1,305)
Profit and loss from the disposal of investment property	4f	—	64
Operating profit/(loss)		**92,599**	**49,386**
Financial income	24	886	7
Financial expenses	24	(16,201)	(26,691)
Impairment and gains/(losses) due to disposal of financial instruments		—	(402)
Changes in the fair value of financial instruments	12,16c, 24	(4,336)	1,465
Share in profit (loss) for the period of equity-accounted investees		(27)	395
Profit for the period from continuing operations		**72,921**	**24,160**
Tax on profits	20	—	1,622
Profit for the period		**72,921**	**25,782**
Basic earnings per share (in Euros)	14	0.87	0.31
Diluted earnings per share (in Euros)	14	0.87	0.31

Consolidated Statement of Comprehensive Income		2022	2021
Profit for the period (I)	26	72,921	25,782
Other Comprehensive Income Directly Recognised in Net Equity (II)	13d	—	223
Other amounts transferred to the income statement (III)	13d	—	1,387
Total Comprehensive Income (I+II+III)		**72,921**	**27,392**

The accompanying Notes 1 to 31 and Appendix I form an integral part of the Consolidated Statement of Comprehensive Income for the period ended 31 December 2022.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Consolidated Statement of Changes in Net Equity for the period ended
31 December 2022

(Expressed in thousands of Euros)

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

	Capital	Issue premium	Other reserves	Other contributions	Retained earnings	Treasury shares	Valuation adjustments (Note 13d)	Total net equity
Balance at 31 December 2020	175,267	475,130	280,765	240	(53,668)	(16,474)	(1,610)	859,650
Total income and expenses recognised in the period	—	—	—	—	25,782	—	1,610	27,392
Transactions with shareholders or owners:								
Capital decreases	(7,881)	—	(12,882)	—	—	20,763	—	—
Distribution of profit:								
To reserves	—	—	(71,172)	—	71,172	—	—	—
To dividends	—	—	—	—	(17,504)	—	—	(17,504)
Return of the issue premium (Notes 13b and e)	—	(8,954)	—	—	—	—	—	(8,954)
Treasury shares (Note 13e)	—	—	(46)	—	—	(5,149)	—	(5,195)
Other operations	—	—	(2)	—	—	—	—	(2)
Balance at 31 December 2021	167,386	466,176	196,663	240	25,782	(860)	—	855,387
Total income and expenses recognised in the period	—	—	—	—	72,921	—	—	72,921
Transactions with shareholders or owners:								
Distribution of profit:								
To reserves	—	—	9,069	—	(9,069)	—	—	—
To dividends (Note 13f)	—	—	—	—	(16,713)	—	—	(16,713)
Return of the issue premium (Notes 13b and e)	—	(13,252)	—	—	—	—	—	(13,252)
Treasury shares (Note 13e)	—	—	(199)	—	—	610	—	411
Balance at 31 December 2022	167,386	452,924	205,533	240	72,921	(250)	—	898,754

The accompanying Notes 1 to 31 and Appendix I form an integral part of the Consolidated Statement of Changes in Net Equity for the period ended 31 December 2022.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Consolidated Statement of Cash Flows for the period ended
31 December 2022

(Expressed in thousands of Euros)

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

	Notes	2022	2021
A) Cash flows from/(used in) operating activities		**59,292**	**32,069**
Profit/(loss) for the year before tax		*72,921*	*24,160*
Adjustments of the profit/(loss)		*(12,255)*	*27,909*
Profits/(Losses) from adjustments to the fair value of investment property	7.9	(32,575)	1,305
Impairment adjustments to commercial transactions	23	642	1,442
Impairment adjustments to financial instruments	12	—	402
Financial income	24	(886)	(7)
Financial expenses	24	16,201	26,691
Changes in the fair value of financial instruments	12,24	4,336	(1,465)
Share in profits/(losses) in associates' periods		27	(395)
Profit/(loss) from the disposal of investment property	7	—	(64)
Changes in working capital		*15,366*	*693*
Trade and other receivables		17,775	8,011
Other current assets		(3,106)	—
Other current and non-current assets and liabilities		(134)	(1,523)
Trade and other payables		815	(5,795)
Other current liabilities		16	—
Other cash flows from operating activities		*(16,740)*	*(20,693)*
Interest payments	16	(17,399)	(20,693)
Interest collections		659	—
B) Cash flows from/(used in) investing activities		**(16,775)**	**47,469**
Investment payments		*(16,775)*	*(12,108)*
Investment property	7	(16,775)	(8,533)
Other financial assets		—	(3,575)
Proceeds from sales on investments and dividends		—	*59,577*
Disposal of investment property	9	—	59,577
C) Cash flows from/(used in) financing activities		**(152,254)**	**97,007**
Amounts receivable and payable for equity instruments		*411*	*(5,149)*
Acquisition/disposal of equity instruments	13e	411	(5,149)
Proceeds and payments from financial liability instruments		*(122,700)*	*128,613*
Issue of			
Debentures and other marketable debt securities	16	—	693,186
Debts with credit institutions	16	—	—
Return and amortization of			
Debentures and other marketable debt securities	16	(122,700)	(17,300)
Debts with credit institutions	16	—	(547,273)
Dividend payments and remunerations on other equity instruments			
Dividend payments	13f	(29,965)	(26,457)
D) Cash and cash equivalents in non-current assets held for sale	9	(6,321)	2,626
E) Net increase/decrease in cash and cash equivalents		**(116,058)**	**179,171**
F) Cash and cash equivalents at the beginning of the period		313,199	134,028
G) Cash and cash equivalents at the end of the period		197,141	313,199

The accompanying Notes 1 to 31 and Appendix I form an integral part of the Consolidated Statement of Cash Flows for the period ended 31 December 2022.

(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).

According to its articles of association, the Group's Parent Company's statutory activity consists of the following:

– The acquisition and development of urban properties for lease.

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

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

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

– In addition to the economic activity derived from the principal statutory activity, SOCIMIs may carry out complementary activities. These are understood to be activities that do not amount to more than 20% of the total earnings of the Group 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 associates (hereinafter the "Group"), whose details are reflected in Note 4e, and whose main activity 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 and 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 13).

The Parent Company and the subsidiaries thereof (except Inmobiliaria Juan Bravo 3, S.L., LE Offices Marcelo Spínola 42, S.L.U. and Lar España Inversión Logística IV, S.L.U.) 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. Said law stipulates the requirements for applying the special tax system, some of which are listed below:

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

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

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

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

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

   a) For properties included in the SOCIMI’s holdings prior to availing of the regime, from the starting date of the first tax period in which the special tax regime established in the Law is applied, provided that on that date the asset was leased or available for lease. If not, the provisions of the following point shall apply.

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

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

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

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

   b) At least 50% of the profits derived from the transfer of the properties and shares or investments referred to in Article 2.1 of Law 11/2009, made after the periods referred to in Article 3.2 of Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December and Law 11/2021, of 9 July, assigned to the fulfilment of its main statutory activity, have elapsed. The remainder of these profits must be reinvested in other properties or stakes to be held for the purpose of complying with the statutory activity, within three years after the transfer date. Otherwise, these profits must be distributed in full together with any profits obtained during the period in which the reinvestment period expires. If the items in which the reinvestment is made are transferred in the period during which they must be held, the associated profits must be distributed in full together with any profits obtained during the period in which the items were transferred. The mandatory distribution of profits does not apply to any portion of profits attributable to periods in which the Company will not be taxed under the special regime provided for by that law.

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

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

As set forth in Article 3 of Law 11/2009, of 26 October, as amended by Law 16/2012 of 27 December and Law 11/2021 of 9 July, the entity/entities of the Group shall no longer be included in the special tax regime established in said Law, and shall begin paying taxes under the general corporate income tax regime, in the same tax period in which any of the following circumstances arise:

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

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

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

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

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

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

(2) BASIS OF PRESENTATION

(a) Regulatory framework for financial reporting

The accompanying consolidated financial statements for the period ended 31 December 2022 have been prepared on the basis of the accounting records of Lar España Real Estate SOCIMI, S.A. and subsidiaries in accordance with:

- 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 tax, 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.

- Other applicable Spanish accounting legislation.

- 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.

To present fairly the consolidated equity and consolidated financial position of Lar España Real Estate SOCIMI, S.A. and subsidiaries at 31 December 2022 and the consolidated financial performance, changes in consolidated cash flows and changes in consolidated net equity for the 2022 period, these consolidated financial statements have been prepared applying the regulations in force at 31 December 2022.

(b) Functional and presentation currency

The figures disclosed in the consolidated financial statements for the period ended 31 December 2022 are expressed in thousands of Euros, which is the functional and presentation currency of the Parent Company.

(c) Comparison of information

In accordance with the international financial reporting standards adopted by the European Union, the information contained in these consolidated financial statements corresponding to the annual period ended 31 December 2021 is presented for comparative purposes together with the information related to the 2022 period.

The same main accounting criteria were applied in the 2022 and 2021 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, except as described in Note 2e.

(d) Relevant accounting estimates, assumptions and judgements used when applying accounting principles

The information included in these consolidated financial statements is the responsibility of the Parent Company's Directors.

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting policies to prepare its consolidated financial statements in accordance with IFRS-EU.

The following is a summary of the items requiring a greater degree of judgement or which are more complex or where the assumptions and estimates made are significant to the preparation of the consolidated financial statements.

(i) *Relevant accounting estimates and assumptions*

- Calculation of fair value of investment property and non-current assets held for sale by applying valuation models (Note 5, 7 and 9).
- The evaluation of compliance with the requirements that regulate SOCIMIs (Notes 1 and 20).
- Valuation adjustment for customer insolvencies (Note 21).
- Assessment of provisions and contingencies (Note 5j and Note 20d).
- Financial risk management (Note 21).

(ii) *Changes in accounting estimates*

Although estimates are calculated by the Parent Company's Directors based on the best information available at 31 December 2022, future events may require changes to these estimates in subsequent years. The effect on the consolidated financial statements of any changes arising from the adjustments to be made in subsequent periods would be recognised prospectively, in accordance with the provisions of IAS 8.

(e) Standards and interpretations adopted since 1 January 2022

The following mandatory standards and interpretations already adopted by the European Union entered into force in 2022 and, where applicable, have been used by the Group to prepare the accompanying consolidated financial statements for the 2022 period:

Mandatory application in annual periods beginning on or after 1 January 2022

– Amendments to IFRS 3 "Reference to the Conceptual Framework": IFRS 3 is updated to align the definitions of "asset" and "liability" in a business combination with those in the conceptual framework. Furthermore, a number of clarifications are introduced in relation to the recognition of contingent assets and liabilities.

– Amendment to IAS 16 "Proceeds before intended use": The amendment prohibits deducting any proceeds obtained on the sale of articles produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment.

– Amendment to IAS 37 "Onerous contracts – Cost of fulfilling a contract": The Amendment explains that the direct cost of fulfilling a contract includes the incremental costs of fulfilling said contract and the allocation of other costs that are directly related to the compliance with the contract.

– IFRIC interpretation on the application of IFRS 9 and IFRS 16 to a particular case in which the lessor forgives the lease payments due from the lessee, this is the only change to the lease contract and there are no other negotiations between the lessor and the lessee that might affect the accounting for the rent concession. The Committee concluded that in the period prior to the lessor's forgiveness, the lessor shall apply IFRS 9 to the lease payments receivable. On the date forgiveness is granted, the lessor shall apply (a) the derecognition requirements in IFRS 9 to forgiven lease payments that the lessor has recognised as an operating lease receivable; and (b) the lease modification requirements in IFRS 16 to forgiven lease payments that the lessor has not recognised as an operating lease receivable.

– Improvements to IFRS Cycle 2018-2020: Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IFRS 41.

The impact of the aforementioned standards and interpretations is reflected in the accompanying Consolidated Financial Statements based on the best available estimate of the Directors, and it is not significant (EUR 0.5 million).

There is no accounting policy or valuation criterion that, having a significant effect on the consolidated annual accounts, has not been applied.

(f) Standards and interpretations but not effective at 1 January 2021

At the date of approval of these Consolidated Financial Statements, the following standards and interpretations had been issued by the IASB but had not yet entered into force, either because the date on which they become effective is subsequent to the date of the Consolidated Financial Statements or because they have not yet been adopted by the European Union.

Mandatory application in annual periods beginning on or after 1 January 2023

– Amendment to IAS 1 - "Disclosure of accounting policies": Amendments allowing entities to appropriately identify information on material accounting policies that must be disclosed in financial statements.

– Amendment to IAS 8 - "Definition of accounting estimate": Amendment and clarifications regarding the definition of a change in accounting estimate.

– Amendment to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction: Clarification on how companies must account for deferred tax on transactions such as leases and decommissioning obligations.

– Amendment to IFRS 17 Insurance contracts: Amendment to the transition requirements of IFRS 17 for insurance companies applying IFRS 17 and IFRS 9 simultaneously for the first time.

Similarly, the following published standards, amendments and interpretations were not in force in 2022 and were yet to be approved for use in the EU:

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

– Amendment to IFRS 16 Liability for Lease in a sale with leaseback: Clarifies the leaseback accounting for lease liabilities arising on sale and leaseback transactions.

At the date of this report, the Group is evaluating the impacts that the future application of the standards with a mandatory effective date of 1 January 2023 could have on the consolidated financial statements once the standards to into effect. These impacts are not expected to be significant.

(g) Impact of COVID 19 on the financial statements

The health crisis triggered by COVID-19 has had a very limited impact on the Group's operations during 2022. Since the lifting, on 9 May 2021, of the last state of emergency, during which regional restrictions had been imposed on certain trading activities, no further activities have been curtailed by the government. Furthermore, high vaccination uptake has enabled a return to normality in all activities in the various sectors.

Operational risk and credit risk

During 2022, the Group discontinued the commercial policies implemented in 2020 and 2021 in response to the pandemic triggered by COVID-19, to support lessees by negotiating lease payment discounts or deferrals to help them reopen their businesses and resume trading in exchange for other modifications to the contract such as term extensions, or the elimination or deferral of early cancellation options. These contractual modifications included, among others, discounts of EUR 17.7 million in 2020 and EUR 1.3 million in 2021 on accounts receivable. As the total amount of these rent concessions was accounted for on a straight-line basis over the estimated terms of the contracts, revenues in 2020, 2021 and 2022 were reduced by EUR 0.9 million, EUR 7.9 million and EUR 6.8 million, respectively, leaving EUR 3.4 million to be taken to income.

Similarly, in 2022 there was a significant drop in accounts receivable for invoices issued as deferred payments were collected and the average collection period returned to normal. Net receivables for lease invoices issued, including the balance classified as held for sale, amount to EUR 2.4 million at 31 December 2022 (EUR 12.4 million at 31 December 2021).

Liquidity risk

During 2021 Senior Management undertook restructuring of the Group's debt by carrying out two issues of unsecured green bonds for an amount of EUR 400 million in July 2021 and EUR 300 million in November 2021, thereby reducing the liquidity risk and lowering the financial cost of debt and establishing debt maturities of five years and seven years, respectively (see notes 15 and 16). Consequently, these circumstances are not considered to give rise to any liquidity risk in the short term.

Asset and liability valuation risk

In accordance with IAS 40, the Group periodically determines the fair value of investment property on the basis of valuations carried out by independent experts. Therefore, at year end, the fair value reflects the conditions of the investment property market at that date. At 31 December 2022 and 2021 these independent experts consider that the uncertainty surrounding valuations in 2020 due to the effects of COVID-19 has dissipated.

(h) Impact of the invasion of Ukraine on the financial statements

On 24 February 2022, Russia launched an invasion of Ukraine, leading to a war between these countries, the consequences of which remain uncertain at present. The Company's directors, after assessing the possible repercussions of this situation, have considered that it would not, a priori, have a direct impact on its financial statements, since all its operations are domestic, and it does not depend on any raw materials that could be affected by supply cuts.

Nevertheless, the above situation has increased uncertainty in global markets and led to a substantial rise in energy and other natural resource costs, particularly in Europe. This, in conjunction with other factors, was reflected in Spain's macroeconomic scenario in the form of higher inflation and an increase in living costs, triggering interest rate hikes by the European Central Bank in response.

The aforementioned situation and its potential indirect impacts on the Group are being monitored by Senior Management and the Directors. Lease payments are pegged to the CPI and have been revised in 2022. Activity levels at the shopping centres and business parks are tracked to identify possible downturns in footfall and/or consumer demand that might affect the tenants' affordability rates.

The independent experts engaged by Group have considered the economic situation at year end when determining the fair value of the Group's investment property. Nevertheless, the situation could be affected by rapid changes in market conditions brought about by global geopolitical and economic factors. Details of the main assumptions used in the valuations at December 2022 according to the nature of the assets, and their sensitivity to increases or decreases in the aforementioned variables are set out in note 7.

Given the reigning geopolitical uncertainty and volatility, the Directors and Senior Management of the Company continue to monitor the conflict and its consequences in order to successfully deal with any possible future impacts.

(3) DISTRIBUTION OF PROFITS

The proposal for distributing the Parent Company's profits for the 2022 period and issue premium to be presented to the General Shareholders' Meeting is the following:

	Euros
Basis of allocation	
Profit for the period	13,717,673.54
Issue premium	37,654,093.81
Distribution of profit	
Legal reserve	1,371,767.35
Dividends	50,000,000.00

The proposed profit and issue premium distribution is €0.5974 per share.

(4) CONSOLIDATION PRINCIPLES

Companies in which the Group holds a majority of voting rights in the representative or decision-making bodies, or which are effectively managed by the Group, are fully consolidated; entities that are managed through joint control with third parties are accounted for using the equity method.

The financial statements of the Group companies have been consolidated using the financial statements for the period ended 31 December 2022.

(a) Subsidiaries

Subsidiaries are entities, including structured entities, over which the Parent Company, either directly or indirectly through subsidiaries, exercises control.

The Parent Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The parent company has power when it has substantive rights in force that give it the ability to control the relevant activities. The Parent Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when the returns from its involvement have the potential to vary as a result of the subsidiary's economic performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated financial statements from their acquisition date, which is the date on which the Group obtained effective control of the aforementioned subsidiaries. Subsidiaries are excluded from the scope of consolidation as of the date on which control is yielded.

