

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

**Interim Condensed Consolidated Financial
Statements and Interim Directors' Report
for the six-month period ended 30 June
2021, together with Report on Limited
Review**

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 24). In the event of a discrepancy, the Spanish-language version prevails.

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 24). In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements (“the interim financial statements”) of Lar España Real Estate SOCIMI, S.A. (“the Parent”) and Subsidiaries (“the Group”), which comprise the summarised consolidated statement of the financial position as of 30 June 2021, summarised consolidated income statement, summarised consolidated statement of comprehensive income, summarised consolidated statement of changes in equity, summarised consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the Review

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

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2021 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Emphasis of Matter

We draw attention to Note 2a to the accompanying interim condensed consolidated financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020. Our conclusion is not modified in respect of this matter.

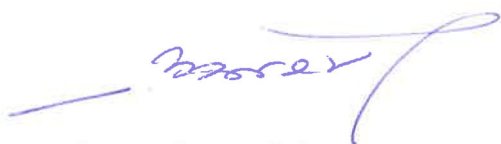
Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2021 contains the explanations which the Parent's directors consider appropriate about the significant events which took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2021. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Lar España Real Estate SOCIMI, S.A. and Subsidiaries.

Other Matters

This report was prepared at the request of the Board of Directors of Lar España Real Estate SOCIMI, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of Consolidated Spanish Securities Market Law approved by Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.



Carmen Barrasa Ruiz

29 September 2021



Real Estate

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

**Abridged Consolidated Interim Financial Statements for the six-month period ended 30
June 2021**

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

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LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of the Financial Position for the six-month
period ended 30 June 2021
(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)

<u>Assets</u>	Note	30 June 2021 (*)	31 December 2020
Intangible assets		2	2
Investment property	5	1,411,110	1,373,480
Equity-accounted investees	7	1,082	1,082
Non-current financial assets	8	14,344	13,618
Trade and other long-term receivables	8	14,355	17,996
Total non-current assets		1,440,893	1,406,178
Non-current assets held for sale	6	-	106,755
Trade and other short-term receivables	8	26,512	28,463
Other current financial assets	8	4,054	369
Other current assets	12	4,293	3,038
Cash and cash equivalents	9	165,851	134,028
Total current assets		200,710	272,653
Total assets		1,641,603	1,678,831

(*) Unaudited data

Notes 1 to 23, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Interim Statement of Financial Position for the six-month period ended 30 June 2021.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of the Financial Position for the six-month
period ended 30 June 2021
(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)

<u>Net Equity and Liabilities</u>	Note	30 June 2021 (*)	31 December 2020
Capital	10a	175,267	175,267
Issue premium	10b	466,176	475,130
Other reserves and other contributions	10c	209,834	281,005
Profit/(loss) for the period		7,724	(53,668)
Treasury shares	10e	(19,468)	(16,474)
Valuation adjustments	10d and 12	(992)	(1,610)
Total net equity		838,541	859,650
Financial liabilities from issue of bonds and other marketable securities	12	-	139,685
Bank borrowings	12	463,524	570,608
Deferred tax liabilities	17	15,578	17,201
Derivatives	12	3,004	4,685
Other non-current liabilities	12 and 13	20,856	19,993
Total non-current liabilities		502,962	752,172
Liabilities connected to non-current assets held for sale	6	-	1,576
Financial liabilities from issue of bonds and other marketable securities	12	141,276	3,482
Bank borrowings	12	144,402	40,593
Derivatives	12	2,802	3,137
Trade and other payables	12 and 14	11,620	18,221
Total current liabilities		300,100	67,009
Total net equity and liabilities		1,641,603	1,678,831

(*) Unaudited data

Notes 1 to 23, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Interim Statement of Financial Position at the end of the six-month period ended 30 June 2021.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Interim Statement of the Comprehensive Income for the
six-month period ended 30 June 2021
(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)

<u>Abridged Consolidated Income Statement</u>	Note	30 June 2021 (*)	30 June 2020 (*)
Revenue	4 and 18	38,752	47,943
Other income	19	1,226	1,107
Employee benefits expense	22	(276)	(223)
Amortisation and depreciation charges	5	-	-
Other expenses	20	(17,185)	(11,669)
Changes in the fair value of investment property	5 and 6	(7,564)	(55,877)
Profit and loss from the disposal of investment property	3, 5 and 6	9	-
Operating profit/(loss)		14,962	(18,719)
Financial revenue		-	39
Financial expenses	12	(10,258)	(10,164)
Changes in the fair value of financial instruments	12	1,397	309
Share in result for the period of equity-accounted companies	7	-	(175)
Profit/(loss) before tax from continuing operations		6,101	(28,710)
Corporate income tax		1,623	-
Profit/(loss) for the period		7,724	(28,710)
Basic earnings per share (in euros)	11	0.08	(0.33)
Diluted earnings per share (in Euros)	11	0.08	(0.33)
<u>Abridged Consolidated Statement of Comprehensive Income</u>			
Profit/(loss) as per the income statement (I)		7,724	(28,710)
Other comprehensive income recognised directly in equity (II)	10d	618	(398)
Other amounts transferred to the income statement (III)	10d	-	543
Total comprehensive income (I+II+III)		8,342	(28,565)

(*) Unaudited data

Notes 1 to 23, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Interim Statement of Comprehensive Income for the six-month period ended 30 June 2021.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of Changes in Equity at 30 June 2021
(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	Profit/(loss) for the period	Treasury shares	Valuation adjustments	Total net equity
Balance at 31 December 2020	175,267	475,130	280,765	240	(53,668)	(16,474)	(1,610)	859,650
Total revenue and expenses recognised in the period	-	-	-	-	7,724	-	618	8,342
Transactions with equity holders and owners								
Distribution of profit								
To reserves	-	-	(71,171)	-	71,171	-	-	-
To Dividends (Note 10f)	-	(8,954)	-	-	(17,503)	-	-	(26,457)
Treasury shares (Note 10e)	-	-	-	-	-	(2,994)	-	(2,994)
Other changes	-	-	-	-	-	-	-	-
Balance at 30 June 2021 (*)	175,267	466,176	209,594	240	7,724	(19,468)	(992)	838,541

(*) Unaudited data

Notes 1 to 23, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Statement of Changes in Equity at 30 June 2021.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of Changes in Equity at 30 June 2021
(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	Profit/(loss) for the period	Treasury shares	Valuation adjustments	Total net equity
Balance at 31 December 2019	175,267	475,130	254,118	240	80,730	(762)	(1,943)	982,780
Total revenue and expenses recognised in the period	-	-	-	-	(28,710)	-	145	(28,565)
Transactions with equity holders and owners								
Distribution of profit								
To reserves	-	-	26,636	-	(26,636)	-	-	-
To Dividends (Note 10f)	-	-	-	-	(54,094)	-	-	(54,094)
Treasury shares (Note 10e)	-	-	(6)	-	-	(13,476)	-	(13,482)
Other changes	-	-	17	-	-	-	-	17
Balance at 30 June 2020 (*)	<u>175,267</u>	<u>475,130</u>	<u>280,765</u>	<u>240</u>	<u>(28,710)</u>	<u>(14,238)</u>	<u>(1,798)</u>	<u>886,656</u>

(1) *Unaudited data*

Notes 1 to 23, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Statement of Changes in Equity at 30 June 2021.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of Cash Flows for the six-month period
ended 30 June 2021
(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)