Transactions and balances with Group companies and unrealised gains or losses have been eliminated upon consolidation.

The subsidiaries' accounting policies have been adapted to Group accounting policies for like transactions and other events in similar circumstances.

The annual accounts or financial statements of the subsidiaries used in the consolidation process reference the same presentation date and the same period as those of the Parent Company.

Details of the subsidiaries and relevant information thereon are presented in Appendix I to the Notes on the consolidated financial statements.

(b) Joint Ventures

Joint ventures are understood as contractual agreements whereby two or more entities ("venturers") take part in entities (jointly controlled) or carry out operations or hold assets such that any strategic decision of a financial or operational nature that affects them requires the unanimous consent of all venturers.

In the consolidated financial statements, joint ventures are measured using the equity method, which consists of incorporating the net asset value and goodwill, if any, of the investment held in the associate into the Consolidated Statement of Financial Position item, "Equity-accounted investees". The net profit or loss for each period corresponding to the percentage of the investment in these companies is reflected in the Consolidated Statement of Comprehensive Income as "Share in profit (loss) for the period of equity-accounted investees".

Details of the joint ventures and relevant information thereon are presented in Appendix I to the Notes on the consolidated financial statements.

(c) Business combinations

The Group applies the acquisition method for business combinations. The acquisition date is the date on which the Group obtains control of the acquiree. The consideration transferred is calculated as the sum of the acquisition-date fair values of the transferred assets, the liabilities incurred or assumed, and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition costs, such as professional fees, are not included in the cost of the business combination and are recognised in the Consolidated Statement of Comprehensive Income.

The contingent consideration, where applicable, is measured at the acquisition-date fair value. Any subsequent change to the fair value of the contingent consideration is recognised in the consolidated income statement, unless the change occurs within the one-year period established as the provisional accounting period, in which case it is reflected as a change in goodwill.

Goodwill is calculated as the difference between the sum of the consideration transferred, plus non-controlling interests, plus the fair value of any previously held investment in the acquiree, less the acquiree's identifiable net assets.

Should the acquisition cost of identifiable net assets be below their fair value, the lesser amount shall be recognised in the Consolidated Statement of Comprehensive Income for the period.

(d) Homogenisation of items

The Parent Company's valuation principles and standards have been applied to all companies of the consolidated Group, in order to present the different items in the consolidated financial statements in a standardised format. Therefore, in general, uniform valuation standards have been applied.

In 2022, the same date has been used for the closing date of the financial statements of all the companies included in the scope of consolidation to match that of the Parent Company.

(e) Scope of consolidation

The companies included in the consolidated Group and the consolidation method used at 31 December 2022 and 31 December 2021 are as follows:

2022 Period

Company	Incorporation	Activity	% Shareholding	Consolidation method
Inmobiliaria Juan Bravo 3, S.L. *(i)*	On acquisition	Property development	50%	Stake
LE Logistic Alovera I y II, S.A.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Logistic Alovera III y IV, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Logistic Almussafes, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Hiper Ondara, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Offices Joan Miró 21, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Vidanova Parc, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Galaria, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Villaverde, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail Alisal, S.A.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail As Termas, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Offices Eloy Gonzalo 27, S.A.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Hiper Albacenter, S.A.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail El Rosal, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Lagoh, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail Sagunto II, S.L.U.	Incorporation	The acquisition and development of properties	100%	Full consolidation
LE Retail Vistahermosa, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
Lar España Inversión Logística IV, S.L.U.	Incorporation	The acquisition and development of properties	100%	Full consolidation
LE Retail Anec Blau, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail Albacenter, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail Txingudi, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail Las Huertas, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Offices Marcelo Spínola 42, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation

Company	Incorporation	Activity	% Shareholding	Consolidation method
LE Retail Gran Vía de Vigo, S.A.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Abadía, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Rivas, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Córdoba Sur, S.L.U.	On acquisition	The acquisition and development of properties	100%	Full consolidation

2021 Period

Company	**Incorporation**	**Activity**	**% Shareholding**	**Consolidation method**
Inmobiliaria Juan Bravo 3, S.L. *(i)*	On acquisition	Property development	50%	Stake
LE Logistic Alovera I y II, S.A.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Logistic Alovera III y IV, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Logistic Almussafes, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Hiper Ondara, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Offices Joan Miró 21, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Vidanova Parc, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Galaria, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Villaverde, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail Alisal, S.A.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail As Termas, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Offices Eloy Gonzalo 27, S.A.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Hiper Albacenter, S.A.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail El Rosal, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Lagoh, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail Sagunto II, S.L.U.	Incorporation	The acquisition and development of properties for lease	100%	Full consolidation
LE Retail Vistahermosa, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
Lar España Inversión Logística IV, S.L.U.	Incorporation	The acquisition and development of properties for lease	100%	Full consolidation
LE Retail Anec Blau, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation

Company	Incorporation	Activity	% Shareholding	Consolidation method
LE Retail Albacenter, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail Txingudi, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail Las Huertas, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Offices Marcelo Spínola 42, S.L.U.	Incorporation	Leasing of property	100%	Full consolidation
LE Retail Gran Vía de Vigo, S.A.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Abadía, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Hipermercados I, S.L.U. (*)	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Hipermercados II, S.L.U. (*)	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Hipermercados III, S.L.U. (*)	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Rivas, S.L.U.	On acquisition	Leasing of property	100%	Full consolidation
LE Retail Córdoba Sur, S.L.U.	On acquisition	The acquisition and development of properties for lease	100%	Full consolidation

(i) Inmobiliaria Juan Bravo 3, S.L. is included in the consolidated financial statements using the equity method, in accordance with IFRS 11, because, as stipulated in the articles of association and shareholder agreements, it is jointly controlled by Lar España Real Estate SOCIMI, S.A. and LVS II LUX XIII, S.a.r.l.

** On 23 February 2021, 100% of the shares of LE Retail Hipermercados I, S.L.U., LE Retail Hipermercados II, S.L.U. and LE Retail Hipermercados III, S.L.U. were sold.*

(f) Changes to the composition of the Group

In Note 4e and Appendix I of these consolidated financial statements, relevant information is provided regarding the Group companies that were fully consolidated and those that were included using the equity method.

There were no changes to the composition of the Group in the 2022 period. The following changes in the composition of the Group took place in 2021:

New exclusions from the scope of consolidation in 2021

On 23 February 2021 100% of the shares in the companies LE Retail Hipermercados I, S.L.U., LE Retail Hipermercados II, S.L.U. and LE Retail Hipermercados III, S.L.U. were sold to the company Igcel Investments, S.L. for the joint amount of EUR 59,577 thousand. After said sale these companies ceased to form part of the Group.

The impact on the Group's 2021 consolidated financial statements following the sale of these companies was a decrease in net assets of EUR 59,513 thousand which, after the consideration received of EUR 59,577 thousand and associated costs of EUR 558 thousand, generated a gain on the disposal of investment property of EUR 64 thousand in the Consolidated Statement of Comprehensive Income.

(5) ACCOUNTING PRINCIPLES

(a) Investment property and intangible assets

Investment property is property, including that which is under construction or being developed for future use as investment property, which is earmarked totally or partially to earn income or for capital appreciation or both, rather than for use in the production or supply of goods or services, for administrative purposes within the Group or for sale in the ordinary course of business.

Assets classified as investment property are in operation and occupied by various tenants. These properties are intended for lease to third parties. The Directors of the Parent Company, at the date these financial statements were prepared, do not consider the disposal of these assets in the upcoming year to be very likely and have therefore decided to maintain these assets in the Consolidated Statement of Financial Position as investment property, except those indicated in Note 9 of this report.

Investment property is presented at fair value at the reporting date and is not depreciated. Profits or losses derived from changes in the fair value of the investment property are recognised when they arise.

Execution and finance costs are capitalised during the period in which the works are carried out. When the asset enters into service it is recognised at fair value.

When determining the fair value of its investment property, the Group commissions independent appraisers to appraise all of its assets at least on 30 June and 31 December of each period. Buildings are appraised individually, taking into consideration each of the lease contracts in force at the appraisal date. Buildings with areas that have not been rented out are appraised on the basis of estimated future rent, minus a marketing period.

As a general rule, intangible assets are initially valued at their purchase price or cost of production. The value of these assets is subsequently reduced by the corresponding accumulated amortisation and, where appropriate, impairment losses. These assets are depreciated over their useful lives.

(b) Leases

(i) Classification of leases

The Group classifies leases as finance leases when substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the tenant under the terms and conditions of the lease, otherwise they are classified as operating leases. The Group has not engaged in any finance lease transactions.

(ii) Operating leases

Lessor's accounting

Assets leased to third parties under operating lease contracts are presented according to their nature.

Operating lease income, net of incentives granted, is recognised as income on a straight-line basis over the lease term.

In relation to the rent concession agreements granted in the context of the COVID-19 pandemic, in the event such waivers comprise additional changes to the contract (as an extension of the duration thereof) the lease modification requirements in IFRS 16 have been considered applicable. Therefore, these waivers are recognised on a straight-line basis throughout the lease agreements, reducing gross income recorded under “Revenues” on the adjoined Consolidated Statement of Comprehensive Income.

Contingent lease payments are recognised as income when it is probable that they will be received, which is generally when the conditions agreed in the contract arise.

(c) Financial instruments

(i) Classification of financial instruments

Financial instruments are recognised when the Group becomes an obligated party to the agreement or legal business pursuant to the provisions of said contract. These financial instruments are classified at initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Introduction". The Group reclassifies financial assets when its business model for managing said assets changes. The Group does not reclassify financial liabilities.

At 31 December 2022, the Group mainly had the following financial assets and liabilities: security deposits, receivables, cash, financial debt, and payables. All financial assets and liabilities are measured at amortised cost.

Financial assets and liabilities measured at amortised cost.

The Group classifies loans and receivables, as well as financial liabilities (including trade and other payables) as financial assets and liabilities at amortised cost.

This item comprises non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They mainly comprise security deposits received from tenants and placed with public bodies, or bank deposits and accrued interest receivable on the deposits. These assets are classified as current unless they mature more than twelve months after the reporting date, in which case they are classified as non-current. Loans and receivables generated in exchange for cash deliveries or commercial transactions are included under "Financial assets with associates" and "Trade and other receivables" in the Consolidated Statement of Financial Position, and the security deposits and guarantees are shown under "Non-current financial assets" or "Other current financial assets", according to when they mature.

These financial assets and liabilities at amortised cost are initially recognised by their fair value, with the addition or subtraction of any directly attributable transaction costs incurred, and they are subsequently measured at amortised cost, using the effective interest rate method.

(ii) Impairment and uncollectibility of financial assets

The Group recognises a value adjustment for expected credit losses for financial assets measured at amortised cost under profit and loss.

To assess the value adjustment for receivables from leases, the Group uses the simplified approach covered in IFRS 9, pursuant to the terms specified at the end of this section. For the rest of financial assets, on each closing date the Group measures the value adjustment as equal to the credit losses expected to arise in the following twelve months, even when the non-payment risk thereof has not significantly increased.

Expected credit losses are the difference between contracted cash flows and expected cash flows, in terms of both amount and time.

If the financial asset is secured by collateral, impairment is determined based on the present value of the cash flows that could be generated from the foreclosure of the asset, less foreclosing and sale costs, discounted at the original effective interest rate. If the financial asset is not secured by collateral, the Group applies the same criteria when the foreclosure is considered probable.

The Group considers cash and cash equivalents to have low credit risk given the credit ratings of the credit institutions in which cash and security deposits are placed.

The Group calculates expected credit losses for trade debt over the lives of the financial assets based on aggregate data, as these assets exclusively comprise receivables from leases, and individual data. Expected credit losses are estimated based on all receivables that remain outstanding after 90 days, based on historical and projected information that is reasonably available.

After balances mature and are outstanding for more than 90 days, the non-payment risk of trade receivables is considered to have increased significantly, such that the balances held are impaired, less any security deposits, deposits or sureties received by virtue of the lease agreement.

(iii) Derecognitions, modifications and cancellations of financial assets

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

(iv) Derecognitions and modifications of financial liabilities

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

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

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

If the exchange is accounted for as an extinguishment of the financial liability, any costs or fees incurred are recognised as part of the profits/(losses) on the extinguishment. If the exchange is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are depreciated over the remaining term of the modified liability.

(v) Offsetting principles

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

(d) Valuation techniques and assumptions applicable to fair value measurement

Fair values of financial assets and liabilities are determined as follows:

The fair values of financial assets and liabilities with standard terms and conditions that are traded on active markets and cash are determined by referencing the prices listed on the market.

The fair value of other financial assets and liabilities (excluding derivative instruments) are determined according to the valuation models generally accepted on the cash flow discount basis using prices of observable market transactions and contributor quotes for similar instruments.

The financial instruments and other assets and liabilities measured subsequent to their initial recognition at fair value are classified under levels 1-3, based on the degree to which the fair value is observable.

- Level 1: listed price (unadjusted) on active markets for identical assets or liabilities.
- Level 2: observable inputs other than the listed prices used in Level 1 for assets or liabilities, directly (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3: assets referencing measurement techniques, including inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

At 31 December 2022 the Group has no financial assets and liabilities measured at fair value.

Additionally, Note 7 includes information regarding the determination of the fair value of investment property, pursuant to measurement techniques described in said note.

(e) Treasury shares of the Parent Company

The Group's acquisition of equity instruments of the Parent Company is recognised separately at cost of acquisition in the Consolidated Statement of Financial Position as a reduction in net equity, irrespective of the reason for the purchase. Any gains or losses in transactions with own equity instruments are not recognised.

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

Transaction costs related to own equity instruments are accounted for as a reduction in net equity.

(f) Distributions to shareholders

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

The Parent Company files taxes under the special regime for SOCIMIs. Pursuant to Article 6 of Law 11/2009, of 26 October 2009, amended by Law 16/2012, of 27 December and Law 11/2021, of 9 July, SOCIMIs adopting the special tax regime are required to distribute profit for the period as dividends to shareholders after settling all corresponding trading obligations, as per the terms in Note 1. The dividend distribution must be agreed within six months after each period end and the dividend paid within one month from the date of the agreement.

(g) Cash and cash equivalents

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

(h) Employee benefits

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

(i) Payments based on shares

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

(j) Provisions

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

(i) Provisions: balances payable covering present obligations arising from past events, the cancellation of which is likely to cause an outflow of resources but are uncertain as to amount and/or time of cancellation.

(ii) Contingent liabilities: possible obligations that arise from past events and whose future existence depends on the occurrence or non-occurrence of one or more future events not under the control of the Company.

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

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

The compensation to be received from a third party when an obligation is settled is recognised as an asset, provided it is certain that reimbursement will be received, unless part of the risk has been contractually externalised so that the Group is not liable. In this case, the compensation will be taken into consideration when estimating the amount of any relevant provisions.

(k) Recognition of income

Revenue from leases is recognised at the fair value of the consideration received or receivable therefrom.

Discounted and waived rent is recognised as decreased income by allocating the total amount of rent waived during the rent-free period or of the allowance on a straight-line basis over estimated length of the contract term. Specifically, rent concession agreements granted in the context of the COVID-19 pandemic, in the event such allowances comprise additional changes to the lease contract (as an extension of the duration thereof), the lease modification requirements in IFRS 16 are considered applicable and lease payments are recognised on a straight-line basis. In the event of changes in the estimated length of the contract term due to early lease contract termination or the sale of the property, the rent waiver or discount would be recognised in the last period prior to the contract termination or sale of the asset.

(l) Lease of investment property to third parties

The principal activity of the companies that form the Group mainly comprise the acquisition and lease of shopping centres and business parks. However, they may invest on a smaller scale in other assets for rent or for direct sale (commercial premises, office buildings, logistics bays, logistics centres and/or residential products). Group revenues originate from the lease of these investment properties to third parties.

Revenue derived from the lease of investment properties are recognised by taking into account the degree to which the provision has been completed at the reporting date when the outcome of the transaction can be reliably estimated. The Group companies recognise revenue from leases on a monthly basis in accordance with the terms and amounts agreed in the different agreements with their tenants. This revenue is recognised only when it can be measured reliably and it is probable that the economic benefits derived from the lease will be received.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent that the recognised expenses are recoverable.

Invoices issued to tenants include rebilled communal expenses (shared utility costs, services related to the management of the property, taxes, etc.). Said amount is reflected in accordance with the nature thereof and pursuant to the terms of paragraph B36 of IFRS 15, offsetting the expense for said items under “Other operating expenses” on the adjoined Consolidated Statement of Comprehensive Income, given that the Company is acting as an agent on behalf of its tenants, as it does not control the services supplied to the tenants.

The Group regularly assesses whether any service provision contracts are onerous and, where applicable, recognises the necessary provisions.

(m) Profit and loss from the disposal of investment property

Profits and losses resulting from the disposal of investment property are recognised based on the accrual criterion, i.e. when the actual flow of goods covered in the transaction occurs, regardless of when the financial or cash flow arising therefrom occurs. Said profits and losses are measured at the fair value of the consideration received, less any sales costs, as compared to the carrying amount of the delivered asset.

The recognition of revenue from sales takes place when the material risks and benefits inherent to owning said sold property asset have substantially been transferred to the buyer, where the daily management and effective control over said asset are not retained.

(n) Income tax

(i) *General regime*

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

The current tax is the amount that the Group pays as a consequence of the fiscal settlements of the income tax corresponding to a period. Deductions and other tax relief applicable to payable taxes, excluding withholdings and payments on account, and tax loss carry-forwards applied in the current reporting period are accounted for as a reduction in current tax.

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

The Group companies subject to the general corporate income tax regime are Inmobiliaria Juan Bravo 3, S.L. (included using the equity method), LE Offices Marcelo Spínola 42, S.L.U. and Lar España Inversión Logística IV, S.L.U.

(ii) *Tax regime for SOCIMIs*

The Parent Company and the subsidiaries (with the exception of Inmobiliaria Juan Bravo 3, S.L., LE Offices Marcelo Spínola 42, S.L. and LAR España Inversión Logística IV, S.L.) file tax returns under the special regime for SOCIMIs. This tax regime, following the amendment introduced by Law 16/2012, of 27 December and Law 11/2021 of 9 July, is based on paying a corporate income tax rate of 0%, provided certain requirements are met (Note 1).

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

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

(o) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision-maker in order to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

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

The Group classifies assets and liabilities in the Consolidated Statement of Financial Position as current and non-current. To this end, assets and liabilities are classified as current if they meet the following criteria:

– Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months after the reporting date.

– Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(q) Environmental information

The Group takes measures to prevent, reduce and repair any damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as operating expenses in the period in which they are incurred. However, due to its nature, the Group's activity does not have a significant impact on the environment.

(r) Statement of cash flows

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

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

– Operating activities: the Group's usual activities and other activities that cannot be classified as investing or financing activities.

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

- Financing activities: activities that result in changes in the size and composition of net assets and liabilities that are not part of operating activities.

(s) Non-current assets held for sale and liabilities connected to non-current assets held for sale

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

These assets or disposal groups are measured at their carrying amount or fair value after deducting the necessary sales costs, whichever is less, with the exception of the investment property that is accounted for in accordance with the fair value model of IAS 40.

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

Revenues and expenses generated by non-current assets and disposal groups comprising elements held for sale that do not meet the requirements to be classified as discontinued operations are recognised in the Consolidated Statement of Comprehensive Income under the item that corresponds to the nature of said asset, disposal group or liability.

(6) SEGMENT REPORTING

(a) Operating segments

The Group's investment policy and operations focus on shopping centres and business parks (retail). Therefore, at 31 December 2022 and 2021, it has only one operating segment as this is the classification used to measure performance and that considered most relevant for evaluating the results of the segments compared to other groups that operate in the same line of business.

(b) Geographical segments

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

The table below summarises, by geographical area, the revenue of each of the Group's assets:

	Thousands of euros	
	31 December 2022	
	Revenue	%
Andalusia	14,760	18.40
Basque Country	14,508	18.08
Community of Valencia	13,051	16.28
Galicia	12,808	15.96
Castile - La Mancha	8,610	10.73
Castile and León	7,269	9.06
Catalonia	5,826	7.26
Autonomous Community of Madrid	3,396	4.23
	80,228	100.00

	Thousands of euros	
	31 December 2021	
	Revenue	%
Andalusia	14,602	19.14
Basque Country	13,913	18.24
Galicia	12,308	16.14
Community of Valencia	12,576	16.49
Castile - La Mancha	7,747	10.16
Castile and León	6,305	8.27
Catalonia	4,884	6.40
Autonomous Community of Madrid	3,640	4.77
Balearic Islands	132	0.17
Cantabria	75	0.10
Navarre	58	0.08
La Rioja	31	0.04
	76,271	100.00

The Group carries out its activity entirely in Spain.

(7) INVESTMENT PROPERTY

At 31 December 2022, investment property mainly comprises, taking into account those classified as Non-Current Assets Held for Sale, 15 shopping centres and business parks, 2 hypermarkets (Portal de la Marina and Albacenter) and 2 petrol stations, as well as the corresponding land on which they are located, owned by the Group, and which is held for rental income and therefore not occupied by the Group.

Investment property is presented at fair value.

The Group has recognised the following investment property at fair value at 31 December 2022 and 31 December 2021:

	Thousands of Euros	
	Investment property	
	31.12.2022	31.12.2021
Shopping centres and business parks	1,199,898	1,423,848
	1,199,898	1,423,848

The composition and movements that had occurred in the accounts included under the heading "Investment property" in the Group's Consolidated Statement of Financial Position at 31 December 2022 and 2021 were as follows:

	Thousands of Euros	
	31.12.2022	31.12.2021
Balance at the beginning of the period	1,423,848	1,373,480
Additions for the period	16,775	8,533
Transfers of non-current assets held for sale (Note 5s and 9)	(273,300)	43,140
Changes in fair value	32,575	(1,305)
Balance at the end of the period	1,199,898	1,423,848
Fair value	1,199,898	1,423,848

Additions and changes to the scope

2022 Period

Type of asset	Company	Thousands of Euros Registrations
Shopping Centre	Gran Vía de Vigo (a)	5,463
Shopping Centre	Megapark (a)	3,957
Business Park	Rivas (a)	1,633
Shopping Centre	Lagoh (a)	1,433
-	Improvements to other assets and fit-outs	4,289
		16,775

(a) The amounts mainly correspond to renovations performed on the Gran Vía de Vigo, Megapark, Rivas and Lagoh property assets.
(b) This amount refers to improvements and fit-outs effected in the period in the rest of the assets in the Group's portfolio.

2021 Period

Type of asset	Company	Thousands of Euros Registrations
Shopping Centre	Rivas (a)	1,791
Shopping Centre	Gran Vía de Vigo (a)	1,366
Business Park	Anec Blau (a)	1,057
Shopping Centre	Abadía (a)	819
-	Improvements to other assets and fit-outs	3,500
		8,533

(a) The amounts mainly correspond to renovations performed on the Rivas, Gran Vía de Vigo, Anec Blau and Abadía property assets.
(b) This amount refers to improvements and fit-outs effected in the period in the rest of the assets in the Group's portfolio.

Investment commitments pertaining to investment property totalled EUR 1,880 thousand at 31 December 2022 (EUR 8,150 thousand at 31 December 2021).

At 31 December 2022, the business parks and shopping centres owned by the Group companies LE Retail Vidanova Parc, S.L.U., LE Retail Vistahermosa, S.L.U., LE Retail Rivas, S.L.U., LE Retail Abadía, S.L.U. and LE Retail Sagunto II, S.L.U. have been classified as "Non-current assets held for sale" (Note 9).

Following the approval of the business plan by the Board of Directors on 18 March 2021, the shopping centres owned by the Group companies LE Retail Las Huertas, S.L.U. and LE Retail Txingudi, S.L.U., which were recorded as "Non-current assets held for sale" at 31 December 2020, were reclassified to investment property, as their sale was not expected to take place in the short term.

Disclosures on the fair value of investment property

Details of the assets measured at fair value and the hierarchy in which they are classified are as follows:

	Thousands of Euros			
	2022 (*)			
	Total	Level 1	Level 2	Level 3
Recurrent fair value measurements				
Investment property				
Shopping centres and single-tenant commercial				
– Land	275,052	—	—	275,052
– Buildings	924,846	—	—	924,846
Total assets measured recurrently at fair value	1,199,898	—	—	1,199,898

(*) This does not include the land and buildings of the Vidanova Parc, Vistahermosa, Rivas and Abadía shopping centres and business parks or the Vidanova petrol station and plot of land, which are classified as held for sale at 31 December 2022, which amounts to EUR 50,525 thousand and EUR 222,777 thousand, respectively, being categorised as Level 3 in the fair value hierarchy.

	Thousands of Euros			
	2021			
	Total	Level 1	Level 2	Level 3
Recurrent fair value measurements				
Investment property				
Shopping centres and single-tenant commercial				
– Land	325,197	—	—	325,197
– Buildings	1,098,651	—	—	1,098,651
Total assets measured recurrently at fair value	1,423,848	—	—	1,423,848

No assets have been transferred between the different levels during the period.

At 31 December 2022 and 2021, details of the gross leasable area and occupancy rate by line of business are as follows:

	Square metres			
	2022 (*)		2021	
	Gross leasable area	Occupancy	Gross leasable area	Occupancy
Shopping centres and single-tenant commercial properties	391,504	95.66%	551,326	96.11%

(*) Excluding the square metres of the Vidanova Parc, Vistahermosa, Rivas and Abadía business parks and shopping centres, which are classified as held for sale at 31 December 2022, which comprise 158,887 square metres and have an occupancy rate of 99%.

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 aimed at reflecting the Group's best estimate, reviewed by the appraiser, of the future income and expenses of the real estate assets.

The appraisal companies that performed the valuations of the Group's investment property at 31 December 2022 and 2021 were Jones Lang Lasalle España and Cushman & Wakefield.

Fees paid by the Group to the appraisal companies for measurements in the 2022 and 2021 periods are as follows:

	Thousands of Euros	
	2022	2021
Appraisal services	67	60
	67	60

Assumptions used in the measurements

In terms of calculating the fair value of investment property, including those classified as non-current assets held for sale (Note 9), the material unobservable input data used to measure the fair value correspond to rental revenue, 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:

	2022		2021	
	Exit yield	Discount rate	Exit yield	Discount rate
Shopping centres and single-tenant commercial properties	5.65 - 8.00	7.65-12.86	5.45 - 8.50	7.03-10.30

In terms of rental revenue, the amounts per square metre used in the measurement for 2022 ranged from EUR 8.50 and EUR 19.8 per month (EUR 4.50 and EUR 21.60 per month in 2021), 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 on consolidated assets and the Consolidated Statement of Comprehensive Income of a one-quarter percentage point, one-half percentage point and one percentage point variation in the discount rate, revenue and Exit Yield with respect to investment property, including those classified as non-current assets held for sale, would be as follows:

Change in discount rate

	Thousands of Euros					
	31.12.2022					
	Assets			Consolidated Comprehensive Income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Discount rate increase	(21,556)	(46,764)	(92,476)	(21,556)	(46,764)	(92,476)
Discount rate decrease	24,976	49,889	101,683	24,976	49,889	101,683

	Thousands of Euros					
	31.12.2021					
	Assets			Consolidated Comprehensive Income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Discount rate increase	(21,466)	(46,240)	(94,111)	(21,466)	(46,240)	(94,111)
Discount rate decrease	29,842	56,407	111,434	29,842	56,407	111,434

Change in revenue

	Thousands of Euros					
	31.12.2022					
	Assets			Consolidated Comprehensive Income		
	2.5%	5%	10%	2.5%	5%	10%
Revenue increase	21,279	41,713	83,279	21,279	41,713	83,279
Revenue decrease	(24,744)	(46,845)	(91,232)	(24,744)	(46,845)	(91,232)

	Thousands of Euros					
	31.12.2021					
	Assets			Consolidated Comprehensive Income		
	2.5%	5%	10%	2.5%	5%	10%
Revenue increase	17,559	31,289	58,930	17,559	31,289	58,930
Revenue decrease	(9,712)	(23,248)	(50,114)	(9,712)	(23,248)	(50,114)

Change in exit yield

	Thousands of Euros					
	31.12.2022					
	Assets			Consolidated Comprehensive Income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Exit yield increase	(29,915)	(57,917)	(108,489)	(29,915)	(57,917)	(108,489)
Exit yield decrease	32,151	69,218	151,198	32,151	69,218	151,198

	Thousands of Euros					
	31.12.2021					
	Assets			Consolidated Comprehensive Income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Exit yield increase	(28,381)	(58,151)	(111,259)	(28,381)	(58,151)	(111,259)
Exit yield decrease	39,002	77,341	165,688	39,002	77,341	165,688

The details of “Changes in fair value of investment property” in the Consolidated Statement of Comprehensive Income at 31 December 2022 and 31 December 2021 are as follows:

	2022		2021	
	Thousands of Euros		Thousands of Euros	
	Investment property	Non-current assets held	Investment property	Non-current assets held
Shopping centres and single-tenant commercial properties	32,575	—	(1,305)	—
	32,575	—	(1,305)	—

*As described in Note 9, the assets were reclassified to Non-current assets held for sale at year-end, having been previously re-measured.

(8) OPERATING LEASES - LESSOR

At 31 December 2022, the Group has the shopping centres and single-tenant commercial properties leased to third parties under operating leases.

The future minimum lease payments under non-cancellable operating leases, without taking into account possible discounts that may be granted, taking into account those assets classified as Non-current assets held for sale (Note 9), are as follows:

	Thousands of Euros	
	31.12.2022	31.12.2021
	Minimum rent collections	Minimum rent collections
Year 1	84,046	82,465
Year 2	63,522	60,873
Year 3	42,466	44,432
Year 4	29,665	30,654
Year 5	20,944	21,362
Over five years	113,499	100,542
	354,142	340,328

The majority of lease contracts between the Group and its customers stipulate a fixed rent and, where applicable, a variable rent based on the performance of the tenants' activity. Specifically, contracts that include floating rent fall into the following categories:

- Agreements with a fixed rate per m^2 (minimum guaranteed rent) and a floating rate (floating rent) calculated as a percentage of the sales made by the tenants in the relevant commercial premise or of the receipts from various premises (in the case of cinemas, for example). In these contracts, if the result of applying the percentage arranged in the contract to the tenant's total annual sales (or monthly in certain cases) is greater than the minimum guaranteed rent, the difference is invoiced to the tenant.

- Agreements that exclusively establish a floating amount as the rental payment, where this floating amount is determined by applying the percentage stipulated in the agreement to the tenant's sales at the relevant commercial premise.

Below are the details of the Group's revenue from leases in 2022 and 2021, differentiating between the fixed rent proceeds and the floating rent proceeds:

	Thousands of Euros	
	31.12.2022	31.12.2021
Revenue from floating rent	7,407	6,947
Revenue from fixed rent	72,821	69,324
Total revenue	80,228	76,271

The ten tenants that contributed the most rental revenue in 2022 and 2021, as well as the main characteristics of each, are as follows:

2022 Period

Position	Trade name	Project	% of total rental	% of total accumulated rental	Maturity *	Sector
1	Inditex Group	Anec Blau/Albacenter/El Rosal/As Termas/Lagoh /Gran Vía de Vigo/Portal de la Marina	9.08 %	9.08 %	2025-2035	Textile/Fashion
2	Carrefour	El Rosal/Gran Vía de Vigo/Hiper Portal de la Marina	4.17 %	13.25 %	2042-2060	Distribution/Hypermarket
3	Mediamarkt	Megapark/Parque Abadía/Vistahermosa/As Termas/Rivas/ Lagoh	4.07 %	17.32 %	2029-2044	Technology
4	Leroy Merlin	VidaNova Parc/Vistahermosa/As Termas	3.21 %	20.53 %	2041-2058	DIY
5	Decathlon	Megapark/Abadía/VidaNova Parc	2.48 %	23.01 %	2036-2043	Distribution
6	Cortefiel Group/Tendam	Abacenter/Anec Blau/ As Termas/ Abadía / Rosal /Txingudi / Megapark / VidaNova Parc / Portal de la Marina/ Lagoh	2.24 %	25.25 %	2022-2032	Textile/Fashion
7	Conforama	Megapark/Rivas/Vidanova Parc	2.23 %	27.48 %	2035-2038	Textile/Fashion
8	Mercadona	Anec Blau/Hiper Albacenter/Megapark/Lagoh	2.09 %	29.57 %	2040-2049	Distribution/Hypermarket
9	El Corte Inglés	Lagoh/Parque Abadía/ Gran Via de Vigo/ Megapark/ As Termas/ Rivas	2.03 %	31.60 %	2025-2039	Textile/Fashion
10	Alcampo	Abadía/Vistahermosa	1.80 %	33.40 %	2055-2061	Distribution/Hypermarket

* *The information above references the contracts that were in force during the 2022 period, where the effect of revenue linearisation was not taken into account. Furthermore, the expiry of contracts refers to the final date of the contract, although the contract may have the option for early termination.*

2021 Period

Position	Trade name	Project	% of total rental	% of total accumulated rental	Maturity *	Sector
1	Inditex Group	Anec Blau/Albacenter/El Rosal/As Termas/Lagoh /Gran Vía de Vigo/Portal de la Marina	9.35 %	9.35 %	2025-2035	Textile/Fashion
2	Carrefour	El Rosal/Gran Vía de Vigo/Hiper Portal de la Marina	4.58 %	13.93 %	2042-2060	Distribution/Hypermarket
3	Mediamarkt	Megapark/Parque Abadía/Vistahermosa/As Termas/Rivas/ Lagoh	4.21 %	18.14 %	2030-2044	Technology
4	Leroy Merlin	VidaNova Parc/Vistahermosa/As Termas	3.06 %	21.20 %	2041-2058	DIY
5	Decathlon	Megapark/Abadía/VidaNova Parc	2.69 %	23.89 %	2036-2043	Distribution
6	Cortefiel Group/Tendam	Abacenter/Anec Blau/ As Termas/ Abadía / Rosal /Txingudi / Megapark / VidaNova Parc / Portal de la Marina/ Lagoh	2.63 %	26.52 %	2022-2032	Textile/Fashion
7	Conforama	Megapark/Rivas/Vidanova Parc	2.34 %	28.86 %	2023-2038	Textile/Fashion
8	Mercadona	Anec Blau/Hiper Albacenter/Megapark/Lagoh	2.25 %	31.11 %	2040-2049	Distribution/Hypermarket
9	El Corte Inglés	Lagoh/Parque Abadía/ Gran Via de Vigo/ Megapark/ As Termas/ Rivas	2.14 %	33.25 %	2025-2039	Textile/Fashion
10	C&A	Parque Abadia/Gran Via de Vigo /As Termas/Portal de la Marina/ Vidanova Parc	2.11 %	35.36 %	2023-2038	Textile/Fashion

* *The information above references the contracts that were in force during the 2021 period, where the effect of revenue linearisation was not taken into account. Furthermore, the expiry of contracts refers to the final date of the contract, although the contract may have the option for early termination.*

(9) NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES CONNECTED TO ASSETS HELD FOR SALE

As established in International Financial Reporting Standard 5 – Non-current Assets Held for Sale and Discontinued Operations, those assets in the process of being divested with possible sale plans were reclassified. The assets and liabilities of the Group companies LE Retail Vidanova Parc, S.L.U., LE Retail Vistahermosa, S.L.U., LE Retail Rivas, S.L.U., LE Retail Abadía, S.L.U. and LE Retail Sagunto II, S.L.U. are specifically in this situation.

In accordance with IAS 40 and the exception applicable under IFRS 5, investment property classified as non-current assets held for sale was carried at fair value. The assumptions used in the measurement are broken down, along with the other investment property, in Note 7 above.