	30 June 2021 (1)	30 June 2020 (1)
A) Cash flows from/(used in) operating activities	5,942	(12,206)
<i>Profit/(loss) for the period before tax</i>	6,101	(28,710)
<i>Adjustments to profit/(loss)</i>	20,301	65,868
Changes in the fair value of investment property (Note 5)	7,564	55,877
Valuation adjustment for impairment (Note 20)	2,264	-
Financial revenue	-	(39)
Financial expenses	10,258	10,164
Changes in the fair value of financial instruments (Note 12d)	(1,397)	(309)
Share in result for the period of equity-accounted investees (Note 7)	-	175
Profit/(loss) from the disposal of investment property (Note 6)	(9)	-
Other income and expenses (Note 20)	1,621	-
<i>Changes in working capital</i>	(9,991)	(39,023)
Trade and other receivables	1,741	(24,991)
Other current assets	(4,940)	(101)
Creditors and other accounts payable	(6,602)	(13,215)
Other current liabilities	-	-
Other non-current assets and liabilities	(190)	(716)
<i>Other cash flows from operating activities</i>	(10,469)	(10,341)
Interest payments	(10,469)	(10,341)
B) Cash flows from/(used in) investing activities	57,468	(8,651)
<i>Investment payments</i>	(2,054)	(8,651)
Investment property (Notes 5 and 6)	(2,054)	(8,651)
<i>Proceeds from divestitures</i>	59,522	-
Disposal of non-current assets held for sale (Notes 6 and 8)	59,522	-
C) Cash flows from/(used in) financing activities	(34,213)	(8,828)
<i>Payments made and received for equity instruments</i>	(2,994)	(13,482)
Issuing of equity instruments (Note 10a)	-	-
Acquisition/disposal of equity instruments	(2,994)	(13,482)
<i>Payments made and received for financial liability instruments</i>	(4,762)	58,655
Issue of:		
Bank borrowings (Note 12)	30,000	95,000
Debt with Group companies and associated companies (Note 12e)	-	1,000
Repayment and redemption of:		
Bank borrowings	(34,762)	(37,345)
<i>Payments for dividends and remuneration from other equity instruments</i>	(26,457)	(54,001)
Dividend payments (Note 10f)	(26,457)	(54,001)
E) Net increase/decrease in cash and cash equivalents	31,823	(29,638)
F) Changes in cash and cash equivalents of non-current assets held for sale (Note 6)	2,626	47
G) Cash and cash equivalents at beginning of period	134,028	160,527
H) Cash and cash equivalents at end of period	165,851	130,889

(1) Unaudited data

Notes 1 to 23, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Interim Statement of Cash Flows for the six-month period ended 30 June 2021.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
 Explanatory Notes to the Abridged Consolidated Interim Financial Statements
 for the six-month period
 ended 30 June 2021

(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 is located at Calle María de Molina 39, 28006, Madrid.

According to its articles of association, the 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 resident or non-resident entities in Spain, the main activity of which is the acquisition of urban properties for lease. These entities must be subject to the same regime established for SOCIMIs insofar as they have a legal or statutory obligation to distribute profits and must also comply with the investment requirements stipulated in Article 3 of Law 11/2009 of 26 October, amended by Law 16/2012 of 27 December, which governs SOCIMIs.
- The holding of shares or investments in property collective investment undertakings governed by Law 35/2003 of 4 November on collective investment undertakings, amended by Royal Decree 83/2015 of 13 February on property collective investment undertakings.
- In addition to the economic activity derived from the principal statutory activity, SOCIMIs may carry out complementary activities. These are understood to be activities that do not amount to more than 20% of the total earnings of the Company in each tax period or those which can be considered complementary pursuant to prevailing legislation.

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

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

The Parent Company is regulated by Law 11/2009 of 26 October, as amended by Law 16/2012 of 27 December, which governs SOCIMIs. Note 1 on the consolidated financial statements for the 2019 financial year described the investment requirements for this type of company.

The composition of the Group at 30 June 2021 and the method of consolidation of subsidiaries in the abridged consolidated interim financial statements are as follows:

Corporate name	Activity	Company holding the stake	% ownership	Method of consolidation
LE Logistic Alovera I y II, S.A.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	Lar España Real	100	Full

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Explanatory Notes to the Abridged Consolidated Interim Financial Statements
for the six-month period
ended 30 June 2021

Corporate name	Activity	Company holding the stake	% ownership	Method of consolidation
LE Retail Alisal, S.A.U.	Leasing of property	Estate SOCIMI, S.A. Lar España Real Estate SOCIMI, S.A.	100	consolidation Full consolidation
LE Offices Eloy Gonzalo 27, S.A.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail As Termas, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
Inmobiliaria Juan Bravo 3, S.L.	Property development	Lar España Real Estate SOCIMI, S.A.	50	Equity accounting
LE Logistic Alovera III y IV, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Offices Joan Miró 21, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Hiper Ondara, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Logistic Almussafes, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Vidanova Parc, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail El Rosal, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Galaria, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Lagoh, S.L.U.	Acquisition and development of properties for lease	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Vistahermosa, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Sagunto II, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
Lar España Inversión Logística IV, S.L.U.	Acquisition and development of properties for lease	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Villaverde, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
 Explanatory Notes to the Abridged Consolidated Interim Financial Statements
 for the six-month period
 ended 30 June 2021

Corporate name	Activity	Company holding the stake	% ownership	Method of consolidation
LE Retail Anec Blau, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Albacenter, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Txingudi, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Las Huertas, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Offices Marcelo Spínola 42, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Gran Vía de Vigo, S.A.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Abadía, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Rivas, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation
LE Retail Córdoba Sur, S.L.U.	Leasing of property	Lar España Real Estate SOCIMI, S.A.	100	Full consolidation

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

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Explanatory Notes to the Abridged Consolidated Interim Financial Statements
for the six-month period
ended 30 June 2021

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

(a) Regulatory framework

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

- The Spanish Code of Commerce and related mercantile legislation;
- International Financial Reporting Standards as adopted by the European Union (IFRS-EU) through Regulation (EC) No 1606/2002/EC of the European Parliament and Law 62/2003 of 31 December, on tax, administrative and social measures;
- Law 11/2009 of 26 October, as amended by Law 16/2012 of 27 December, which governs SOCIMIs
- All other applicable Spanish accounting principles.

The consolidated financial statements for 2020 were drawn up in accordance with the regulatory financial reporting framework listed in the previous paragraph, and thus present a true and fair view of the Group's consolidated equity and consolidated financial position at 31 December 2020 and of the consolidated statements of income from its operating activities, of the changes in consolidated equity and consolidated cash flows for the Group during the financial year that ended on said date.

The Group's consolidated financial statements for the 2020 financial year were approved by the General Shareholders' Meeting of Lar España Real Estate SOCIMI, S.A., which was held on 22 April 2021.

These abridged consolidated interim financial statements are presented in accordance with International Accounting Standard (IAS) 34 on Interim Financial Reporting, and were authorised for issue by the Parent Company's Directors, on 28 September 2021, fully in accordance with that provided in article 12 of Royal Decree 1362/2007 of 19 October, implementing Law 24/1988 of 18 July, on the Spanish Securities Market regarding the transparency requirements for the information on companies whose securities are listed on the official secondary market or another regulated market in the European Union.

In accordance with IAS 34, the interim financial reporting is prepared with the sole intention of updating the content of the most recent consolidated financial statements issued by the Group, emphasising the new activities, events and circumstances that took place during the period and not duplicating the information already published in the consolidated financial statements for 2020. The abridged consolidated interim financial statements and for the six-month period ended 30 June 2021 do not, therefore, include all the information that would be required in complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. They must therefore be read in conjunction with the Group's consolidated financial statements for the financial year that ended on 31 December 2020.