At 31 December 2022, the Group presents the assets and liabilities of the companies LE Retail Vidanova Parc, S.L.U., LE Retail Vistahermosa, S.L.U., LE Retail Rivas, S.L.U., LE Retail Abadía, S.L.U. and LE Retail Sagunto II, S.L.U. as non-current assets held for sale, LE Retail Abadía, S.L.U. and LE Retail Sagunto II, S.L.U., owners of four retail parks, a shopping centre, a plot of land and a petrol station, as these companies are possibly expected to be sold in the short term at the end of 2022.

The details of the assets and liabilities classified as held for sale at 31 December 2022 are as follows:

	Total
Non-current assets held for sale	**287,964**
Intangible fixed assets	1
Investment property	273,300
Non-current financial assets	2,982
Trade and other receivables	1,263
Other current assets (Note 10a)	4,097
Cash and cash equivalents	6,321
Liabilities connected to non-current assets held for sale	**(5,738)**
Other financial liabilities	(3,531)
Trade payables	(2,207)
Non-current assets held for sale	**282,226**

(10) FINANCIAL ASSETS BY CATEGORY

(a) Classification of financial assets by category

	Thousands of Euros			
	2022		2021	
	Non-current	Current	Non-current	Current
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
Non-current financial assets	11,868	—	14,422	—
Other financial assets	—	3	—	3,944
Operating lease receivables - invoices awaiting formalisation (Note 11)	—	2,132	—	2,026
Operating lease receivables - invoices issued (Note 11)	—	2,112	—	12,417
Operating lease receivables - revenue linearisation	5,615	2,110	11,586	5,460
Advances to suppliers	—	—	—	12
Public entities, other (Note 20)	—	5,390	—	5,537
Total	17,483	11,747	26,008	29,396

“Non-current financial assets” mainly comprises the security deposits and guarantees received from the tenants of the investment property mentioned in Note 7, which the Group has deposited with the corresponding public bodies. The decrease in this line item relates mainly to the transfer of guarantees linked to companies classified as non-current assets held for sale (Note 9).

At 31 December 2022 and 2021, "Other receivables from public authorities" mainly includes value added tax receivable related to investments in the Group's real estate assets. In addition, at 31 December 2021, this item included EUR 2,317 thousand corresponding to the amount paid by LE Logistic Alovera I y II, S.A.U. in relation to a tax assessment signed in disagreement regarding Capital Transfer Tax and Stamp Duty on the acquisition in 2014 of logistics warehouses owned by the company. On 15 September 2022, after the appeals filed by the Company were upheld, the aforementioned amount was collected.

The item "Operating lease receivables - invoices issued" mainly includes rents accrued and invoiced during the year to tenants, most of which are still pending collection, net of impairment adjustments (Note 11a).

At 31 December 2022 the line item “Operating lease receivables - pending” in the table above mainly includes income from floating rent yet to be invoiced to tenants.

In addition, at 31 December 2022 the line item “Operating lease receivables - revenue linearisation” includes the amount pending allocation to profits and losses for waivers and/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 Consolidated Statement of Comprehensive Income between the date of the agreement and the minimum remaining contractual duration of each lease agreement. Of said amount, EUR 3,877 thousand, current and non-current, correspond to discounts granted because of the pandemic (EUR 10,421 thousand at 31 December 2021), while the remaining balance mainly comprises waivers, step rents and fit-outs granted on signing new lease contracts.

The amount recorded under "Other financial assets", which at 31 December 2021 mainly included a deposit made in February 2021 by LE Retail Vistahermosa, S.L.U. as security for a guarantee of EUR 3,957 thousand provided to the Valencian Tax Agency in connection with an ongoing tax proceeding (Note 20). This deposit is recorded at 31 December 2022 in Non-current assets held for sale (Note 9).

For financial assets recorded at cost or amortised cost under the above line items or under Non-current assets held for sale, other than those arising from the linearisation of revenue which due to their nature have a fair value of zero, the carrying amount does not differ significantly from their fair value.

(b) Classification of financial assets by maturity

The classification of financial assets by maturity is as follows:

	2022			
	Thousands of Euros			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current financial assets	—	—	11,868	11,868
Other financial assets	3	—	—	3
Operating lease receivables - invoices awaiting formalisation	2,132	—	—	2,132
Operating lease receivables - invoices issued	2,112	—	—	2,112
Operating lease receivables - revenue linearisation	2,110	3,877	1,738	7,725
Public entities, other (Note 20)	5,390	—	—	5,390
	11,747	3,877	13,606	29,230

	2021			
	Thousands of Euros			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current financial assets	—	—	14,422	14,422
Other financial assets	3,944	—	—	3,944
Operating lease receivables - invoices awaiting formalisation	2,026	—	—	2,026
Operating lease receivables - invoices issued	12,417	—	—	12,417
Operating lease receivables - revenue linearisation	5,460	7,261	4,325	17,046
Advances to suppliers	12	—	—	12
Public entities, other (Note 20)	5,537	—	—	5,537
	29,396	7,261	18,747	55,404

(11) TRADE AND OTHER RECEIVABLES

Details of "trade and other receivables" at 31 December 2022 and 2021 are as follows:

	Thousands of Euros		Thousands of Euros	
	2022		2021	
	Current	Non-current	Current	Non-current
Operating lease receivables - invoices issued	6,847	—	17,237	—
Operating lease receivables - invoices awaiting formalisation	2,132	—	2,026	—
Operating lease receivables - revenue linearisation	2,110	5,615	5,460	11,586
Advances to suppliers	—	—	12	—
Public entities, other (Notes 10 and 20)	5,390	—	5,537	—
Less impairment allowances	(4,735)	—	(4,820)	—
Total	11,744	5,615	25,452	11,586

In the context of the COVID-19 crisis described in Note 2g of this consolidated report, after the shopping centres opened, during 2020 and 2021, the Group entered into negotiations with almost all the tenants, reaching agreements on rent discounts and/or deferral of lease payments in exchange for an increase in the terms of the break option time frames and maturities of the lease contracts. During 2022 there was a significant drop in the amounts receivable and, at 31 December 2022, net receivables for lease invoices issued, including the balance classified as held for sale, amount to EUR 2,442 thousand (EUR 12,417 thousand at 31 December 2021).

"Operating lease receivables - invoices issued" at 31 December 2021 included a receivable from the Parent Company amounting to EUR 4,217 thousand for a VAT balance on the invoices issued and available for offset by the Group's subsidiaries.

In this sense, at 31 December 2022 the Group performed an individual study on each debtor, analysing their situation and recording a total impairment for the amount of EUR 4,735 thousand (EUR 4,820 thousand at 31 December 2021). This impairment corresponds to the receivables from those tenants whose debt is considered unlikely to be recovered by Group management, after subtracting the amount of any security deposits, additional guarantees and sureties.

(a) Impairment

Movement in impairment and uncollectibility measurement allowances for amounts payable to the Group by tenants is as follows:

	Thousands of Euros
	2022
Balance at 31 December 2021	4,820
Impairment provisions (Note 23)	3,488
Reversals of impairment loss (Note 23)	(2,846)
Transfers to non-current assets held for sale (Note 9)	(728)
Balance at 31 December 2022	4,734

The provisions and impairment reversals regarding commercial transactions are recorded under “Other operating expenses” on the adjoined Consolidated Statement of Comprehensive Income (Note 23).

In addition, irrecoverable credits of EUR 1,249 thousand (EUR 1,315 thousand in 2021) were recognised in 2022, also recognised under "Other operating expenses" in the accompanying consolidated statement of comprehensive income (note 23).

(12) CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents at 31 December 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Banks	197,141	313,199
Total	197,141	313,199

At 31 December 2022, this balance includes EUR 170,165 thousand relating to deposits with immediate availability and maturity of less than 3 months, arranged and managed by Credit Suisse and Credite Agricole. During the period 2022 a financial income of EUR 575 thousand has been recorded in respect of the interest accrued on the deposits (Note 24).

This balance includes the amounts invested in the investment funds the Parent Company has contracted that are managed by Banco Santander and BBVA for a total amount of EUR 209,598 thousand. The availability of these funds is immediate and the investment therein comprises the remaining cash the Group has to cover its short-term payment commitments. It should be noted that these amounts were recorded at fair value through profit or loss, belonging to hierarchy level I, with the Company having recorded a change in value amounting to EUR 4,336 thousand, recorded under the heading "Change in fair value of financial instruments" in the Consolidated Statement of Comprehensive Income, as a result of the instability caused by the war in Ukraine described in note 2h.

In addition, at 31 December 2022 and 31 December 2021 the amount of cash and cash equivalents held by the Group is unrestricted.

(13) NET EQUITY

(a) Capital

At 31 December 2022 the share capital of Lar España Real Estate SOCIMI, S.A. amounts to EUR 167,386 thousand (EUR 167,386 thousand at 31 December 2021) represented by 83,692,969 registered shares (83,692,969 registered shares at 31 December 2021), represented through book entries, with a par value of EUR 2 each, subscribed and fully paid, all granting the same rights.

On 18 November 2021, pursuant to the Board of Directors' resolution of 11 November 2021, the Parent Company reduced capital by EUR 7,881 thousand, corresponding to 3,940,761 shares of EUR 2 par value each and representing 4.5% of share capital. The capital decrease was charged against unrestricted reserves by appropriating to a restricted capital redemption reserve EUR 7,881 thousand, an amount equal to the par value of the redeemed shares. The shares were paid through the use of treasury shares, the value of which at the time of the capital decrease totalled EUR 20,763 thousand.

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

The quoted price at 31 December 2022 was EUR 4.23 per share, and the average price per share in the 2022 period was EUR 4.74 (in the 2021 period, the average price per share was EUR 5.12 and the quoted price was EUR 5.17 per share).

The breakdown of the Parent Company's main shareholders at 31 December 2022 and 31 December 2021 is as follows:

	%	
	2022	2021
Castellana Properties SOCIMI, S.A.	25.5 %	—
LVS II Lux XII S.a.r.l.	—	21.7 %
Grupo Lar Inversiones Inmobiliarias, S.A.	10.0 %	11.4 %
Adamsville, S.L.	5.2 %	5.2 %
Brandes Investment Partners, L.P.	5.0 %	5.0 %
Santa Lucía S.A. Cía de Seguros	5.0 %	5.2 %
Blackrock Inc.	3.7 %	3.7 %
Utah State Retirement Systems	3.1 %	—
Other shareholders with an interest of less than 3%	42.5 %	47.8 %
Total	100.0 %	100.0 %

On 28 January 2022, Castellana Properties SOCIMI, S.A. purchased 15,157,459 shares in LVS II Lux XII S.a.r.l. (21.7% of the share capital). In addition, in September 2022 Castellana Properties SOCIMI, S.A. increased its stake to 25.5%.

(b) Issue premium

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

At 31 December 2022, the Group's share premium amounted to EUR 452,924 thousand (EUR 466,176 thousand at 31 December 2020).

(c) Other reserves

The breakdown of this line item as at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	31.12.2022	31.12.2021
Legal reserve	20,871	19,011
Capital redemption reserve	23,384	23,384
Other Parent Company reserves	(63,913)	(63,735)
Reserves in consolidated companies	225,191	218,003
Other shareholder contributions	240	240
Total	205,773	196,903

Reserve movements that took place during the 2022 and 2021 periods were as follows:

	Thousands of Euros		
	2022		
	Parent Company reserves	Reserves in consolidated companies	Total Reserves
Opening balance	(21,100)	218,003	196,903
Profit for 2021	18,594	7,188	25,782
Distribution of Dividends for the period	(16,713)	—	(16,713)
Result from treasury shares	(199)	—	(199)
Closing balance	(19,418)	225,191	205,773

	Thousands of Euros		
	2021		
	Parent Company reserves	Reserves in consolidated companies	Total Reserves
Opening balance	(10,878)	291,883	281,005
Profit for 2020	20,212	(73,880)	(53,668)
Distribution of Dividends for the period	(17,504)	—	(17,504)
Capital decrease	(12,882)		(12,882)
Result from treasury shares	(46)	—	(46)
Other operations	(2)	—	(2)
Closing balance	(21,100)	218,003	196,903

(i) *Legal reserve*

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

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

At 31 December 2022 the Parent Company's legal reserve amounted to EUR 20,871 thousand (31 December 2021: EUR 19,011 thousand). Therefore, the legal reserve at 31 December 2022 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 Companies Act, the revised text of which was approved by Royal Legislative Decree 1/2010 of 2 July (the "Spanish Companies Act").

(d) Valuation adjustments

This line item in the Consolidated Statement of Financial Position included the amount of changes to the value of financial derivatives designated as cash flow hedging instruments. Movements in this line item, in thousands of Euros, are as follows:

	Thousands of Euros	
	2022	2021
Opening balance	—	(1,610)
Changes in fair value of hedges in the period recognised directly in net equity	—	223
Other amounts transferred to the Income Statement	—	1,387
Closing balance	—	—

In 2021 all of the financial derivatives the Group had contracted with credit institutions were cancelled.

(e) Treasury shares

At 31 December 2022, the Company has treasury shares with an acquisition cost of EUR 250 (EUR 860 thousand at 31 December 2021).

Movement during the 2022 and 2021 periods was as follows:

2022 Period

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

2021 Period

	Number of shares	Thousands of Euros
31 December 2020	3,074,672	16,474
Registrations	1,064,394	5,543
Derecognitions	(4,008,096)	(21,157)
31 December 2021	130,970	860

The average selling price of treasury shares in 2022 was EUR 4.80 per share (EUR 5.13 in 2021). Furthermore, losses for the period ended 31 December 2022 amounted to EUR 199 thousand (EUR 46 thousand in losses at 31 December 2021) and were recognised under "Other reserves" on the Consolidated Statement of Financial Position.

On 14 January 2020, a new share buy-back programme was formalised between Lar España and its liquidity provider, aimed at a maximum of 4,500,000 shares, representing 5% of share capital, which may be acquired at a price no greater than (a) the price of the last arm's length transaction or (b) the highest arm's length offer at that time in the business centre where the purchase is made. The maximum duration of this programme was initially until 14 October 2020 and was subsequently extended to 14 October 2021.

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.

(f) Dividends paid and issue premiums returned

On 27 April 2022, the General Shareholders' Meeting of the Company approved the distribution of a dividend of EUR 30,000 thousand, at EUR 0.36 per share (taking into account all the shares issued), with EUR 16,734 thousand being charged against profit and loss for the 2021 period and EUR 13,266 thousand against the share premium (Note 13b). Said dividend was paid on 27 May 2022. The amount distributed totalled EUR 29,965 thousand (EUR 16,713 thousand being charged against profit and loss for the 2021 period and EUR 13,252 thousand against the share premium), once the amount corresponding to treasury shares had been deducted, as this is not taken from the Company's net equity, taking into consideration the approved amount per share and the shares in circulation at the time of the approval by the General Shareholders' Meeting.

(14) EARNINGS PER SHARE

(i) Basic

Basic earnings per share are calculated by dividing the profit/(loss) 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.

Details of the calculation of the earnings per share are as follows:

	31.12.2022	31.12.2021
Profit/(loss) for the period attributable to net equity instrument holders of the Parent Company (in thousands of Euros)	72,921	25,782
Weighted average number of ordinary shares in circulation (number of shares)	83,588,177	84,189,058
Basic earnings per share (in Euros)	0.87	0.31

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

	31.12.2022	31.12.2021
Ordinary shares at the beginning of the year	83,692,969	87,633,730
Share capital increase (weighted effect)	—	—
Share capital decrease (weighted effect)	—	(172,745)
Average effect of treasury shares	(104,792)	(3,271,927)
Weighted average number of ordinary shares in circulation at 31 December (in securities)	83,588,177	84,189,058

(ii) Diluted

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 that are potentially dilutive.

As indicated in Note 27, at 31 December 2021, the Parent Company had an agreement with the manager, the Investment Manager Agreement, for which a variable fee ("Performance Fee") was accrued. The amount of this floating remuneration will be settled, as so decided by the Parent Company, in cash (which will subsequently be used by the manager to subscribe for the shares issued) or in treasury shares. Every year in which the fee has been accrued the Parent has chosen a cash payment. In accordance with paragraphs 46 and 47A of IAS 33 and taking into account that the manager will have provided its complete service, all the potential ordinary shares that the Parent Company would deliver to the manager have been considered diluted.

However, following the renewal of this agreement on the terms described in Note 27 for the current year, the obligation to repay the amounts paid in a subsequent capital increase is eliminated, thereby eliminating the potential dilutive effect of this agreement.

Details of the calculation of diluted earnings per share are as follows (in Euros):

	31.12.2022	31.12.2021
Profit after tax	72,921,184	25,781,582
Weighted shares in circulation	83,588,119	84,189,058
Potential ordinary shares	—	19,628
Diluted earnings per share	0.87	0.31

(15) FINANCIAL LIABILITIES BY CATEGORIES

(a) Classification of financial liabilities by categories

The classification of financial liabilities by category at 31 December 2022 and at 31 December 2021 is as follows:

	Thousands of Euros	
	2022	
	Non-current	Current
	Carrying amount (*)	Carrying amount (*)
Carried at amortised cost:		
Financial liabilities from issue of bonds and other marketable securities	694,434	3,985
Bank borrowings	69,936	185
Other financial liabilities (Note 17)	17,480	12
Trade and other payables:		
Trade payables and remuneration payable (Note 18)	—	9,152
Public entities, other payables (Note 20a)	—	3,024
Total financial liabilities	781,850	16,358

(*) Liabilities connected to non-current assets held for sale are not included.

	Thousands of Euros	
	2021	
	Non-current	Current
	Carrying amount	Carrying amount
Carried at amortised cost:		
Financial liabilities from issue of bonds and other marketable securities	693,647	129,702
Bank borrowings	69,921	185
Other financial liabilities	20,716	—
Trade and other payables:		
Trade payables and remuneration payable (Note 18)	—	9,136
Public entities, other payables (Note 20a)	—	3,410
Total financial liabilities	784,284	142,433

At 31 December 2022 the fair value of the bonds is equal to their quoted price. The bonds issued in July 2021, which have a face value of EUR 400 million, are trading at 80.48% of their face value (101.89% at 31 December 2021) and the bonds issued in November 2021, which have a face value of EUR 300 million, are trading at 70.33% of their face value 100.60% at 31 December 2021). The fair value of the remaining financial liabilities does not differ significantly from their fair value.