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Consolidated profit or loss and the calculation of consolidated equity are subject to the accounting policies and principles, valuation criteria and estimates used by the Parent Company's Directors in preparing the abridged consolidated interim financial statements. In this respect, the main accounting policies and principles and valuation criteria used are those applied in the 2020 consolidated financial statements, except for any standards or interpretations that came into force during the first six months of 2021.

During the first six months of 2021, the following standards, amendments to standards and interpretations came into force, and where applicable, have been used by the Group in drawing up the abridged consolidated interim financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Interest Rate Benchmark Reform Phase 2. This amendment provides specific guidelines on how entities must record financial assets and liabilities whose basis for determining contractual cash flows changes as a result of the Interest Rate Benchmark Reform.
- Amendments to IFRS 4 – Deferment of the application of IFRS 9 until 1 January 2023.

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

Similarly, the following published standards, amendments and interpretations were not in force during the first six months of 2021 and were yet to be approved for use in the EU:

- Amendment to IFRS 16 – Leases: Rent Concessions. In May 2020, the IASB approved an amendment to IFRS 16 in order to facilitate lessee's accounting of COVID-19-related rent concessions.

(b) Comparison of information

As required by the International Financial Reporting Standards as adopted by the European Union, the information contained in these abridged consolidated interim financial statements for the six-month period ended 30 June 2021 (the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, all of which are abridged and consolidated), together with the information at 30 June 2021 (for the abridged consolidated statement of financial position and the statement of changes in equity) are presented for comparison with the information for the six-month period ended 30 June 2020 (for the statement of comprehensive income, statement of changes in equity and statement of cash flows, all of which are abridged and consolidated) and information at 31 December 2020 (for the abridged consolidated statement of financial position).

The same main accounting criteria were applied in the 2021 and 2020 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.

(c) Estimates made

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

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- Calculations of fair value of investment property by applying valuation models (see Note 5).
- The valuation of assets and liabilities held for sale (see Note 6).
- Valuation adjustment for customer insolvencies (Note 8).
- Calculations of the fair value of certain derivative financial instruments (Note 12).
- Evaluations of provisions and contingencies.
- Financial risk management (see Note 15).
- Compliance with the requirements that regulate SOCIMIs (Notes 1 and 15).
- Evaluation of compliance with the going concern principle (Note 2f).
- Estimate of the effects of the COVID-19 crisis on the financial statements (Note 2j).

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

(d) Contingent assets and liabilities

During the first six months of 2021 there were no significant changes in the Group's contingent assets and liabilities.

(e) Correction of errors

During the first six months of 2021 no errors have been brought to light with respect to the close of the previous financial year that would require correction.

(f) Company in operation

On 30 June 2021 the Group had a negative working capital of EUR 99,390 thousand as a result of its short-term financial liabilities. The Group's debt mainly comprises financial liabilities stemming from the issue of bonds and other marketable securities in the amount of EUR 140 million to mature on 21 February 2022, as well as from various mortgage loans pertaining to the Group companies Le Retail Gran Vía de Vigo, S.A.U. in the amount of EUR 82.4 million to mature on 14 March 2022 and Le Retail Vistahermosa, S.L.U. in the amount of EUR 21.5 million to mature on 02 March 2022 (Note 12).

In this context, the Parent Company of the Group has carried out an issuance process of some senior green unsecured bonds amounting to EUR 400 million, which has been successfully completed on July 26, 2021. Said new issue shall allow the Group to satisfy all its maturities in 2022. In this sense, at the date of preparation of these condensed interim financial statements, with the funds obtained, the Group has canceled the abovementioned mortgage loans for an amount of EUR 103.9 million and, additionally, on 3 August 2021 it performed the early cancellation of those linked to the company of the Group Le Retail Hiper Ondara, SLU

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amounting to a combined amount of EUR 163.1 million, as well as a partial purchase of the bonds maturing in February 2022 for an amount of EUR 17.3 million (see Note 15).

For the foregoing reasons, the Directors of the Company drew up the adjoined consolidated abridged financial statements under the going concern principle, as they believe the Group will continue to be able to operate for at least another twelve months from the approval date of these limited consolidated financial statements.

(g) Seasonality of the Group's transactions

Given the activities in which the companies in the Group are involved, their transactions are not markedly cyclical or seasonal in nature. Specific breakdowns in this respect have therefore not been included in these explanatory notes to the abridged consolidated interim financial statements for the six-month period ended 30 June 2021.

(h) Relative importance

In determining the information to be broken down in the explanatory notes on the different items in the financial statements and other matters, the Group, in accordance with IAS 34, has taken into account the relative importance in relation to the abridged consolidated financial statements for the six-month period ended 30 June 2021.

(i) Abridged consolidated statement of cash flows

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

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

For the purposes of preparing the abridged consolidated statement of cash flows, the following have been considered to be "cash and cash equivalents": cash on hand and demand bank deposits, and those short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Impact of COVID 19 on the financial statements

The emergence of the Coronavirus COVID-19 in China in January 2020 and its recent global spread to many countries led the World Health Organisation to define the viral outbreak as a pandemic since March 11.

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On March 14, 2020, the Spanish Government declared the "State of Alarm" under Royal Decree 463/2020, which led to certain commercial and hospitality activities being classified as essential, whose opening was allowed, whereas the rest were classified according to their nature as non-essential and, therefore, subjected to an administrative forced closure.

Subsequently, on November 3, 2020, a new State of Alarm was declared, which lasted until May 9, 2021, and which entailed certain restrictions at the regional level, although they were not been as severe as those of the first State of Alarm.

Additionally, in December 2020, the European Union approved the commercialization of the first vaccines to deal with the virus, starting the vaccination process.

Taking into account the above factors and the complexity of the markets due to their globalization, the consequences for the Group's operations are uncertain and shall largely depend on the evolution and extent of the pandemic in the coming months, as well as on the capacity for reaction and adaptation of all the different economic agents impacted and the evolution of the vaccination process, which is being completed in a positive way in Spain.

In this sense, the administrators of the Parent Company have continued to carry out an assessment of the effects that the health and economic crisis of the pandemic caused by COVID-19 has had and could continue to have on the Group, among which the following aspects stand out:

- **Operating risk:** As indicated in the consolidated report for the year ended December 31, 2020, the impairment of the Group's accounts receivable as of that date amounted to EUR 4,998 thousand, therefore not being significant given that the Group has the bonds provided by tenants as a guarantee of their credit.

During the first half of fiscal year 2021, the Group has continued with the commercial policies established in fiscal year 2020 in response to the pandemic derived from Covid-19. These complementary measures run from January 1 to June 30, 2021, and are aimed at most of the tenants of the Group's asset portfolio with commercial activity to support them in the reopening and recovery of their businesses.

These measures have basically consisted in the application of partial average discounts on the guaranteed minimum income. Although, in the case of forced closure, a 100% rent discount has been applied during the period in which the tenants have not been legally authorized to open their businesses. The bonuses granted since the beginning of the pandemic have led to a reduction in net rental income corresponding to the first half of the year by an amount of EUR 7,326 thousand.

In turn, the Administrators have continued to assess the credit risk of their tenants as a consequence of the pandemic while they have continued to support them with the rental bonus policies indicated above, taking into account the differential factors of their tenant portfolio, the characteristics of the rental contracts and the collections received to date, having concluded that the increase in the credit risk of its main clients has not been significantly affected, although a provision for impairment of accounts receivable has been recorded during the period for an additional amount of EUR 2,264 thousand (see Note 8).

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In relation to its other financial assets exposed to credit risk, corresponding mainly to guarantees and balances with public administrations, the administrators have concluded that there has not been a significant increase in said risk, considering the historical experience with said entities, which allow estimating that during the expected life of these financial assets their credit risk shall remain stable.