At 31 December 2021, the carrying amounts of the remaining financial liabilities recorded at amortised cost did not differ significantly from the fair value.

(b) Classification of financial liabilities by maturity

Details by maturity of financial liabilities at 31 December 2022 and 31 December 2021 are as follows:

	Thousands of Euros						
	2022						
	2023	2024	2025	2026	2027 and remaining	Undetermined	Total
Financial liabilities from issue of bonds *(a)*	3,985	—	—	400,000	300,000	—	703,985
Bank borrowings *(a)*	185	—	—	24,500	45,500	—	70,185
Other financial liabilities	12	—	—	—	—	17,480	17,492
Trade and other payables	12,176	—	—	—	—	—	12,176
Total	16,358	—	—	424,500	345,500	17,480	803,838

	Thousands of Euros						
	2021						
	2022	2023	2024	2025	2026 and remaining	Undetermined	Total
Financial liabilities from issue of bonds *(a)*	129,738	—	—	—	700,000	—	829,738
Bank borrowings *(a)*	185	—	—	—	70,000	—	70,185
Other financial liabilities	—	—	—	—	—	20,716	20,716
Trade and other payables	12,546	—	—	—	—	—	12,546
Total	142,469	—	—	—	770,000	20,716	933,185

(a) Measuring financial liabilities from bonds and bank borrowings at amortised cost decreases the nominal value of the liabilities reflected above by EUR 5,566 thousand and EUR 64 thousand, respectively in the 2022 period (EUR 6,389 thousand and EUR 78 thousand in the 2021 period).

(16) FINANCIAL LIABILITIES FROM BORROWINGS

The Group's debts comprise corporate bonds and loans with credit institutions. Details of these and their movement in 2022 and 2021 are as follows:

(a) Main characteristics of debt from corporate bonds

Issue in the 2015 period for EUR 140 million

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

The main characteristics of the issue were as follows:

- Issuer: Lar España Real Estate SOCIMI, S.A.
- Amount of the issue: EUR 140,000 thousand.
- Nominal value of each bond: EUR 100 thousand.
- Maturity: 21/02/2022. In certain circumstances the early amortisation of this instrument is possible.
- Interest rate: 2.9%.
- Nature of the issue: Simple bonds.
- Cover: Guarantee on the financial investments of the Parent Company and mortgages and ordinary first-tier pledges up to a maximum amount of 20% of the placement. Mortgaged assets include: the Txingudi, Albacenter, Albacenter Hypermarket, Anec Blau and As Termas shopping centres. An ordinary pledge has also been established on the shares in LE Retail Txingudi, S.L.U., LE Retail Albacenter, S.L.U., LE Retail Hiper Albacenter, S.A.U., LE Retail Anec Blau, S.L.U. and LE Retail As Termas, S.L.U.

On 12 July 2021, the Company offered holders of secured straight bonds the option of early buyback at a price equivalent to the bond's face value plus 1%. The offer was accepted and the bond holders were paid an amount of EUR 17.3 million on 23 July 2021.

On 17 February 2022, the Company redeemed the remaining outstanding portion of the bonds amounting to EUR 122.7 million. All collateral pledged as part of the bond issue, including several mortgage loans and pledged shares, have been cancelled.

The issue expenses associated with this issue were recorded after deducting the debt to which they are associated, initially totalling EUR 1,995 thousand, EUR 34 thousand of which was allocated in 2022 (EUR 281 thousand in 2021). In turn, the interest accrued during 2022 on this debt amounts to EUR 507 thousand (EUR 3,828 thousand in 2021).

Issue in the 2021 period for EUR 400 million

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

The main characteristics of the issue are as follows:

– Issuer: Lar España Real Estate SOCIMI, S.A.
– Amount of the issue: EUR 400,000 thousand.
– Nominal value of each bond: EUR 100 thousand.
– Maturity: 22/07/2026. In certain circumstances the early amortisation of this instrument is possible. In certain circumstances the early amortisation of this instrument is possible. In particular, bondholders would have the option to request the early amortisation of their respective bonds provided that certain requirements are met: (i) if a change of control occurs and there is either a rating downgrade below the "Investment Grade" category or a lack of rating on the Company; or (ii) if a tender offer that could lead to a change of control of the Company has been launched and it is approved by the Spanish Securities Market Commission.
– Interest rate: 1.75%.
– Nature of the issue: Simple green bonds.
– Guarantees: not guaranteed.

The issue expenses associated with this issue amounted to EUR 5,244 thousand, which were recorded as a reduction of the debt, of which EUR 1,044 thousand (EUR 417 thousand in 2021) were recognised in 2022 under "Finance costs" in the consolidated statement of comprehensive income for the period. The interest accrued during the 2022 financial year on the coupon amounted to EUR 7,000 thousand (EUR 3,106 thousand in 2021), with EUR 3,106 thousand outstanding at 31 December 2022 (EUR 3,106 thousand at 31 December 2021).

Issue in the 2021 period for EUR 300 million

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

The main characteristics of the issue are therefore as follows:

– Issuer: Lar España Real Estate SOCIMI, S.A.
– Amount of the issue: EUR 300,000 thousand.
– Nominal value of each bond: EUR 100 thousand.
– Maturity: 03/11/2028. In certain circumstances the early amortisation of this instrument is possible. In certain circumstances the early amortisation of this instrument is possible. In particular, bondholders would have the option to request the early amortisation of their respective bonds provided that certain requirements are met: (i) if a change of control occurs and there is either a rating downgrade below the "Investment Grade" category or a lack of rating on the Company; or (ii) if a tender offer that could lead to a change of control of the Company has been launched and it is approved by the Spanish Securities Market Commission.
– Interest rate: 1.84%.

– Nature of the issue: Simple green bonds.
– Guarantees: not guaranteed.

The issue expenses associated with this issue amounted to EUR 2,133 thousand, which are recognised as a reduction of debt, of which EUR 309 thousand (EUR 43 thousand in 2021) of such expenses have been recognised under "Finance costs" in the Consolidated Statement of Comprehensive Income for the period. Meanwhile, the interest accrued during the 2022 financial year for the associated coupon amounted to EUR 5,529 thousand (EUR 879 thousand in the 2021 financial year), with EUR 879 thousand outstanding at 31 December 2022 (EUR 879 thousand at 31 December 2021).

Repurchase of corporate bonds

On 19 January 2023, the Parent Company completed bonds repurchase process of the two issues made in the financial year 2021, 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 an average discount of 18% equivalent to a total final price of EUR 90.5 million. The purchased bonds have been fully redeemed upon settlement of their repurchase (Note 30).

Covenants associated with corporate bonds

As in the bond issuance cancelled in February 2022, two bond issuances issued by the Group have clauses on the fulfilment of certain financial ratios, calculated using the Group's consolidated financial statements each year.

– 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 sense, the Directors believe said ratios are met as at the date of these consolidated financial statements. They also expect them to be met in the next twelve months.

(b) Main characteristics of bank borrowings

The terms and conditions of the loans and debts with credit institutions are as follows:

2022 Period

			Thousands of Euros			
Company	Effective rate (%)	Maturity	Limit 31/12/2022	Limit 31/12/2021	Fair value at 31/12/2022 *	Fair value at 31/12/2021 *
The European Investment Bank	1.67	4 May 2027	70,000	70,000	70,121	70,106
Bankinter	EURIBOR 3M + 1.60% spread	20 June 2023	30,000	30,000	—	—
			100,000	100,000	70,121	70,106

**Amount includes outstanding accrued interest.*

The financial expenses accrued for these loans in 2022 amounted to EUR 1,327 thousand (EUR 15,151 thousand in 2021). Meanwhile, accrued and unpaid interest at 31 December 2022 and 2021 amounts to EUR 185 thousand.

In 2021, using the proceeds of the bond issues, which amounted to EUR 700 million, the Group cancelled mortgage loans totalling EUR 517 million, as well as the mortgage guarantees associated with the shopping centres owned by the subsidiaries. All the interest rate derivatives arranged by the Group were also cancelled. In 2021 accrued interest on the arranged derivatives amounted to EUR 1,662 thousand, and the change in the fair value of these financial instruments at 31 December 2021 amounted to EUR 1,465 thousand (see note 24).

Covenants associated with the loans subscribed with the EIB

The Parent Company 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 this sense, the Directors believe said ratios are met as at the date of these consolidated financial statements and expect them to be met in the next twelve months.

(c) Movements of cash under financial liabilities from borrowings

The movement of cash in the 2022 and 2021 period of the Group's financial debts is as follows:

2022 Period

	Opening balance	New debt	Initial amortised cost	Principal paid	Interest paid	Interest accrued (Note 24)	Changes in fair value	Closing balance
		Cash flow		Cash flow	Cash flow			
Financial liabilities from issue of bonds	823,349	—	(564)	(122,700)	(16,087)	14,421	—	698,419
Bank borrowings	70,106	—	—	—	(1,312)	1,327	—	70,121
	893,455	—	(564)	(122,700)	(17,399)	15,748	—	768,540

2021 Period

	Opening balance	New debt	Initial amortised cost	Principal paid	Interest paid	Interest accrued (Note 24)	Changes in fair value	Closing balance
		Cash flow		Cash flow	Cash flow			
Financial liabilities from issue of bonds	143,167	700,000	(6,813)	(17,300)	(4,443)	8,738	—	823,349
Bank borrowings	611,201	—	—	(547,273)	(8,973)	15,151	—	70,106
Derivatives	7,822	—	—	—	(7,278)	1,662	(2,206)	—
	762,190	700,000	(6,813)	(564,573)	(20,694)	25,551	(2,206)	893,455

(17) OTHER NON-CURRENT FINANCIAL LIABILITIES

At 31 December 2022, the Group includes under "Other non-current financial liabilities" EUR 17,480 thousand (EUR 20,716 thousand at 31 December 2021) that comprise security deposits delivered to the Group by the various tenants of the commercial premises in the real estate assets, excluding the deposits delivered in the companies classified as non-current assets held for sale (Note 9). This amount generally represents two months' rent and will be reimbursed at the end of the contract term.

(18) TRADE AND OTHER PAYABLES

Details of "Trade and other payables" at 31 December 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Trade payables (a)	8,065	7,798
Trade payables, related companies (b)	882	1,191
Outstanding remuneration (Note 27b)	205	147
Public entities, other payables (Note 20)	3,024	3,410
	12,176	12,546

(a) The line item "Trade payables" at 31 December 2022 includes an amount of EUR 5,215 thousand relating to amounts payable for the development and refurbishment of investment property owned by the Group (Note 7) (31 December 2021: EUR 2,332 thousand).

(b) "Trade payables, related companies" includes EUR 624 thousand related to the fixed remuneration and the floating remuneration to be paid to the manager and accrued in the period (Note 27) (EUR 849 thousand as at 31 December 2021).

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

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

	2022	2021
	Days	Days
Average number of days payable outstanding to	28	22
Ratio of paid operations	30	21
Ratio of transactions pending payment	24	20
	Thousands of Euros	Thousands of Euros
Total effected payments	78,222	96,196
Total payments pending	32,001	6,019

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

For the sole purpose of providing the information foreseen in this Resolution, suppliers are considered to be trade creditors for debts with suppliers of goods or services, included under the headings "Short-term suppliers, related companies", "Suppliers, group and associated companies" and "Sundry creditors" on the current liabilities side of the balance sheet, referring solely to the Spanish entities included in the consolidable group, and regardless of any financing for early collection from the supplier company. The calculation does not take into account certain historical balances the collectability of which is currently being analysed by the Group.

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

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

	2022	2021
Monetary volume (thousands of Euros)	118,590	84,057
Percentage over total payments made	65.96%	50.49%
Number of invoices	5,713	7,859
Percentage on the total of invoices	39.24%	14.67%

The maximum legal payment period applicable to the companies in the consolidable group in the 2022 period according to Law 3/2004, of 29 December containing measures to combat late payments in commercial transactions and in accordance with the transitory provisions established in Law 15/2010, of 5 July, is 60 days until the publication of Law 11/2013 of 26 July and 30 days as of the publication of said Law and as of today's date (unless the conditions established in same are met, which would allow said maximum payment period to be extended to 60 days).

(20) PUBLIC ENTITIES AND TAXATION

(a) Balances with Public Entities

Receivables	Thousands of Euros 31.12.2022	Thousands of Euros 31.12.2021
Taxation authorities, VAT recoverable	5,105	2,955
Taxation authorities, other withholdings	285	265
Other receivables from taxation authorities	—	2,317
	5,390	5,537

Payables	Thousands of Euros 31.12.2022	Thousands of Euros 31.12.2021
Taxation authorities, VAT payable	2,940	3,329
Taxation authorities, personal income tax	77	74
Taxation authorities, Corporate Income Tax payable (Note 20b)	1	—
Social Security payable	6	7
Deferred tax liabilities	15,578	15,578
	18,602	18,988

The amounts included in “Taxation authorities, VAT recoverable” mainly correspond to VAT paid in expenses for renovations in the Anec Blau and Lagoh shopping centres.

At 31 December 2021 “Other receivables from taxation authorities” includes the amount paid by LE Logistic Alovera I y II, S.A.U. in regard to a disputed tax assessment, which addresses the Capital Transfer Tax and Stamp Duty for the 2014 purchase of logistics warehouses that were owned by said company (Note 20d).

(b) Reconciliation of accounting profit and taxable income

In accordance with that described in Note 1, at 31 December 2022, the Parent Company and the subsidiaries were covered by the SOCIMI tax regime. Therefore, in general, the tax rate applicable to the tax base is 0% for distributed profits and 15% for retained earnings, with the exception of LE Offices Marcelo Spínola, S.L.U and LAR España Inversión Logísticas IV, S.L.U., which requested the waiver of the SOCIMI tax regime in 2018, and file income tax under the general tax regime.

At 31 December 2022 and 31 December 2021, the taxable fiscal base comprises the following items:

	Thousands of Euros		Thousands of Euros	
	Tax regime for SOCIMIs	General regime	Tax regime for SOCIMIs	General regime
	31.12.2022	31.12.2022	31.12.2021	31.12.2021
Profit/(loss) before tax from continuing operations	72,921		24,160	
Consolidation adjustments:	(38,032)		(3,200)	
Aggregate profit before tax from continuing operations	34,887	2	20,994	(34)
Permanent differences	346	—	19	12
Temporary differences	(142)	(3)	4,320	(3)
Generation/(Offset) of negative tax bases	—	—	—	—
Tax base	35,091	(1)	25,333	(25)
Tax payable (0%/25%)	—		—	
Withholdings/Deductions	(150)	—	(110)	—
Payment instalments	—	—	—	—
Corporate Income Tax	(150)	—	(110)	—

Deferred tax assets and liabilities

At 31 December 2022, the Parent Company's directors do not expect any asset to be sold before the three-year time limit expires, which is the reason the deferred tax liabilities for the increase in value (IAS 40) have been calculated at 0% for all the companies included under the SOCIMI regime.

Likewise, the Group has not recorded deferred tax assets for the temporary differences that increase the tax base because the applicable rate is calculated at 0%.

The deferred tax liability totalling EUR 15,578 thousand is the result of the purchase of the companies LE Retail Gran Vía de Vigo, S.A.U., LE Retail Rivas, S.L.U y LE Retail Abadía, S.L.U. after adjusting the fair value of their assets when the business combination was incorporated, because these companies were not taxed under the special SOCIMI tax regime at the time of their acquisition.

As a result of the sale of the shareholdings in the companies LE Retail Hipermercados I, S.L.U., LE Retail Hipermercados II, S.L.U. and LE Retail Hipermercados III, S.L.U. (Note 4f) in the 2021 period came from the derecognition of the deferred tax liability that had been recorded at the time of the business combination for the amount of EUR 1,622 thousand (Note 20c).

Details of the Negative Tax Bases and net financial expenses posted in the Corporate Income Tax statements filed by the Group companies are as follows:

	Euro millions	
Period created	Tax loss carry-forwards	Financial expenses
2012	—	5
2013	—	5
2014	—	8
2015	—	6
2016	—	5
2017	—	—
2018	—	3
2019	—	2
2020	—	—
2021	—	2
Total	—	36

However, the fact that the companies that self-declared said taxes under the SOCIMI regime and that the Company's management do not expect these companies to go on to declare tax under the general tax scheme or to receive revenue subject to the general tax scheme, means that said amounts are not considered tax credits.

(c) Reconciliation of accounting profit and Corporate Income Tax expense

The reconciliation of Corporate Income Tax expenses at 31 December 2022 and 31 December 2021 is as follows:

	Thousands of Euros		Thousands of Euros	
	Tax regime for SOCIMIs 31.12.2022	General regime 31.12.2022	Tax regime for SOCIMIs 31.12.2021	General regime 31.12.2021
Profit/(loss) before tax from continuing operations	72,921		24,160	
Consolidation adjustments	(38,032)		(3,200)	
Aggregate profit before tax from continuing operations	34,887	2	20,994	(34)
Permanent differences	346	—	19	12
Temporary differences	(142)	(3)	4,320	(3)
Generation/(Offset) of unrecorded negative tax bases	—	—	—	—
Theoretical tax payable (0%–25%)	—	—	—	
Previous years' corporate income tax	—	—	—	—
Movement in Consolidated deferred tax	—	—	—	1,622
Corporate income tax expense/income	—	—	—	—

The breakdown of Corporate Income Tax expenses into current and deferred tax is as follows:

	Thousands of Euros	
	2022	2021
Current tax expenses	—	—
Deferred tax expenses	—	1,622
	—	1,622

(d) 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 the 2022 reporting date, the last four fiscal years of the Group were open to inspection.

On 11 December 2019, the company Lar España Real Estate SOCIMI, S.A. initiated partial verification and inspection procedures in relation to the following items and periods:

Item	Periods
Company tax	2015 to 2018
Value Added Tax	2015 to 2018
Withholdings/direct deposit Rtos. 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

Initially, 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., due to the incorporation thereof on 21 September 2015.
- Commercial building Parque de Medianas de Villaverde, contributed to the company, LE Retail Villaverde, S.L.U., due to the incorporation thereof on 21 September 2015.
- Undivided interest and estate located in the Albacenter shopping centre, located in Albacete, contributed to the company, LE Retail Albacenter, S.L., due to the incorporation thereof on 29 April 2016.
- Office building and parking located at Calle Cardenal Marcelo Spínola 42, Madrid, contributed to the company, LE Offices Marcelo Spínola 42, S.L.U., due to the incorporation thereof on 29 April 2016.
- Commercial building called L´Anec Blau Centro Comercial y Ocio located at Castelldefels, Barcelona, contributed to the company, LE Retail Anec Blau, S.L., due to the incorporation thereof on 29 April 2016.
- Business premises located in the Huertas shopping centre located at Avenida Madrid, Palencia, contributed to the company LE Retail las Huertas, S.L., due to the incorporation thereof on 29 April 2016.
- Business premises located in Txingudi Business Park, located in Irún, contributed to the company, LE Retail Txingudi, S.L.U, due to the incorporation thereof on 29 April 2016.

The directors of the Parent Company, with the support of the Group's tax advisers, believed that said regularisation proposal was not lawful. To this end, submissions in respect of the contested tax assessment were drafted and filed in due time and form.

The position taken in the tax assessment was confirmed in its conclusions, by means of the provisional tax settlement issued by the taxation authorities. Should the provisional settlement be confirmed by the taxation authorities and by the courts, neither the VAT charge nor the late-payment interest thereon would be recoverable.

The aforementioned settlement was contested in due time and form before the Central Economic-Administrative Tribunal, and a ruling is currently pending. Execution of the settlement issued by the taxation authorities was suspended in due time and form by providing the pertinent guarantees.

In the contested assessment, the taxation authorities held that there was no indication of a tax infringement. Nevertheless, contrary to the criterion expressed in the assessment, in the provisional settlement ultimately issued, they found that there were indeed signs of a tax infringement.

As a result of the foregoing, disciplinary proceedings were instituted, which concluded with a decision to levy two penalties for an aggregate amount of EUR 17,156 thousand. The aforementioned decision was contested in due time and form by filing an economic-administrative appeal before the Central Economic-Administrative Tribunal.

At the present date, a ruling is pending on the appeal against the penalty decision, and enforcement of the penalties imposed has been automatically suspended.

Based on the opinion of their tax advisors, the Directors of the Parent Company consider it likely that their claims will be upheld, either in the economic-administrative jurisdiction or in the law courts, and that no adjustment will ultimately have to be made. Consequently, no provision has been made in this respect in the accompanying consolidated annual accounts.

Inspections were also started at the Group company LE Retail Gran Vía de Vigo, S.A.U. to verify and inspect the Capital Transfer Tax and Stamp Duty for 2014 in relation to the property owned by said company, where an additional payment of EUR 824 thousand is being claimed. An economic-administrative claim has been filed arguing that such payment is inadmissible. The Directors believe that the claim will be admitted with no further amounts needing to be paid.

On 16 March 2022, the Regional Economic-Administrative Tribunal of Castilla la Mancha ruled in favour of LE Logistic Alovera I y II, S.A.U., in relation to the economic-administrative appeal filed against the settlement decision rendered by the regional government of Castilla la Mancha in respect of the transfer tax and stamp duty due under the TFC heading on the acquisition of two buildings located in the town of Alovera (Guadalajara). The tax debt amounting to EUR 2,317 thousand settled and deposited in due time and form by the taxpayer was reimbursed in full by the regional government of Castilla la Mancha, along with the pertinent late-payment interest.

On 8 June 2022, the LE Retail Lagoh, S.L.U. Group company was inspected for the Installations, Construction and Works Tax in relation to various works carried out in the Lagoh shopping centre, located in the municipality of Seville. At the date of preparation of these financial statements, the inspection procedure is at the stage prior to the signing of the minutes, with an estimated amount of EUR 486 thousand for the adjustment of instalments, which is recorded in the Consolidated Statement of Comprehensive Income for the financial year 2022.

On 20 May 2020, an inspection was launched to verify and inspect the transfer tax and stamp duty paid in 2016 in relation to the building owned by Group company LE Retail Vistahermosa, S.L.U. On 28 January 2021 the Company filed an economic-administrative appeal against the settlement decision. In February 2021 the Company set up a guarantee deposit of EUR 3,957 thousand, which was given to the Valencia tax authorities and recognised under "Non-current assets held for sale" at 31 December 2022.

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.

(e) Information requirements deriving from the status of SOCIMI, Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December and Law 11/2021, of 9 July.

SOCIMI reporting requirements are broken down in the individual financial statements of each of the Group companies.

(21) 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, capital management 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. Senior Management identifies, evaluates 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*

As discussed in note 2h, we are currently in a macroeconomic environment with a high level of uncertainty caused mainly by the conflict in Ukraine.

In light of said circumstances and 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, occupancy rates of investment property, NPL increase, increase in waivers granted, market shrinkage, raise in inflation, etc.).

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

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

(ii) Credit risk

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

Usually, the Group is not significantly exposed to credit risk and has policies in place to limit customer credit risk and it manages its exposure to credit recovery risk as part of its normal activities, and it has provided the usual security deposits and guarantees for its lease contracts. However, due to the impact the COVID-19 crisis had on operations in 2023 and 2021, there was a significant increase in recorded receivables, which were renegotiated as a whole and which in some cases, were identified as posing a high non-payment risk, with the Group recognising a provision for the impairment of all accounts receivable considered unlikely to be recovered (Note 11). This situation was reflected to a lesser extent in 2021 and 2022, with the Group recognising a provision for the impairment of all accounts receivable considered unlikely to be recovered (Note 11). 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.

The maximum exposure to credit risk for loans and other receivables at the reporting date of the Consolidated Statement of Financial Position is as follows:

		Thousands of Euros	
	Note	2022	2021
Non-current financial assets	10	11,868	14,422
Other current financial assets	10	3	3,944
Trade and other receivables	11	17,359	37,038
Cash and cash equivalents	12	197,141	313,199
		226,371	368,603

Cash and cash equivalents

At 31 December 2022 the Group has cash totalling EUR 197,141 thousand, excluding the cash classified as non-current assets held for sale (EUR 313,199 thousand at 31 December 2021), which represents its maximum exposure to the risk associated with these assets.

At 31 December 2022, this balance includes EUR 170,165 thousand relating to deposits with immediate availability and maturity of less than 3 months, arranged and managed by Credit Suisse and Credite Agricole. During the period 2022 a financial income of EUR 575 thousand has been recorded in respect of the interest accrued on the deposits.

Cash is held at highly-rated banks and financial institutions.

Operating lease receivables invoiced

An ageing of outstanding operating lease receivables at the end of 2022 and 2021 is shown below:

	Thousands of Euros				
	2022				
	Not past due	Less than 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Total
Operating lease receivables (Note 11)(*)	720	387	314	5,426	6,847
Operating lease receivables – non-current assets held for sale (Note 9)(*)	171	32	95	666	964
Total assets	891	419	409	6,092	7,811

**Excluding amounts with Public Entities and other concepts.*

	Thousands of Euros				
	2021				
	Not past due	Less than 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Total
Operating lease receivables	864	5,008	36	11,329	17,237
Total assets	864	5,008	36	11,329	17,237

The breakdown by region of the provision for impairment of receivables at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022 (*)	2021
Community of Valencia	431	1,511
Basque Country	252	62
Galicia	1,021	831
Castile – La Mancha	1	27
Catalonia	320	296
Castile and León	43	115
Andalusia	2,667	1,978
	4,735	4,820

(*) This does not include the provision for impairment of those companies classified as non-current assets held for sale amounting to EUR 535 thousand.

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

The Group's exposure to liquidity risk at 31 December 2022 and 31 December 2021 is set forth below. The following tables show the analysis of financial liabilities by remaining contractual maturity dates.

	Thousands of Euros					
	2022					
	Less than 1	1 to 3 months	3 months to 1	More than 1 year	Indefinite	Total
Liabilities connected to non-current assets held for sale	—	—	5,738	—	—	5,738
Financial liabilities from issue of bonds	—	—	3,985	694,434	—	698,419
Bank borrowings	—	—	185	69,936	—	70,121
Other non-current liabilities	12	—	—	—	17,480	17,492
Deferred tax liabilities	—	—	—	—	15,578	15,578
Trade and other payables	5,769	4,810	1,597	—	—	12,176
Total	5,781	4,810	11,505	764,370	33,058	813,786

	Thousands of Euros					
	2021					
	Less than 1	1 to 3 months	3 months to 1	More than 1 year	Indefinite	Total
Financial liabilities from issue of bonds	—	129,702	—	693,647	—	823,349
Bank borrowings	—	—	185	69,921	—	70,106
Other non-current liabilities	—	—	—	—	20,716	20,716
Deferred tax liabilities	—	—	—	—	15,578	15,578
Trade and other payables	5,633	5,542	1,371	—	—	12,546
Total	5,633	135,244	1,556	763,568	36,294	942,295

Regarding the guarantees provided, the Group has also provided additional securities amounting to EUR 4,830 thousand (EUR 5,083 thousand at 31 December 2021), most of which relate to the amount of a guarantee deposited in February 2021 by LE Retail Vistahermosa, S.L.U. amounting to EUR 3,957 thousand, provided to the Valencian Tax Agency for an ingoing tax proceeding, which, in the opinion of the Group's directors and tax advisers, is likely to have a favourable ruling. In their best estimate, the Group Directors do not expect any obligation to materialise as a result thereof.

In addition, Lar España Real Estate SOCIMI, S.A. has signed a EUR 50 million guarantee facility with Credite Agricole to cover the amount of the settlement, as well as late payment interest, issued by the Technical Office of the Madrid Regional Inspection Unit in relation to the verification of VAT for the periods covered in 2015 and 2016 (Note 20d).

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

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

Additionally, at 31 December 2022, the Group holds short-term fixed-rate financial assets (deposits) to generate a return on cash surpluses not invested in investment property. Fixed-rate financial assets are for the most part independent of market interest rate fluctuations.

At the reporting date, income and cash flows from the Group’s operating activities are for the most part not significantly affected by fluctuations in market interest rates.

(v) *Tax risk*

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

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 sense, Group Management, with the support of its tax advisers, evaluated its completion of the requirements of the SOCIMI regime, concluding that at 31 December 2022 all requirements were satisfied. Therefore, the Group shall continue to avail itself of the SOCIMI tax regime, and this has been taken into account when drawing up these consolidated financial statements.

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

The Group's Directors constantly monitor compliance with the requirements of the SOCIMI regime. They consider that there is currently no tax risk associated with non-compliance with the SOCIMI regime.

(vi) *Capital management*

The Group is essentially financed with its own capital and financial debt. In 2021 the Group issued unsecured green bonds in the amount of EUR 400 million and EUR 300 million.

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

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

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

	Thousands of Euros	
	31.12.2022	31.12.2021
Total financial debt (Notes 15 and 16)	768,540	893,455
Less, Cash and cash equivalents (Note 12)	(197,141)	(313,199)
Net debt	571,399	580,256
Total net equity	898,754	855,387
Total	1,470,153	1,435,643
Leverage ratio	38.87 %	40.42 %

(vii) Environment

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.

Since January 2016, following the approval of its Sustainability Policy, Lar España has been drafting an ESG Action Plan, aligned with the United Nations SDG and the Paris Agreement (COP21) with the main objective of having a clear, defined roadmap at company level. Following the drafting of this Plan at a general level, the company proceeded to work on more specific issues and focused on more concrete issues, among others:

- In terms of climate change, it has drawn up a comprehensive Carbon Footprint Reduction Plan with the aim of establishing a clear emissions neutrality target. Within this plan, measures adapted to each of the assets have been designed and will be implemented over the next few years in accordance with the investment plans proposed and the progress of the different technologies in this field.

- Following the registration of the Company's Carbon Footprint for 2018, 2019 and 2020 with the Ministry for Ecological Transition and the Demographic Challenge (MITERD in Spanish) as part of the national strategy framed within that of the European Union, Lar España has completed the process of registering its Carbon Footprint for 2021. In this way, the Company has completed 4 consecutive years of Carbon Footprint registration with the Ministry of Ecological Transition and Demographic Challenge (MITERD) and is eligible to obtain the "Reduzco" seal, which has been achieved thanks to the decrease in emissions recorded after the various efforts made in recent years. Lar España's Carbon Footprint register is also independently verified by AENOR in accordance with the "Carbon Footprint Compliance Statement".

- From the perspective of efficiency in properties, Lar España has worked together with KPMG in the development of an Energy Efficiency Plan that will be implemented asset by asset after the completion of Energy Audits and supported by an automated data platform to obtain data on consumption and emissions of the assets, which allows real-time monitoring and was designed and implemented specifically for Lar España. In addition, the company is studying the implementation of photovoltaic panels on most of the assets in the portfolio, after having energy contracts with a guarantee of origin on all of them.

  The next steps for the continuation of the emission reduction strategy are:

1. Continuation of the policy of obtaining electricity with a guarantee of renewable energy in all its strategic assets.
2. Progress in the implementation of renewable energy systems.
3. Application of technical-economic studies for the implementation of photovoltaic solar energy in strategic assets, promoting renewable energy generation facilities for self-consumption.
4. Completion and implementation of a proprietary system for the automation of energy consumption control by means of telematic measurement.
5. Implementation of predictive maintenance programmes and proactivity in air conditioning equipment inspection protocols to prevent refrigerant leaks.
6. Programme for the progressive renewal of equipment with more efficient machines that have a lower impact on GHG emissions.

- As a contribution to the principles of Circular Economy, as a further step in the fight against climate change, Lar España proceeded to develop a Waste Management Plan in order to have a better knowledge of the type of waste generated in the assets, as well as to centralise waste management at company level. During 2022, numerous actions have been carried out in the centres such as the installation of specific recycling points, the identification and categorisation of a greater proportion of the waste generated and the study of different treatment alternatives. The company's aim is to continue working on this issue with the intention of having greater control of the waste generated by its activity and the disposal routes, something that will have a positive impact on the organisation's Carbon Footprint. In addition, during the year, points have been installed that allow users of the assets to recycle waste thanks to collaboration with companies such as Ecoembes, implementing Return and Reward Systems through the RECICLOS system.

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. In this way, different alternatives are being studied in each of the assets with the aim of implementing different sustainable mobility solutions.

The main projects being undertaken are:

- Electric car charging points.
- Shared transport.
- Walkways, improved pedestrian access to Shopping Centres and in the vicinity.
- Campaign to promote the use of public transport, bus stops and taxis.
- Parking and access routes for bicycles, scooters and motorbikes, as well as designated parking for families and emergency vehicles near the main entrances and guided parking devices.

Currently, the 14 assets in Lar España's portfolio have electric vehicle charging points.

In this way, the mobility study in the Megapark business park has been completed with a local specialist provider, after which the results will be analysed for the implementation of specific measures. By 31 December 2022, 100% of the portfolio has electric charging units with a total of more than 200 electric vehicle charging points installed in the assets.

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 the following progress during 2022:

- Completion of the Certification Renewal Plan, improving on previous ratings in almost all cases.
- Obtained two new certifications for Rivas Futura and VidaNova Parc, both with a "Very Good" rating for building design and "Excellent" for asset management.
- 100% of the assets are BREEAM certified.
- 98% of the assets in terms of GAV are rated "Excellent" or "Very Good".

During 2022, the Company obtained ISO 14001 and 45001 certifications for all assets in which it has operational control, enabling it to standardise procedures and homogenise environmental management and occupational health and safety standards.

The ISO 14001 certification confirms the implementation of an effective environmental management system (EMS), the establishment of goals and objectives reviewed and approved by the management, the assets have environmental procedures and protocols in accordance with the activity, and the management of incidents and conformities is carried out. All of this facilitates achieving the strategic goals set by the Company. On the other hand, ISO 45001 is the international standard for occupational health and safety management systems, aimed at protecting workers and visitors from occupational accidents and illnesses. With this certification, Lar España shows its commitment to employee health and safety.

For the fifth consecutive year, Lar España has participated in the GRESB (Global Sustainability Real Estate Benchmark) assessment, which has become the standard for assessing environmental, social and governance (ESG) commitment in the real estate sector.

The Company has achieved a score of 85 points, which is 8% higher than the average of its competitors. The steady improvement in the overall score over the last few years with an increase of 55% since 2019 reflects the Company's commitment and the constant improvement made in sustainability issues.

(22) REVENUE

The details of revenue are presented in Note 6, in conjunction with segment reporting. Note 8 includes the breakdown of lease income drawing a distinction between fixed rent (minimum guaranteed rent) and variable rent (based on the lessee’s sales).

(23) OTHER OPERATING EXPENSES

Details of other expenses are as follows:

	Thousands of Euros	
	2022	2021
Services by independent professionals	12,398	17,116
Insurance premiums	386	355
Bank fees and commissions	122	308
Advertising and publicity	1,095	803
Common expenses	2,874	4,264
Taxes	2,655	2,547
Impairment losses and uncollectibility of trade and other receivables (Note 11a)	1,891	137
Remuneration of the Board of Directors (Note 27b) (*)	615	590
Other expenses	603	1,768
	22,639	27,888

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

The item "Independent professional services" corresponds mainly to the expense corresponding to the accrual of the base fee linked to the contract with the manager, LAR Group, amounting to EUR 5,391 thousand (EUR 8,609 thousand in 2021), and the variable fee of EUR 80 thousand in 2022 for the performance fee (EUR 134 thousand in 2021) (Note 27a).

Invoices issued to tenants include rebilled communal expenses (shared utility costs, services related to the management of the property, taxes, etc.) for the amount of EUR 27,009 thousand (EUR 29,784 thousand at 31 December 2021), which are net of the amount recorded under "Communal expenses".

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.