- **Liquidity risk:** the overall market situation is expected to generally increase liquidity stress in the economy and squeeze the credit market. In this sense, the Parent Company has carried out a restructuring of the Group's debt by issuing unsecured green bonds for an amount of EUR 400 million during the month of July 2021 (Notes 2.f and 15). Consequently, the Group does not believe these circumstances shall generate liquidity risk in the short-term.

- **Risk of valuation of the assets and liabilities of the balance sheet:** in accordance with IAS 40, the Group periodically determines the fair value of investment property. Said fair value is determined taking as reference values whose valuations are made every six months by independent third-party experts so that, at the end of each semester, the fair value reflects the market conditions of the elements of the investment properties on said date.

The valuation methodology described in Note 5 has not been modified, although the valuations have been influenced by the following aspects derived from the effects of the pandemic:

- Progressive opening of the activity in shopping centers.
- Additional bonuses for tenants.
- The risk of loss of relevant contracts.
- Volatility of discount rates and exit capitalization ("exit yield") derived from future uncertainty.

Notwithstanding the foregoing, the latest appraisals carried out by the Group show that the estimated cash flows in the valuations are at similar levels compared to the previous year, as are the yields, while the rates of the discount used in the valuations carried out by independent experts is slightly higher (5 basis points on average), these being the main reasons for the evolution of the value of the Group's rental equity portfolio (-0.4%, approximately).

The detail of the main assumptions used in the valuations as of June 2021 and December 2020 according to the nature of the assets, as well as the sensitivities in the event of an increase or decrease in the aforementioned variables, are included in Notes 5 and 16 of the attached notes.

- **Risk of variation of certain financial figures:** in this respect, the Group has drawn up a comparison of the effect that the lockdown and the changes to agreements with tenants has and shall have on its key financials. At 31 December 2020 these financials are considered satisfied and they are expected to be satisfied in the coming year, with the additional possibility of the coordination of measures to correct these financials or obtain waivers if necessary.

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Notwithstanding the foregoing, the Administrators of the Parent Company maintain constant supervision of the evolution of the situation, in order to successfully face the eventual impacts, both financial and non-financial, that may occur.

(3) CHANGES TO THE COMPOSITION OF THE GROUP

In Note 4.e. and Appendix I of the consolidated financial statements for the period ended 31 December 2020, relevant information is provided regarding the Group companies that were consolidated as of that date and those that were consolidated using the equity method.

On 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. to the company Igccl Investments, S.L. for the joint amount of EUR 59,522 thousand. After said sale these companies ceased to form part of the Group (Note 6).

The impact on the Group's financial statements after the sale of said companies was a decrease in net assets in the amount of EUR 60,085 thousand which, after receiving the consideration in the amount of EUR 59,522 thousand and the associated costs in the amount of EUR 558 thousand (Note 20), resulted in a profit from the disposal of investment property of EUR 9 thousand (Note 6).

(4) SEGMENT REPORTING

At 30 June 2021, the Group is organised internally into operating segments, with two distinct lines of business: shopping centres (which comprises the rental of shopping centres and single-tenant commercial premises) and residential properties. These are the strategic business units. The breakdown into operating segments is as follows:

- Shopping centres: Txingudi, Las Huertas, Hipermercado Albacenter, Anec Blau, Portal de la Marina, Albacenter, As Termas, Hipermercado Portal de la Marina, El Rosal, Parque Comercial VidaNova Parc, Gasolinera As Termas, Parque Comercial Megapark, Lagoh, Parque Comercial Vistahermosa, Gran Vía de Vigo, Parque Comercial and Galería Comercial Abadía and Parque Comercial Rivas.
- Residential: Stake in the company Inmobiliaria Juan Bravo 3, S.L., the developer of a block of flats on Calle Juan Bravo in Madrid. All of the flats were delivered, with only garage parking spaces pending delivery.

The profit generated by each segment and by each asset within each segment is used as a measure of its performance because the Group considers this to be the most relevant information with which to assess the profits generated by specific segments as compared with other groups that operate in these businesses.

The details of these activities by segment at 30 June 2021, and their comparison with the previous period (30 June 2020 for income and expenses, and 31 December 2020 for assets and liabilities), are shown below:

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	Thousands of Euros				
	30 June 2021				
	Shopping centres	Offices and logistic units	Residential (Stakes in associates) (Note 7)	Head Office and other (*)	Total
Revenue from leases	38,752	-	-	-	38,752
Total revenue	38,752	-	-	-	38,752
Other income	1,226	-	-	-	1,226
Employee benefits expense	-	-	-	(276)	(276)
Operating expenses (**)	(15,165)	-	-	(2,020)	(17,185)
Changes in the fair value of investment property	(7,564)	-	-	-	(7,564)
Profit/(loss) from the disposal of investment property	9	-	-	-	9
Operating profit	17,258	-	-	(2,296)	14,962
Net finance cost (**)	(8,861)	-	-	-	(8,861)
Equity-accounted investees' share in the profit for the period	-	-	-	-	-
Profit/(loss) before tax from continuing operations	8,397	-	-	(2,296)	6,101
Corporate income tax	-	-	-	1,623	1,623
	8,397	-	-	(673)	7,724

(*) The line item "Head Office and other" comprises the corporate revenue and expense that cannot be attributed to any segment.

(**) The fact has been taken into consideration that in the first half of 2021, the Parent Company reinviced the subsidiaries the amount corresponding to "Operating expenses". The amount attributable to shopping centres at 30 June 2021 totalled EUR 4,952 thousand. In addition, the Parent Company rebilled the amount corresponding to financial expenses accrued through the Bonds to the subsidiaries. The amount attributable to shopping centres amounts to EUR 2,170 thousand.

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	Thousands of Euros				Total
	Shopping centres	Offices and logistic units	Residential (Stakes in associates) (Note 7)	Head Office and other (*)	
	30 June 2020				
Revenue from leases	47,943	-	-	-	47,943
Total revenue	47,943	-	-	-	47,943
Other income	1,095	-	-	12	1,107
Employee benefits expense	-	-	-	(223)	(223)
Operating expenses (**)	(10,886)	-	-	(783)	(11,669)
Changes in the fair value of investment property	(55,877)	-	-	-	(55,877)
Profit/(loss) from the disposal of investment property	-	-	-	-	-
Operating profit	(17,725)	-	-	(994)	(18,719)
Net finance cost (**)	(9,639)	-	-	(177)	(9,816)
Equity-accounted investees' share in the profit for the period	-	-	(175)	-	(175)
Profit/(loss) before tax from continuing operations	(27,364)	-	(175)	(1,171)	(28,710)
Corporate income tax	-	-	-	-	-
	(27,364)	-	(175)	(1,171)	(28,710)

(*) The line item "Head Office and other" comprises the corporate revenue and expense that cannot be attributed to any segment.

(**) The fact has been taken into consideration that in the first half of 2020, the Parent Company re invoiced the subsidiaries the amount corresponding to "Operating expenses". The amount attributable to shopping centres at 30 June 2020 totalled EUR 5,011 thousand. In addition, the Parent Company rebilled the amount corresponding to financial expenses accrued through the Bonds to the subsidiaries. The amount attributable to shopping centres amounted to EUR 2,165 thousand.