(24) FINANCIAL PROFIT/(LOSS)

The details of financial profit/(loss) at 31 December 2022 and 31 December 2021 are as follows:

	Thousands of Euros	
	2022	2021
Financial income		
Financial revenue from deposits	575	7
Other financial income	311	—
Financial expenses		
Financial expenses due to bank borrowings (Note 16b)	(1,327)	(16,021)
Financial expenses due to bonds (Note 16a)	(14,421)	(8,738)
Financial expenses due to derivatives (Note 16b)	—	(1,662)
Other financial expenses	(453)	(270)
Impairment and profit/(loss) in disposals of financial instruments	—	(402)
Changes in the fair value of financial instruments (Notes 12 and 16b)	(4,336)	1,465
	(19,651)	(25,621)

(25) EMPLOYEE BENEFITS EXPENSE

Details of employee benefits expense at 31 December 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Salaries and wages	865	541
Other benefits and taxes	63	51
	928	592

(26) PROFIT/(LOSS) FOR THE PERIOD

Each company's contribution to consolidated profit for the period is as follows:

	Thousands of Euros	
	2022	2021
Lar España Real Estate SOCIMI, S.A.	(30,062)	(22,120)
LE Logistic Alovera I y II, S.A.U.	288	(20)
LE Retail Hiper Albacenter, S.A.U.	(385)	(349)
LE Retail Alisal, S.A.U.	(4)	(6)
LE Offices Eloy Gonzalo 27, S.A.U.	(4)	(3)
LE Retail As Termas, S.L.U.	7,299	3,456
LE Retail Hiper Ondara, S.L.U.	32,749	12,800
LE Offices Joan Miró 21, S.L.U.	(8)	(34)
LE Logistic Alovera III y IV, S.L.U.	(4)	(3)
LE Logistic Almussafes, S.L.U.	(12)	(160)
LE Retail Vidanova Parc, S.L.U.	4,537	1,677
LE Retail El Rosal, S.L.U.	2,835	1,996
LE Retail Galaria, S.L.U.	(4)	(3)
LE Retail Lagoh, S.L.U.	24,304	11,046
LE Retail Vistahermosa, S.L.U.	9,612	3,865
LE Retail Sagunto II, S.L.U.	404	52
Lar España Inversión Logística IV, S.L.U.	(3)	(2)
LE Retail Villaverde, S.L.U.	(4)	(7)
LE Retail Anec Blau, S.L.U.	8,410	4,754
LE Retail Albacenter, S.L.U.	519	2,755
LE Retail Txingudi, S.L.U.	(1,821)	934
LE Retail Las Huertas, S.L.U.	277	236
LE Offices Marcelo Spínola 42, S.L.U.	(12)	(49)
LE Retail Gran Vía de Vigo, S.A.U.	1,440	(660)
LE Retail Abadía, S.L.U.	8,055	5,090
Inmobiliaria Juan Bravo 3, S.L.	27	395
LE Retail Hipermercados I, S.L.U.	—	(258)
LE Retail Hipermercados II, S.L.U.	—	(424)
LE Retail Hipermercados III, S.L.U.	—	(419)
LE Retail Rivas, S.L.U.	4,494	1,244
LE Retail Córdoba Sur, S.L.U.	(6)	(1,623)
Profit/(loss) before tax	72,921	24,160
Income tax	—	1,622
Profit after tax	72,921	25,782

(27) RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related party transactions and balances

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 01 January 2022. In addition, the structure of the fees payable to the Management Company (base fee and performance fee) has been modified.

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

The base fee accrued by the manager totalled EUR 5,391 thousand in 2022 (EUR 8,609 thousand in 2021) is recorded under "Other operating expenses" on the Consolidated Statement of Comprehensive Income. At 31 December 2022 an amount of EUR 544 thousand is outstanding (at 31 December 2021 an amount of EUR 715 thousand was provisioned and outstanding).

In relation to the previous contract in force as of 31 December 2021, this was effective for 4 years from 1 January 2018. In addition, the fee structure for the Management Company, the "base fee" payable to the Management Company was calculated on the basis of an annual amount equal to the higher of (i) EUR 2 million, or (ii) the sum of (a) 1. 00% of the EPRA net asset value (excluding net cash) as at 31 December of the previous financial year up to an amount less than or equal to EUR 1 billion, and (b) 0.75% of the EPRA NAV (excluding net cash) as at 31 December of the previous financial year in respect of the amount exceeding EUR 1 billion.

Similarly, the performance fee payable to the Management Company, at 31 December 2022, will be the lesser of: (i) the sum of 8% of the amount exceeding 8.5% of the increase in EPRA NTA of the Group (net of capital increases and reductions and dividend pay-outs) plus 2% of the amount exceeding 8.5% of the annual increase in market capitalisation (net of capital increases and reductions and dividend pay-outs); (ii) 10% of the high-water mark outperformance, and will be subject to an aggregate 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, at 31 December 2022, an amount of EUR 80 thousand has been recorded and is pending payment (EUR 134 thousand at 31 December 2021).

In relation to the management contract in force as at 31 December 2021, the performance fee payable to the Management Company was calculated by applying 16% to the increase in the Group's EPRA NAV above 10% and 4% to the increase in the Parent's market capitalisation above 10%, adjusted in both cases for certain circumstances under the IMA, and was subject to an aggregate limit equal to 3% of the Group's EPRA NAV as at 31 December of the preceding financial year. Pursuant to Clause 7.2.2 of the Management Agreement, Grupo Lar Inversiones Inmobiliarias, S.A. must use the amount earned as the Performance Fee (after deducting the applicable Corporate Income Tax amount) to subscribe any shares that the Parent Company may issue, or as so decided by the Parent Company, to acquire the treasury shares of the same.

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. On 1 July 2022, the contract was renewed for a period of 3 years, i.e. until 30 June 2025.

At 31 December 2022 the expense incurred in this item amounted to EUR 2,367 thousand (EUR 2,387 thousand at 31 December 2021), of which EUR 342 thousand was pending payment as at 31 December 2021 (EUR 414 thousand at 31 December 2021).

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

The remuneration received by the members of the Board of Directors and Senior Management personnel of the Group during 2022 and 2021, classified by item, is as follows:

	Thousands of Euros					
	2022			2021		
	Salaries	Allowances	Insurance premiums	Salaries	Allowances	Insurance premiums
Board of Directors	—	615	180*	—	590	148*
Senior Management	865	—	—	541	—	—

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

Allowances for the Board of Directors include EUR 85 thousand for the non-executive Secretary of the Board of Directors (EUR 85 thousand at 31 December 2021).

At 31 December 2022, the Company has 6 Board members, 4 of whom were men and 2 are woman (at 31 December 2021 the company had 7 Board members, 5 of whom were men and 2 were woman).

The salaries of Senior Management include both fixed and variable remuneration. The latter accrues annually based on the extent to which the specific targets established for each year have been met and it is paid entirely in cash, comprising a bonus, which is paid in the early months of the year following the year of accrual, and long-term variable remuneration (ILP), which will be settled at the end of the respective programme, subject to the employee remaining with the Company and provided no events occur that resulted in changes in the data on which the annual amount payable for the ILP was estimated.

The ILP approved by the Board of Directors in 2022 comprises the 2022-2024 period, so the long-term variable remuneration for those years will be paid, if the conditions are met, in the first four months of 2025. The amount shown for Salaries in the above table includes EUR 69 thousand for the amount of the ILP accrued in 2022, which will be paid, if due, in 2025. In 2022 Senior Management received EUR 164 thousand in settlement of the previous ILP, which fell due this year.

At the 2022 year end there are certain agreements in place with members of Senior Management which stipulate the payment of termination benefits in the event of termination of employment under certain circumstances, following a change of control of the Parent Company. The contingent liability does not in any case exceed one year's remuneration.

At 31 December 2022 and 2021 the Group has no pension, life insurance, stock options or compensation obligations with former or current members of the Board of Directors or Senior Management personnel of the Parent Company.

At 31 December 2022 and 2021 no advances or loans have been extended to members of the Board or Senior Management.

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

Apart from the transactions with related parties listed above, in 2022 and 2021 the Directors have not carried out any transactions other than ordinary business or with conditions other than market conditions with related parties or with Group companies.

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

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

However, a board member, Mr. Miguel Pereda Espeso, holds certain positions in companies with similar or complementary statutory activities to that of the Group. These positions are listed in the individual annual accounts of the Parent Company.

(28) EMPLOYEE INFORMATION

The average headcount of the Group at 31 December 2022 and 2021, distributed by category, is as follows:

	2022	2021
Professional category		
Senior Management	4	3
Total	4	3

The distribution of Group personnel by gender at 31 December 2022 and 2021 is as follows:

	Number			
	2022		2021	
	Women	Men	Women	Men
Senior Management	1	3	1	3
Total	1	3	1	3

In the 2022 and 2021 periods, the Group had no employees with a 33% or greater disability.

(29) AUDIT FEES

During 2022 and 2021, fees for audit and other related services charged to the Group by the auditor of the consolidated financial statements, Deloitte, S.L., and by companies belonging to the Deloitte network, as well as fees for services charged by the auditors of the individual financial statements of the companies included in the consolidation and by the entities related thereto through control, shared property or management were as follows (in thousands of Euros):

	Thousands of Euros	
	31.12.2022	31.12.2021
Audit and related services		
Audit services	358	365
Other verification services	26	151
Professional services		
Other services	—	—
Total	384	516

(30) EVENTS AFTER THE REPORTING PERIOD

On 16 January 2023, the Parent Company completed a partial debt repurchase process of the two green bond issues (Note 10), for a total nominal amount of EUR 110 million at a discount of 18%, equivalent to a final price of EUR 90.5 million. The purchased bonds have been fully cancelled upon settlement of their repurchase.

(31) 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.

Appendix I

a) Subsidiaries

Company	Activity	Type	Shareholding %		Thousands of Euros					
			Direct	Total	Share capital	Operating profit	Profit	Interim dividends	Other equity	Total net equity
LE Logistic Alovera I y II, S.A.U.	Leasing of property	Subsidiary	100	100	60	(4)	293	(227)	3,527	3,653
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	Subsidiary	100	100	60	(109)	(109)	—	15,323	15,274
LE Retail Alisal, S.A.U.	Leasing of property	Subsidiary	100	100	60	(4)	1	—	2,278	2,339
LE Offices Eloy Gonzalo 27, S.A.U.	Leasing of property	Subsidiary	100	100	60	(4)	(3)	—	341	398
LE Retail As Termas, S.L.U.	Leasing of property	Subsidiary	100	100	4	1,595	1,532	(1,438)	36,823	36,921
LE Logistic Alovera III y IV, S.L.U.	Leasing of property	Subsidiary	100	100	4	(4)	(3)	—	632	633
LE Logistic Almussafes, S.L.U.	Leasing of property	Subsidiary	100	100	4	(12)	(6)	—	2,808	2,806
LE Retail Hiper Ondara, S.L.U.*	Leasing of property	Subsidiary	100	100	4	5,361	5,109	(4,346)	146,146	146,913
LE Offices Joan Miró 21, S.L.U.	Leasing of property	Subsidiary	100	100	4	(8)	(7)	—	765	762
LE Retail Vidanova Parc, S.L.U.	Leasing of property	Subsidiary	100	100	4	26	(8)	—	30,259	30,255
LE Retail El Rosal, S.L.U.*	Leasing of property	Subsidiary	100	100	3	2,772	2,689	(2,389)	26,494	26,797
LE Retail Galaria, S.L.U.	Leasing of property	Subsidiary	100	100	4	(4)	(4)	—	407	407
LE Retail Lagoh, S.L.U.*	Leasing of property	Subsidiary	100	100	3	3,576	3,387	(2,781)	122,152	122,761
LE Retail Sagunto II, S.L.U.	Leasing of property	Subsidiary	100	100	3	17	348	(327)	1,091	1,115
LE Retail Vistahermosa, S.L.U.	Leasing of property	Subsidiary	100	100	3	217	170	(74)	23,400	23,499
Lar España Inversión Logística IV, S.L.U.	The acquisition and development of properties for lease	Subsidiary	100	100	3	(4)	—	—	1,945	1,948
LE Retail Villaverde, S.L.U.	Leasing of property	Subsidiary	100	100	3	(4)	—	—	1,745	1,748

			Shareholding %		Thousands of Euros					
Company	Activity	Type	Direct	Total	Share capital	Operating profit	Profit	Interim dividends	Other equity	Total net equity
LE Retail Anec Blau, S.L.U.*	Leasing of property	Subsidiary	100	100	3	943	937	(812)	92,494	92,622
LE Retail Albacenter, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,247	1,262	(1,093)	37,645	37,817
LE Retail Txingudi, S.L.U.	Leasing of property	Subsidiary	100	100	3	709	722	(417)	35,267	35,575
LE Retail Las Huertas, S.L.U.	Leasing of property	Subsidiary	100	100	3	175	138	(108)	13,030	13,063
LE Offices Marcelo Spínola, S.L.U.	Leasing of property	Subsidiary	100	100	3	(12)	1	—	6,505	6,509
LE Retail Gran Vía de Vigo, S.A.U.*	Leasing of property	Subsidiary	100	100	502	1,577	1,430	(1,089)	32,851	33,694
LE Retail Abadía, S.L.U.	Leasing of property	Subsidiary	100	100	7,204	2,614	2,541	(2,267)	20,127	27,605
LE Retail Rivas, S.L.U.	Leasing of property	Subsidiary	100	100	3	798	757	(663)	29,486	29,583
LE Retail Córdoba Sur, S.L.U.	The acquisition and development of properties for lease	Subsidiary	100	100	4	(6)	(8)	—	(665)	(669)
					8,014	21,452	21,169	(18,031)	682,876	694,028

* Company audited by Deloitte, S.L.

All the companies have their registered office at Calle María de Molina 39, Madrid.

b) Joint venture

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

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Information on Group Companies
31 December 2021

a) Subsidiaries

Company	Activity	Type	Shareholding %		Thousands of Euros					
			Direct	Total	Share capital	Operating profit	Profit	Interim dividends	Other equity	Total net equity
LE Logistic Alovera I y II, S.A.U.	Leasing of property	Subsidiary	100	100	60	(20)	(18)	—	3,545	3,587
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	Subsidiary	100	100	60	(94)	(96)	—	15,000	14,964
LE Retail Alisal, S.A.U.	Leasing of property	Subsidiary	100	100	60	(5)	(1)	—	2,279	2,338
LE Offices Eloy Gonzalo 27, S.A.U.	Leasing of property	Subsidiary	100	100	60	(3)	(3)	—	343	400
LE Retail As Termas, S.L.U.	Leasing of property	Subsidiary	100	100	4	677	605	(383)	34,131	34,357
LE Logistic Alovera III y IV, S.L.U.	Leasing of property	Subsidiary	100	100	4	(3)	(2)	—	634	636
LE Logistic Almussafes, S.L.U.	Leasing of property	Subsidiary	100	100	4	(160)	(154)	—	2,962	2,812
LE Retail Hiper Ondara, S.L.U.*	Leasing of property	Subsidiary	100	100	4	4,587	1,174	(934)	141,550	141,794
LE Offices Joan Miró 21, S.L.U.	Leasing of property	Subsidiary	100	100	4	(34)	(33)	—	798	769
LE Retail Vidanova Parc, S.L.U.	Leasing of property	Subsidiary	100	100	4	1,339	153	—	29,605	29,762
LE Retail El Rosal, S.L.U.*	Leasing of property	Subsidiary	100	100	3	2,053	553	(330)	25,046	25,272
LE Retail Galaria, S.L.U.	Leasing of property	Subsidiary	100	100	4	(3)	(3)	—	410	411
LE Retail Lagoh, S.L.U.*	Leasing of property	Subsidiary	100	100	3	4,640	1,395	(447)	118,153	119,104
LE Retail Sagunto II, S.L.U.	Leasing of property	Subsidiary	100	100	3	10	10	—	1,085	1,098
LE Retail Vistahermosa, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,404	913	(657)	22,734	22,993
Lar España Inversión Logística IV, S.L.U.	The acquisition and development of properties for lease	Subsidiary	100	100	3	(2)	2	—	1,943	1,948
LE Retail Villaverde, S.L.U.	Leasing of property	Subsidiary	100	100	3	(6)	(3)	—	1,748	1,748
LE Retail Anec Blau, S.L.U.*	Leasing of property	Subsidiary	100	100	3	(1,208)	(1,224)	—	90,551	89,330
LE Retail Albacenter, S.L.U.	Leasing of property	Subsidiary	100	100	3	649	657	(536)	36,229	36,353
LE Retail Txingudi, S.L.U.	Leasing of property	Subsidiary	100	100	3	(351)	(343)	—	34,658	34,318
LE Retail Las Huertas, S.L.U.	Leasing of property	Subsidiary	100	100	3	(222)	(245)	—	13,217	12,975
LE Offices Marcelo Spínola, S.L.U.	Leasing of property	Subsidiary	100	100	3	(49)	(36)	—	6,541	6,508

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Information on Group Companies
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LE Retail Gran Vía de Vigo, S.A.U.*	Leasing of property	Subsidiary	100	100	502	2,029	(204)	—	31,003	31,301
LE Retail Abadía, S.L.U.	Leasing of property	Subsidiary	100	100	7,204	2,433	1,372	(905)	18,832	26,503
LE Retail Rivas, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,837	402	—	28,571	28,976
LE Retail Córdoba Sur, S.L.U.	The acquisition and development of properties for lease	Subsidiary	100	100	4	(1,623)	(1,623)	—	958	(661)
					8,014	17,875	3,248	(4,192)	662,526	669,596

* Company audited by Deloitte, S.L.

All the companies have their registered office at Calle María de Molina 39, Madrid.

b) Joint venture

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					Shareholding %		Thousands of Euros					
Company	**Registered office**	**Activity**	**Auditor**	**Type**	**Direct**	**Total**	**Share**	**Operating profit**		**Dividends**	**Other**	**Total net equity**
Inmobiliaria Juan Bravo 3, S.L.	María de Molina 39, Madrid	Property development	-	Associated	50	50	1,483	232	230	—	1,241	2,954

1 Situation of the Group

1.1 Organisational structure and operations

The Group is a group of companies that was created in 2014 with an externalised management structure. It has designated Grupo Lar Inversiones Inmobiliarias, S.A. as exclusive manager, a company that has 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.

Strategic management, allocation of resources, risk management and corporate control, as well as accounting and financial reports are among the main responsibilities of the Group's Board of Directors.

During 2022 and 2021 the Group has carried out its activity with the following types of assets:

- Shopping centres: the rental of shopping centre and single-tenant commercial premises.

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

  Additionally, the Group made an exception investment in the luxury residential market in Madrid, through the joint development (50%) of the Lagasca99 project with PIMCO. The development, which has been delivered on 2019, is not in response to a strategic line in envisaged in the future business plans.

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

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

- Investment opportunities in 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

At the 2022 reporting date, the Group's ordinary revenue amounted to EUR 80,228 thousand, corresponding to the business in which the Group is engaged, the rental business.

During 2022 the Group incurred "Other operating expenses" amounting to EUR 22,639 thousand, corresponding essentially to the fees for management provided by Grupo Lar Inversiones Inmobiliarias, S.A. to the Group (EUR 5,471 thousand), recurrent services that are directly linked to the everyday management of the assets by the amount of EUR 11,282 thousand.

Earnings before interest, taxes, depreciation and amortisation (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 60,024 thousand.

The valuation during 2022 of the assets held by the Group at 31 December 2022, according to the independent valuation conducted by Cushman & Wakefield and JLL at the close of the financial year supposed a negative effect in the consolidated profit and loss of EUR 32,575 thousand.

The financial result was negative amount of EUR 19,651 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 loss for the period was EUR 72,921 thousand.

By area of activity, we should be emphasised:

- A significant percentage of the Group's revenue is the result of rent from retail centres, representing a 66% of total revenue, as opposed to 34% from parks.

- Around 44% of rental revenue is generated by the Lagoh, Gran Vía de Vigo and Megapark retail centres.

As at 31 December of 2022, the Group occupied across its whole business 96.6% the gross leasable area (GLA), the occupancy rate at retail centres being 95.9%. Retail parks occupancy stands at 97.6%.

As at 31 December of 2022, the Group has a portfolio of real estate rental projects covering shopping centres (310,707 sqm) and retail parks (239,684 sqm). The overall total gross leasable area of 550,391 sqm.

2.2 Other financial indicators

As at 31 December of 2022, the Group revealed the following financial indicators:

- Working capital (calculated as the difference between current assets and current liabilities) → EUR 477,350 thousand (EUR 203,914 thousand as at 31 December 2021).
- Liquidity ratio (calculated as the ratio of current assets to current liabilities) →22.6 (2.4 as of 31 December 2021).
- Solvency ratio (calculated as the quotient of the sum of net assets and non-current liabilities in the numerator and denominator, non-current assets) → 1.4 (1.1 as of 31 December 2021).

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 8.25 % (3.03% as of 31 December 2021). 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 4.26% (1.51% as of 31 December 2021); 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 "Full yearly report 2022", which was published on the same date as these 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

Environment

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 more information about this kind of operations, see "Full Year Report FY 2022" section 3.

Personnel

As at 31 December of 2022 the Group has 4 employees (3 men and 1 woman). Said employees are classified as Senior Management. In the 2022 period the Company has had no employees with a 33% or greater disability.

3 Liquidity and capital resources

3.1 Liquidity and capital resources

At 31 December 2022, the Group's financial debt amounted to EUR 768,540 thousand. The level of debt is related basically to the two green bonds issuances, launched in July and November 2021. This also includes a credit line arranged by the Parent Company with European Investment Bank.

As at 31 December of 2022, the Group's short-term financial debt stands at EUR 4,170 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 2022 the credit facility the Parent Company held with Bankinter was renewed for one year without any changes to the amount thereof, although it is now pegged to the EURIBOR 3M rather than the EURIBOR 12M.

The financial expenses accrued on loans during the twelve months ended 31 December 2022 amounted to EUR 1,327 thousand, and the effect of the amortised cost of these was EUR 64 thousand. The accrued, unpaid interest at 31 December 2022 amounts to EUR 185 thousand.

During 2021, the Group restructured its debt in the form of two unsecured green bond issuances in the amount of EUR 400 million in June 2021 and EUR 300 million in November 2021. The conditions of these issuances are broken down in the consolidated financial statements of the Group for the year ending 31 December 2021.

In this regard, the Group had an outstanding amount at 31 December 2021 corresponding to the issuance of bonds in 2021 which, on 17 February 2022, was repaid in total, repaying EUR 122.7 million. Furthermore, all guarantees granted in the framework of the issuance have been lifted and cancelled, including several mortgages, in addition to various pledges on the corresponding stocks and shares.

The financial expenses accrued on the bonds during the twelve months ended 31 December 2022 amounted to EUR 14,421 thousand, and the effect of the amortised cost thereof was EUR 5,566 thousand. The accrued, unpaid interest at 31 December 2022 amounts to EUR 3,985 thousand.

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

As of 31 December of 2022, the Group presents Investment commitments pertaining to investment property totalled EUR 1,880 thousand, in addition to the indications in section 3.1.

As at 31 December of 2022, 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

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.

Since January 2016, following the approval of its Sustainability Policy, Lar España has been drafting an ESG Action Plan, aligned with the United Nations SDG and the Paris Agreement (COP21) with the main objective of having a clear, defined roadmap at company level. Following the drafting of this Plan at a general level, the company proceeded to work on more specific issues and focused on more concrete issues, among others:

- In terms of climate change, it has drawn up a comprehensive Carbon Footprint Reduction Plan with the aim of establishing a clear emissions neutrality target. Within this plan, measures adapted to each of the assets have been designed and will be implemented over the next few years in accordance with the investment plans proposed and the progress of the different technologies in this field.

- Following the registration of the Company's Carbon Footprint for 2018, 2019 and 2020 with the Ministry for Ecological Transition and the Demographic Challenge (MITERD in Spanish) as part of the national strategy framed within that of the European Union, Lar España has completed the process of registering its Carbon Footprint for 2021. In this way, the Company has completed 4 consecutive years of Carbon Footprint registration with the Ministry of Ecological Transition and Demographic Challenge (MITERD) and is eligible to obtain the "Reduzco" seal, which has been achieved thanks to the decrease in emissions recorded after the various efforts made in recent years. Lar España's Carbon Footprint register is also independently verified by AENOR in accordance with the "Carbon Footprint

Compliance Statement".

- From the perspective of efficiency in properties, Lar España has worked together with KPMG in the development of an Energy Efficiency Plan that will be implemented asset by asset after the completion of Energy Audits and supported by an automated data platform to obtain data on consumption and emissions of the assets, which allows real-time monitoring and was designed and implemented specifically for Lar España. In addition, the company is studying the implementation of photovoltaic panels on most of the assets in the portfolio, after having energy contracts with a guarantee of origin on all of them.

The next steps for the continuation of the emission reduction strategy are:

2. Continuation of the policy of obtaining electricity with a guarantee of renewable energy in all its strategic assets.
3. Progress in the implementation of renewable energy systems.
4. Application of technical-economic studies for the implementation of photovoltaic solar energy in strategic assets, promoting renewable energy generation facilities for self-consumption.
5. Completion and implementation of a proprietary system for the automation of energy consumption control by means of telematic measurement.
6. Implementation of predictive maintenance programmes and proactivity in air conditioning equipment inspection protocols to prevent refrigerant leaks.
7. Programme for the progressive renewal of equipment with more efficient machines that have a lower impact on GHG emissions.

- As a contribution to the principles of Circular Economy, as a further step in the fight against climate change, Lar España proceeded to develop a Waste Management Plan in order to have a better knowledge of the type of waste generated in the assets, as well as to centralise waste management at company level. During 2022, numerous actions have been carried out in the centres such as the installation of specific recycling points, the identification and categorisation of a greater proportion of the waste generated and the study of different treatment alternatives. The company's aim is to continue working on this issue with the intention of having greater control of the waste generated by its activity and the disposal routes, something that will have a positive impact on the organisation's Carbon Footprint. In addition, during the year, points have been installed that allow users of the assets to recycle waste thanks to collaboration with companies such as Ecoembes, implementing Return and Reward Systems through the RECICLOS system.

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. In this way, different alternatives are being studied in each of the assets with the aim of implementing different sustainable mobility solutions.

The main projects being undertaken are:

- Electric car charging points.
- Shared transport.
- Walkways, improved pedestrian access to Shopping Centres and in the vicinity.
- Campaign to promote the use of public transport, bus stops and taxis.

• Parking and access routes for bicycles, scooters and motorbikes, as well as designated parking for families and emergency vehicles near the main entrances and guided parking devices.

Currently, the 14 assets in Lar España's portfolio have electric vehicle charging points installed.

In addition, the mobility study in the Megapark business park has been completed with a local specialist provider, after which the results will be analysed for the implementation of specific measures.

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 the following progress during 2022:

- Completion of the Certification Renewal Plan, improving on previous ratings in almost all cases.
- Obtained two new certifications for Rivas Futura and VidaNova Parc, both with a "Very Good" rating for building design and "Excellent" for asset management.
- 100% of the assets are BREEAM certified.
- 98% of the assets in terms of GAV are rated "Excellent" or "Very Good".

During 2022, the Company obtained ISO 14001 and 45001 certifications for all assets in which it has operational control, enabling it to standardise procedures and homogenise environmental management and occupational health and safety standards.

The ISO 14001 certification confirms the implementation of an effective environmental management system (EMS), the establishment of goals and objectives reviewed and approved by the management, the assets have environmental procedures and protocols in accordance with the activity, and the management of incidents and conformities is carried out. All of this facilitates achieving the strategic goals set by the Company. On the other hand, ISO 45001 is the international standard for occupational health and safety management systems, aimed at protecting workers and visitors from occupational accidents and illnesses. With this certification, Lar España shows its commitment to employee health and safety.

For the fifth consecutive year, Lar España has participated in the GRESB (Global Sustainability Real Estate Benchmark) assessment, which has become the standard for assessing environmental, social and governance (ESG) commitment in the real estate sector.

The Company has achieved a score of 85 points, which is 8% higher than the average of its competitors. The steady improvement in the overall score over the last few years with an increase of 55% since 2019 reflects the Company's commitment and the constant improvement made in sustainability issues.

6 Information on the foreseeable evolution of the Group

After the volume of investments made since March 2014, active property management capacity will be key in upcoming years.

This active management strategy will lead to an increase in current income and in profitability with respect to purchase price. All of this will be reflected in the increased value of the assets in our portfolio.

The Group will, however, continue to analyse any investment opportunities that may be attractive and thus continue to generate value for its shareholders.

With the appropriate reservations given the current situation, we believe that the Group will be in a position to continue making progress in 2023 and in subsequent years.

7 Market context

7.1 Impact of COVID 19

The health crisis triggered by COVID-19 described in the consolidated financial statements for the year ended 31 December 2021 has had a very limited impact on the Group's operations during 2022, as there were no further shutdowns imposed by the government. However, the economic impact of the crisis continues to have an impact on the Group's activity and the tenants of its shopping centres, with the directors of the Parent Company continuously assessing them.

In this connection, during 2022, the Group continued with the commercial policies implemented in 2020 and 2021 to support the tenants of its shopping centres by granting discounts and extensions on the payment of rent, although during 2022 these policies have been very limited. As a result of these circumstances, the Group has recognised under "Operating lease receivables - income linearisation" the amount pending allocation to income from these discounts granted to tenants, coming to a total at 31 December 2022 of EUR 3,877 thousand.

7.2 Ukraine War

On 24 February 2022, Russia launched an invasion of Ukraine, leading to a war between these countries, the consequences of which remain uncertain at present. The Company's directors, after assessing the possible repercussions of this situation, have considered that it would not, a priori, have a direct impact on its financial statements, since all its operations are domestic, and it does not depend on any raw materials that could be affected by supply cuts.

Nevertheless, the above situation has increased uncertainty in global markets and led to a substantial rise in energy and other natural resource costs, particularly in Europe. This, in conjunction with other factors, was reflected in Spain's macroeconomic scenario in the form of higher inflation and an increase in living costs, triggering interest rate hikes by the European Central Bank in response.

The aforementioned situation and its potential indirect impacts on the Group are being monitored by Senior Management and the Directors. Lease payments are pegged to the CPI and have been revised in 2022. Activity levels at the shopping centres and business parks are tracked to identify possible downturns in footfall and/or consumer demand that might affect the tenants' affordability rates.

The independent experts engaged by Group have considered the economic situation at year end when determining the fair value of the Group's investment property. Nevertheless, the situation could be affected by rapid changes in market conditions brought about by global geopolitical and economic factors.

Given the reigning geopolitical uncertainty and volatility, the Directors and Senior Management of the Company continue to monitor the conflict and its consequences in order to successfully deal with any possible future impacts.

7.3 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.

During COVID-19 pandemic, the SOCIMI (REIT) Lar España Real Estate reached case-by-case rental agreements of virtually all of the gross lettable area in its centres. The Company has managed each situation directly, without intermediaries, which has enabled it to reach agreements quickly, which are adapted to the specific needs of each tenant and activity. The agreements have largely been reached in conditions that represent a major compromise by both parties, strengthening relations with retailers and consolidating the term and stability of the agreements, as well as that of all the shopping centres and retail parks.

7.4 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 boast an occupancy rate of 96.6%, operating at close to full capacity.

In the large majority of cases, Lar España also fully owns its properties, affording it complete control over decision-making. This allows it to efficiently promote and implement measures and strategies that meet the requirements of the market and its customers at all times.

Lar España has a solid, diversified and high-quality tenant base, enjoying a healthy and collaborative relationship with them all – now even more so given the present climate.

The top ten tenants account for 33.4 % of its rental income, and more than 65% of all the leases signed with retailers have a remaining term beyond 2025.

The company's properties have a clear competitive edge in their catchment areas, generally offering more than 550,391 sqm of retail space and located in regions with an above average per capita income for Spain.

7.5 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.

7.6 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 scenarios such as this current one, having carried out stress tests that have produced satisfactory results on its annual business model.

With an average cost of 1.8%, 100% at fixed rate, and as well as no major lease expires in the next 3 years.

7.7 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)*.

9 Acquisition and disposal of treasury stock

On 14 January 2020, a new share buy-back programme was formalised between Lar España and its liquidity provider, aimed at a maximum of 4,500,000 shares, representing 5% of share capital, which may be acquired at a price no greater than (a) the price of the last arm's length transaction or (b) the highest arm's length offer at that time in the business centre where the purchase is made. The maximum deadline for this programme is 14 October 2020 and was subsequently extended to 14 October 2021.

Under the buyback programme, the Company acquired a total of 3,940,761 treasury shares representing 4.50% of Lar España's current share capital. Subsequently, on December 15, 2021, the Company registered with the Madrid Mercantile Registry the public deed relating to the capital reduction of the Company for a nominal amount of 7,881,522 euros, through the redemption of these shares. 167,385,938, represented by 83,692,969 registered shares with a par value of two euros each, thereby modifying article 5 of the Company's bylaws relating to the capital and shares of Lar España.

Following the completion of the aforementioned share buyback program, the company reported the reactivation of the liquidity contract for the management of treasury stock, signed on July 5, 2017, and communicated to the market on July 10, 2017.

The acquisitions were carried out within the framework of a discretionary treasury share management contract, of which the Spanish Securities Market Commission (CNMV) was notified in compliance with the recommendations published by said body on 18 July 2013.

As of 31 December 2022, the share price was EUR 4.23.

As of 31 December 2022, the Company holds a total of 56,714 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 5.12 and the nominal value at the reporting date was EUR 4.23. During 2022, the average price per share was EUR 4.74.

In the context of the green bonds issuances made by the company in 2021, the rating agency Fitch assigned an investment grade rating or BBB rating to both Lar España and its green bond issuance, which has been ratified in 2022.

10.2 Dividend policy

On 27 April 2022, the Shareholders' General Meeting approved the distribution of a dividend of 16,734 thousand Euros, at EUR 0.199 per share (taking into account all the shares issued) and recognised in profit and loss for the 2021 period, and of 13,266 thousand Euros, at EUR 0.158 per share (taking into account all the shares issued), charged to the share premium.

The total pay-out was 16,713 thousand Euros charged to the Profit for the period 2021 (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company's equity and totals 21 thousand Euros in dividends charged to profit), and 13,252 thousand Euros charged to share premium given the amount per share approved and shares outstanding at the time of approval by the General Shareholders' Meeting on 27 April 2022. The dividend pay-out was settled in full on 27 May 2022.

10.3 Average number of days payable outstanding to suppliers

The average number of days payable outstanding to suppliers is 28, complying with the maximum legal payment period applicable to the Company in the year 2021 according to Law 3/2004, of 29 December containing measures to combat late payments in commercial transactions and in accordance with the transitory provisions established in Law 15/2010, of 5 July.

11 Annual Corporate Governance Report

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

- Annual Corporate Governance Report:
  https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?nif=A86918307&lang=en

- Annual Report on Directors' Remuneration:
  https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A86918307

12 Events after the reporting period

On 16 January 2023, the Parent Company completed a partial debt repurchase process of the two green bond issues, for a total nominal amount of EUR 110 million at a discount of 18%, equivalent to a final price of EUR 90.5 million. The purchased bonds have been fully cancelled upon settlement of their repurchase.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. STATEMENT OF RESPONSIBILITY FOR THE 2022 FINANCIAL STATEMENTS

The members of the Board of Directors of LAR ESPAÑA REAL ESTATE SOCIMI, S.A. declare that, to the best of their knowledge, the individual financial statements of LAR ESPAÑA REAL ESTATE SOCIMI, S.A., as well as those consolidated with its subsidiaries, for the year ended 31 December 2022, drawn up by the Board of Directors at its meeting of 24 February 2023 and prepared in accordance with the applicable accounting principles and in a single electronic format, give a true and fair view of the net worth, financial position and results of LAR ESPAÑA REAL ESTATE SOCIMI, S.A., and of the subsidiaries included in the consolidation, taken as a whole, and that the management reports supplementing the individual and consolidated financial statements (together with the documentation attached and/or supplementary thereto) include a true and fair view of the business performance and results and of the position of LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and of the subsidiaries included in the consolidation, taken as a whole, as well as a description of the main risks and uncertainties they face.

Signatories:

Mr José Luis del Valle Doblado (Chairman)	Mr Alec Emmott
Mr Roger Maxwell Cooke	Ms Leticia Iglesias Herraiz
Mr Miguel Pereda Espeso	Ms Isabel Aguilera Navarro

Madrid, 24 February 2023