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	Thousands of Euros				
	30 June 2021				
	Shopping centres	Offices and logistic units	Residential (Stakes in associates)	Head Office and other	Total
Intangible assets	2	-	-	-	2
Investment property	1,411,110	-	-	-	1,411,110
Equity-accounted investees	-	-	1,082	-	1,082
Non-current financial assets	14,344	-	-	-	14,344
Trade and other long-term receivables	14,355	-	-	-	14,355
Total non-current assets	1,439,811	-	1,082	-	1,440,893
Non-current assets held for sale (Note 6)	-	-	-	-	-
Trade and other short-term receivables	17,176	-	-	9,336	26,512
Other current financial assets	3,197	-	-	857	4,054
Other current assets	4,033	-	-	260	4,293
Cash and cash equivalents	66,119	-	-	99,732	165,851
Total current assets	90,525	-	-	110,185	200,710
Total assets	1,530,336	-	1,082	110,185	1,641,603

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	Thousands of Euros				
	31 December 2020				
	Shopping centres	Offices and logistic units	Residential (Stakes in associates) (Note 7)	Head Office and other Central Services	Total
Intangible assets	2	-	-	-	2
Investment property	1,373,480	-	-	-	1,373,480
Equity-accounted investees	-	-	1,082	-	1,082
Non-current financial assets	13,618	-	-	-	13,618
Trade and other long-term other receivables	17,996	-	-	-	17,996
Total non-current assets	1,405,096	-	1,082	-	1,406,178
Non-current assets held for sale (Note 6)	106,755	-	-	-	106,755
Trade and other receivables	28,263	-	-	200	28,463
Other current financial assets	21	-	-	348	369
Other current assets	2,750	-	-	288	3,038
Cash and cash equivalents	100,469	-	-	33,559	134,028
Total current assets	238,258	-	-	34,395	272,653
Total assets	1,643,354	-	1,082	34,395	1,678,831

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	Thousands of Euros				
	30 June 2021				
	Shopping centres	Offices and logistic units	Residential (Stakes in associates)	Head Office and other	Total
Liabilities connected to non-current assets held for sale (see Note 6)	-	-		-	-
Financial liabilities from issue of bonds and other current and non-current marketable securities	141,276	-	-	-	141,276
Current and non-current bank borrowings	507,841	-	-	100,085	607,926
Deferred tax liabilities	15,578	-	-	-	15,578
Current and non-current derivatives	5,806	-	-	-	5,806
Other non-current liabilities	20,856	-	-	-	20,856
Trade and other payables	10,243	-	-	1,377	11,620
Total current and non-current liabilities	701,600	-	-	101,462	803,062

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	Thousands of Euros				
	31 December 2020				
	Shopping centres	Offices and logistic units	Residential (Stakes in associates) (Note 7)	Head Office and other Central Services	Total
Liabilities connected to non-current assets held for sale (see Note 6)	1,576	-	-	-	1,576
Financial liabilities from issue of bonds and other current and non-current marketable securities	143,167	-	-	-	143,167
Current and non-current bank borrowings	611,201	-	-	-	611,201
Deferred tax liabilities	17,201	-	-	-	17,201
Current and non-current derivatives	7,822	-	-	-	7,822
Other non-current liabilities	19,954	-	-	39	19,993
Borrowings from Group and associated companies	-	-	-	-	-
Trade and other payables	16,735	-	-	1,486	18,221
Total current and non-current liabilities	817,656	-	-	1,525	819,181

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(a) **Geographical segments**

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

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(b) Geographical information

The table below summarises revenue and investment property for each of the assets owned by the Group in each geographical region at 30 June 2021, 30 June 2020 and at 31 December 2020, respectively:

	Thousands of Euros					
	30 June 2021					
	Revenue	%	Investment property	Non-current assets held for sale (Inv. prop. Note 6)		%
Andalusia	7,332	18.93	290,500	-		20.59
Basque Country	6,587	18.40	249,780	-		17.57
Galicia	7,127	17.00	232,090	-		16.58
Community of Valencia	6,434	16.60	213,300	-		15.12
Castile La Mancha	3,845	9.92	146,880	-		10.41
Castile and León	3,099	8.00	115,660	-		8.20
Catalonia	2,267	5.85	96,400	-		6.83
Community of Madrid	1,765	4.55	66,500	-		4.70
Balearic Islands	132	0.34	-	-		-
Cantabria	75	0.19	-	-		-
Navarre	58	0.15	-	-		-
La Rioja	31	0.07	-	-		-
	<u>38,752</u>	<u>100.00</u>	<u>1,411,110</u>	<u>-</u>		<u>100.00</u>
	Thousands of Euros					
	30 June 2020		31 December 2020			
	Revenue	%	Investment property	Non-current assets held for sale (Inv. prop. Note 6)	Intangible assets	%
Andalusia	8,633	18.15	292,400	-	-	19.82
Basque Country	8,538	17.72	215,430	62,760	-	18.85
Galicia	7,829	16.25	235,800	-	-	15.98
Community of Valencia	7,706	16.11	214,590	-	-	14.54
Castile La Mancha	4,770	9.95	146,460	-	-	9.93
Castile and León	4,073	8.44	106,400	10,530	-	7.92
Catalonia	3,305	6.90	96,400	-	-	6.53
Community of Madrid	2,125	4.43	66,000	-	-	4.47
Balearic Islands	431	0.91	-	12,810	-	0.87
Cantabria	244	0.52	-	7,240	-	0.49
Navarre	189	0.40	-	5,690	-	0.39
La Rioja	100	0.21	-	2,980	-	0.20
	<u>47,943</u>	<u>100.00</u>	<u>1,373,480</u>	<u>102,010</u>	<u>-</u>	<u>100.00</u>

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The Group carries out its activity entirely in Spain.

(c) Main customers

This line item presents details of the tenants that contributed the most rental revenue during the period ended 30 June 2021, as well as their main characteristics:

Position	Trade name	Project	% of total revenue	% accumulated	Maturity *	Sector
1	Inditex	Anec Blau/Albacenter/El Rosal/As Termas/Portal de la Marina/Gran Vía de Vigo	9.62%	9.62%	2025-2034	Textile/Fashion
2	Carrefour	El Rosal/Gran Vía de Vigo/Hiper Portal de la Marina	4.66%	14.28%	2042-2060	Distribution/Hypermarket
3	MediaMarkt	Megapark/Vistahermosa/As Termas/Parque Abadía/Rivas/Lagoh	4.00%	18.28%	2023-2044	Technology
4	Leroy Merlin	Vidanova Parc/Vistahermosa/As Termas/Portal de la Marina	3.56%	21.84%	2041-2058	DIY
5	Decathlon	Megapark/Parque Abadía/Vidanova Parc	2.74 %	24.58%	2036-2043	Distribution
6	Tendam Retail	Albacenter/AnecBlau/As Termas/Megapark/Galeria Abadía/El Rosal/Gran Vía de Vigo/Huertas/Portal de la Marina/Txingudi/Vidanova Parc/Vistahermosa/Lagoh	2.53%	27.11%	2021-2036	Textile/Fashion
7	Conforama	Megapark/ Vidanova Parc/ Rivas	2.49%	29.60%	2023-2038	Textile/Fashion
8	Mercadona	Lagoh/ Megapark/Hipermercado Albacenter/Anec Blau	2.29%	31.89%	2040-2049	Distribution/Supermarket
9	El Corte Ingles	Lagoh/Parque Abadía/ Gran Via de Vigo/ Megapark/ As Termas/ Rivas	2.28%	34.17%	2025-2039	Textile/Fashion
10	C&A Modas	Parque Abadia/Gran Via de Vigo /As Termas/Portal de la Marina/ Vidanova Parc	2.09%	36.26%	2026-2038	Textile/Fashion

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

(5) INVESTMENT PROPERTY

At 30 June 2021 the investment property owned by the Group comprises 10 shopping centres, 5 business parks, 2 hypermarkets (Portal de la Marina and Albacenter), 2 petrol stations (As Termas and Vidanova), and the land on which these are located, which are held to obtain rental revenue and are therefore not occupied by the Group.

The composition and movements that had occurred in the first six months of 2021 in the accounts included under the line item “Investment property” in the abridged consolidated financial statements at 30 June 2021 were as follows:

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	Thousands of Euros
	Completed investment property
Fair value at 31 December 2020	1,373,480
Additions for the period	2,054
Reclassification of assets held for sale	43,140
Changes in the fair value of investment property	(7,564)
Balance at 30 June 2021	1,411,110
Fair value at 30 June 2021	1,411,110

Additions and changes to the scope

The additions for the six-month period ended 30 June 2021 correspond to the following items:

		Thousands of Euros	
Type of asset	Company	Registrations	Changes to the scope
Business Park	Parque Rivas (a)	1,103	-
Shopping centre	Gran Vía de Vigo (a)	337	-
Business Park	Parque Abadía (a)	242	-
-	Improvements to other assets and fit-outs	372	-
		2,054	-

- (a) The amounts mainly correspond to renovations performed on the Rivas, Gran Vía de Vigo and Abadía property assets.

On 30 June 2021, the additions of investment property pending payment amounted to EUR 1,074 thousand and were recognised under “Trade and other payables” in the abridged consolidated financial statements at 30 June 2021.

After the Board of Directors approved the business plan on 18 March 2021, the shopping centres owned by Group companies LE Retail Las Huertas, S.L.U. and LE Retail Txingudi, S.L.U. that were posted under “Non-current assets held for sale” at 31 December 2020 were reclassified under “Investment property”, given that they were not expected to be sold in the short-term (Note 6).

Fair value of investment property

At 30 June 2021, the fair value of investment property amounted to EUR 1,411,110 thousand (31 December 2020: EUR 1,373,480 thousand) and is considered to be a level 3 valuation, since there were no transfers between levels in the first half of 2021. All of said property comprises business parks and shopping centres.

At 30 June 2021 the details of the gross leasable area and occupancy rate by business line are as follows:

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	Square metres	
	Gross leasable area	Occupancy rate (%)
Shopping centres and business parks	551,405	94.72%

The appraisal is conducted in accordance with the notes of the appraisal and valuation manual published by The Royal Institution of Chartered Surveyors (“Red Book”), based in the United Kingdom, and the international valuations standards (IVS), whose method is described in Notes 5a and 7 of the Group’s 2020 consolidated financial statements.

The fair value of investment property has been determined by professionally accredited external independent appraisal companies with recent and recognised 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 while taking into account specific factors, such as signed lease agreements. Likewise, they make certain assumptions regarding variables, such as discount rates, estimated market rent and comparable transactions, where appropriate, to make a final appraisal.

The appraisal companies that performed the valuations of the Group’s investment property at 30 June 2021 and 31 December 2020 are Jones Lang Lasalle España and Cushman & Wakefield.

Fees paid by the Group to the appraisal companies for valuations in the first half of 2021 and 2020 are as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020
Appraisal services	24	21
	24	21

In turn, the assumptions used to calculate the fair value of the real estate assets at 30 June 2021 are broken down in Note 16.

Other information

At 30 June 2021, the assets used to secure the bonds and various loans had a fair value of EUR 1,400,650 thousand. The amount outstanding for these debts at amortised cost at 30 June 2021 totalled EUR 753,289 thousand. The Group has no agreements for the use of investment property, attachment orders thereon or analogous situations (see Note 12).

At 30 June 2021 all buildings comprising “Investment property” are insured. These policies are considered to provide sufficient cover.

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

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. to the company Igel Investments, S.L. The assets thereof were recorded at 31 December 2020 as “Non-current assets held for sale” (Note 3) in the amount of EUR 62,665 thousand. After said sale, said assets and liabilities associated therewith were removed from the Group’s balance sheet.

On 18 March 2021 the Board of Directors approved the business plan that led to the reclassification of the shopping centres owned by Group companies LE Retail Las Huertas, S.L.U. and LE Retail Txingudi, S.L.U. from “Non-current assets held for sale” at 31 December 2020 to “Investment property”, given that they were not expected to be sold in the short-term (Note 5).

(7) EQUITY-ACCOUNTED INVESTEES

The details by company at 30 June 2021 and 31 December 2020 of equity-accounted investees as well as the result attributable to the Group are as follows:

	Thousands of Euros			
	30/06/2021		31/12/2020	
Investments	Result attributable to the Group	Investments	Result attributable to the Group	
Inmobiliaria Juan Bravo 3, S.L.	1,082	-	1,082	257
Total	1,082	-	1,082	257

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(8) FINANCIAL ASSETS BY CATEGORY

(a) Classification of financial assets by category

The Group's financial assets at 30 June 2021 are security deposits placed with public bodies, trade receivables, receivables from public entities, fixed-term cash deposits and credits to associated companies. The following table shows a breakdown of these assets at 30 June 2021 and 31 December 2020:

	Thousands of Euros			
	30 June 2021		31 December 2020	
	Non-current	Current	Non-current	Current
Non-current financial assets	14,344	-	13,618	-
Other financial assets	-	4,054		369
Trade and other receivables				
Operating lease receivables - pending invoices	-	2,078	-	1,472
Operating lease receivables - invoices issued	-	18,814	-	17,741
Operating lease receivables - income linearisation	14,355	5,507	17,996	4,401
Less impairment allowances	-	(7,262)	-	(4,998)
Advances to suppliers	-	124	-	1,746
Public entities, other (Note 17)	-	7,251	-	8,101
Total	28,699	30,566	31,614	28,832

The carrying amount of financial assets recognised at cost or amortised cost does not differ from the fair value.

At 30 June 2021, and 31 December 2020, "Non-current financial assets" mainly comprise the security deposits and guarantees received from the tenants of the property assets mentioned in Note 5, which the Group has deposited with the corresponding public bodies.

At 30 June 2021, "Public administrations, other" mainly includes Value Added Tax pending return to Group companies, namely EUR 2,786 thousand, pending repayment in connection with the input Value Added Tax stemming from the current expenses of the Anec Blau shopping centre. In addition, this line item includes EUR 2,317 thousand corresponding to the amount paid by the company LE Logistic Alovera I y II, S.A.U. in regard to a disputed tax assessment regarding Capital Transfer Tax and Stamp Duty for the 2014 purchase of logistics units that were owned by said company. On 17 April 2019 an economic administrative claim was filed on behalf of the Company against said settlement agreement, where no administrative ruling has been received as of the date of these interim financial statements. However in the meantime the Directors, with the support of the Group's tax advisors, consulted the criteria of the General Directorate of Taxation and received a favourable non-binding response on 25 September 2019. Therefore, based on the best estimate thereof, said amount is considered recoverable.

The line item "Operating lease receivables - invoices issued" mainly includes rent accrued and invoiced throughout the year to tenants, most of which is outstanding.

At 30 June 2021 the line item "Operating lease receivables - pending invoices" in the table above mainly included property tax expenses (IBI) yet to be passed on to tenants.

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Furthermore, at 30 June 2021, the line item “Operating lease receivables - income linearisation” includes the amount pending recognition on the income statement due to waivers or allowances granted to certain tenants that, according to the financial information framework to which the Group is subject, are recognised on a straight-line basis on the consolidated Statement of Comprehensive Income between the date of the agreement and the residual term of each leasing agreement. Of this amount, EUR 11,978 thousand corresponds to allowances granted due to the pandemic.

Lastly, the balance of the line item “Other financial assets” in the table above mostly reflects the amount of a deposit incorporated in February 2021 by LE Retail Vistahermosa, SLU to guarantee the amount of EUR 3,957 thousand contributed to the Valencian tax agency for on-going tax proceedings.

(b) Classification of financial assets by maturity

The classification of financial assets by maturity at 30 June 2021 and 31 December 2020 is as follows:

	2021			
	Thousands of Euros			
	Less than 1 year	1 to 5 years	Indefinite	Total
Non-current financial assets	-	-	14,344	14,344
Other financial assets	4,054	-	-	4,054
Operating lease receivables - pending invoices	2,078	-	-	2,078
Operating lease receivables - invoices issued	18,814	-	-	18,814
Operating lease receivables - income linearisation	5,507	14,355	-	19,862
Advances to suppliers	124	-	-	124
Public entities, other (Note 7)	7,251	-	-	7,251
	<u>37,828</u>	<u>14,355</u>	<u>14,344</u>	<u>66,527</u>
	2020			
	Thousands of Euros			
	Less than 1 year	1 to 5 years	Indefinite	Total
Non-current financial assets	-	-	13,618	13,618
Other financial assets	369	-	-	369
Operating lease receivables - pending invoices	1,471	-	-	1,471
Operating lease receivables - invoices issued	17,741	-	-	17,741
Operating lease receivables - income linearisation	4,401	17,996	-	22,397
Advances to suppliers	1,746	-	-	1,746
Public entities, other (Note 7)	8,101	-	-	8,101
	<u>33,829</u>	<u>17,996</u>	<u>13,618</u>	<u>65,443</u>

(*) Without taking into account the impairment adjustments (Note 8c).

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(c) **Impairment**

Movement in impairment and uncollectibility valuation allowances for amounts payable to the Group by tenants at 30 June 2021 is as follows:

	<u>Thousands of</u>
Balance at 31 December 2020	4,998
Impairment provisions (Note 20)	2,264
Balance at 30 June 2021	7,262

The Company's accounting policy for recording impairment of trade receivables stipulates that a provision must be made for debts past due by more than 90 days for the full amount outstanding, net of any security deposits and guarantees pledged to the Company by the debtor.

(9) **CASH AND CASH EQUIVALENTS**

Details of cash and cash equivalents at 30 June 2021 and 31 December 2020 are as follows:

	<u>Thousands of Euros</u>	
	<u>30/06/2021</u>	<u>31/12/2020</u>
Banks	165,851	134,028
Total	165,851	134,028

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 until 14 October 2020 and was subsequently extended to 14 October 2021 (Note 10e).

The aforesaid programme temporarily suspends the liquidity agreement with a financial intermediary pursuant to the terms of Spanish National Securities Market Commission Circular 3/2007 of 19 December, on liquidity agreements for the purposes of accepting same as a market practice and other applicable regulations, such that a restricted amount of EUR 500 thousand is held in cash and cash equivalents and a maximum of 63,000 shares is kept available for purchase/sale of treasury shares.

In addition, on 30 June 2021, LE Retail Lagoh, S.L.U. has EUR 1,108 thousand in a restricted account for handling the maturities in 6 months of a loan it holds. The rest of the balances are unrestricted for the Group.

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(10) NET EQUITY

(a) Capital

At 30 June 2021 the share capital of Lar España Real Estate SOCIMI, S.A. amounts to EUR 175,267 thousand (EUR 175,267 thousand at 31 December 2020) represented by 87,633,730 registered shares (87,633,730 registered shares at 31 December 2020), represented through book entries, with a par value of EUR 2 each, subscribed and fully paid, all granting the same rights.

The quoted price at 30 June 2021 is EUR 4.91 per share and the average price of the first six months of 2021 is EUR 5.08 per share.

At 30 June 2021 the Parent Company's main shareholders were as follows:

	30/06/2021
LVS II Lux XII S.a.r.l	20.7%
Grupo Lar Inversiones Inmobiliarias, S.A.	11.2%
Santa Lucía S.A. Cía. de Seguros	5.2%
Brandes Investment Partners, L.P.	5.0%
Blackrock INC.	3.7%
Adamsville, S.L.	3.0%
Other shareholders with an interest of less than 3%	51.2%
	100.0%

(b) Issue premium

The Revised Spanish Companies Act expressly provides for the use of 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 22 April 2021, the distribution of dividends from the 2020 financial year against the share premium was approved for the amount of EUR 8,954 thousand, taking into account the shares issued (Note 10.f).

At 30 June 2021, the Group's share premium amounted to EUR 466,176 thousand (EUR 475,130 thousand at 31 December 2020).

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(c) **Other reserves**

The breakdown of this line item as at 30 June 2021 and 31 December 2020 is as follows:

	Thousands of Euros	
	30 June 2021	31 December 2020
Legal reserve	19,011	16,990
Capital redemption reserve	15,502	15,502
Parent Company reserves	(42,999)	(43,610)
Consolidated reserves	218,080	291,883
Other shareholder contributions	240	240
	209,834	281,005

(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 30 June 2021 the Company's legal reserve totalled EUR 19,011 thousand (EUR 16,990 at 31 December 2020) after the application of the Parent Company's profit in the amount of EUR 2,021 thousand. Therefore, the legal reserve at 30 June 2021 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 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 20 December 2019, 10 June 2019 and 28 December 2018, totalling EUR 15,503 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 ("Spanish Companies Act").

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(d) Valuation adjustments

This line item in the Consolidated Statement of Financial Position includes the amount of changes to the value of financial derivatives designated as cash flow hedging instruments. Movements in this line item in the six-month period are as follows:

	Thousands of Euros
31 December 2020	(1,610)
Changes in fair value of hedges in the period recognised directly in net equity	618
Other amounts transferred to the income statement	-
30 June 2021	(992)

(e) Treasury shares

At 30 June 2021 the Parent Company holds treasury shares amounting to EUR 19,468 thousand. Movement during the six-month period is as follows:

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

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.

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 until 14 October 2020 and was subsequently extended to 14 October 2021.

The aforesaid programme temporarily suspends the liquidity agreement with a financial intermediary pursuant to the terms of Spanish National Securities Market Commission Circular 3/2007 of 19 December, on liquidity agreements for the purposes of accepting same as a market practice and other applicable regulations, such that a restricted amount of EUR 500 thousand is held in cash and cash equivalents and a maximum of 63,000 shares is kept available for purchase/sale of treasury shares.

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(f) Dividends paid

On 22 April 2021, the General Shareholders' Meeting of the Parent Company approved the distribution of a dividend of EUR 27,500 thousand, at EUR 0.31 per share (taking into account all the shares issued), with EUR 18,546 thousand being charged against profit and loss for the 2020 period and EUR 8,954 thousand against the share premium (Note 10.b). Said dividend was paid on 21 May 2021. The amount distributed totalled EUR 26,457 thousand (once the amount corresponding to treasury shares had been deducted, as this is not taken from the Parent 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.

(11) EARNINGS PER SHARE

(a) Basic

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

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

	<u>Thousands of Euros</u>	
	<u>30 June 2021</u>	<u>30 June 2020</u>
Profit/(loss) for the period attributable to equity holders of the Parent Company	7,724	(28,710)
Weighted average number of ordinary shares in circulation (number of shares)	<u>84,290,285</u>	<u>86,272,687</u>
Basic earnings per share (Euros)	<u><u>0.09</u></u>	<u><u>(0.33)</u></u>

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

	<u>30 June 2021</u>	<u>30 June 2020</u>
Ordinary shares	87,633,730	87,633,730
Average effect of treasury shares, capital increases and reductions	<u>(3,343,445)</u>	<u>(1,361,043)</u>
Weighted average number of ordinary shares in circulation at 30 June (shares)	<u>84,290,285</u>	<u>86,272,687</u>

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(b) 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 for the effects 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.

In addition, as indicated in Note 21, the Parent Company has entered into an Investment Management Agreement with the manager, for which a performance fee is payable. The amount of this variable 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. In accordance with the provisions of paragraphs 46 and 47A of IAS 33 and taking into account that as of 31 December 2021 the manager will have provided the service in its entirety, all the potential ordinary shares that the Parent would deliver to the manager have been considered dilutive.

The detail of the calculation of diluted earnings per share is as follows:

	<u>30 de June 2021</u>	<u>30 de June 2020</u>
Profit/(loss) for the period attributable to equity holders of the Parent Company	7,724	(28,709)
Weighted average number of ordinary shares in circulation (number of shares)	84,290,285	86,272,687
Potential ordinary shares	<u>152,290</u>	<u>-</u>
Basic earnings per share diluted (Euros)	<u>0.09</u>	<u>(0.33)</u>

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(12) FINANCIAL LIABILITIES BY CATEGORY

(a) Classification of financial liabilities by category

The classification of financial liabilities by category and class at 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021	
	Non-current	Current
	Carrying amount	Carrying amount
Carried at fair value:		
Derivatives	3,004	2,802
Carried at amortised cost:		
Financial liabilities from issue of bonds and other marketable securities	-	141,276
Bank borrowings	463,524	144,402
Other financial liabilities	20,856	-
Trade and other payables:		
Trade payables	-	9,387
Public entities, other (Note 17)	-	2,217
Customer advances	-	16
 Total financial liabilities	 <u>487,384</u>	 <u>300,100</u>

	31 December 2020	
	Non-current	Current
	Carrying amount	Carrying amount (*)
Carried at fair value:		
Derivatives	4,685	3,137
Carried at amortised cost:		
Financial liabilities from issue of bonds and other marketable securities	139,685	3,482
Bank borrowings	570,608	40,593
Other financial liabilities	19,993	-
Trade and other payables:		
Trade payables	-	17,475
Public entities, other (Note 17)	-	730
Customer advances	-	16
 Total financial liabilities	 <u>734,971</u>	 <u>65,433</u>

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

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(b) Classification of financial liabilities by maturity

The details by maturity of financial liabilities at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021						Total
	Thousands of Euros						
	1 year	2 years	3 years	4 years	5 years and thereafter	Indefinite	
Financial liabilities from issue of bonds (a)	140,000	-	-	-	-	-	140,000
Bank borrowings (a)	144,663	174,142	17,236	172,129	105,119	-	613,289
Derivatives	2,802	925	285	1,794	-	-	5,806
Other financial liabilities	-	-	-	-	-	20,856	20,856
Trade and other payables	11,620	-	-	-	-	-	11,620
Total	299,085	175,067	17,521	173,923	105,119	20,856	791,571

(a) *The effect of measuring the financial liabilities for bonds and bank borrowings at amortised cost is to increase the nominal value of these previously represented liabilities by EUR 1,276 thousand and decrease EUR 5,363 thousand, respectively, at 30 June 2021.*

	31 December 2020						Total
	Thousands of Euros						
	1 years	2 years	3 years	4 years	5 years and thereafter	Indefinite	
Financial liabilities from issue of bonds (a)	3,482	140,000	-	-	-	-	143,482
Bank borrowings (a)	40,653	114,509	174,405	105,188	183,509	-	618,264
Derivatives	3,137	181	1,636	430	2,438	-	7,882
Other financial liabilities	-	-	-	-	-	19,993	19,993
Trade and other payables	18,223	-	-	-	-	-	18,223
Total	65,495	254,690	176,041	105,618	185,947	19,993	807,784

(a) *The effect of valuing the financial liabilities for bonds and bank borrowings at amortised cost is to reduce the nominal value of these previously represented liabilities by EUR 315 thousand and EUR 7,063 thousand, respectively, at 31 December 2020.*

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(c) **Main characteristics of loans and payables**

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

Institution	Currency	Effective rate	Maturity	Amount granted	Thousands of Euros		Guarantee
					Amortised cost and interest pending payment at 30 June 2021	Liabilities connected to non-current assets held for sale at 30 June 2021	
LE Retail El Rosal, S.L.U.	Euro	EURIBOR 3M + 1.75%	07 July 2030	50,000	47,350	-	El Rosal shopping centre (ii)
LE Retail Hiper Ondara, S.L.U.	Euro	EURIBOR 3M + 1.7%	24 Feb 2023	97,000	96,784	-	Megapark shopping centre (i)(ii)(iii)
LE Retail Hiper Ondara, S.L.U.	Euro	EURIBOR 3M + 1.7%	24 Feb 2023	8,250	5,983	-	Megapark Ocio (i)(ii)(iii)
LE Retail Hiper Ondara, S.L.U.	Euro	EURIBOR 3M + 1.7%	24 Feb 2023	60,000	59,461	-	Portal de la Marina shopping centre (i)(ii)(iii)
LE Retail Gran Vía de Vigo, S.A.U.	Euro	EURIBOR 3M + 1.75%	14 March 2022	82,400	82,032	-	Gran Vía de Vigo shopping centre (i)(ii)(iii)
LE Retail Vistahermosa, S.L.U.	Euro	EURIBOR 3M + 1.85%	2 March 2022	21,550	21,494	-	Vistahermosa business park (i)(ii)
LE Retail Abadía, S.L.U.	Euro	1.80% (until 23 November 2020) Subsequently EURIBOR 12M + 1.75%	23 May 2024	34,750	33,346	-	Abadía business park (i)(ii)
LE Retail Abadía, S.L.U.	Euro	1.93% (until 23 November 2020) Subsequently EURIBOR 12M + 1.75%	23 May 2024	7,310	7,001	-	Abadía shopping Centre (i)(ii)
LE Retail Vidanova Parc, S.L.U.	Euro	EURIBOR 3M + 1.85%	31 Dec 2024	28,000	27,654	-	Vidanova Parc Business Park
LE Retail Rivas, S.L.U.	Euro	Fixed Rate 1.90%	20 Dec 2024	34,500	34,359	-	Rivas business park (i)(ii)

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Institution	Currency	Effective rate	Maturity	Amount granted	Thousands of Euros		Guarantee
					Amortised cost and interest pending payment at 30 June 2021	Liabilities connected to non-current assets held for sale at 30 June 2021	
LE Retail Lagoh, S.L.U.	Euro	EURIBOR 3M + 2.25% (under construction), then EURIBOR 3M + 2.0%	29 June 2025	98,500	92,378	-	Lagoh shopping centre (ii)
Lar España Real Estate SOCIMI, S.A.	Euro	EURIBOR 12M + 1.60%	16 May 2022	30,000	29,999	-	-
Lar España Real Estate SOCIMI, S.A.	Euro	1.67%	25 Oct 2025	70,000	70,085	-	(ii)
					607,926	-	

(i) In addition to the mortgage security on the loan, the Parent Company has pledged shares, current accounts and credit accounts derived from the lease contract of the property on shares.

(ii) With respect to said mortgage loans, there are certain clauses linked to maintaining the LTV ratio at 50%-70%. If the LTV ratio is not kept at 50%-70%, all or part of the debt will be called in early. Additionally, the loans corresponding to the companies LE Retail As Termas, S.L.U., LE Retail El Rosal, S.L.U., LE Retail Hiper Ondara, S.L.U., LE Retail Gran Vía de Vigo, S.A.U., LE Retail Vistahermosa, S.L.U., LE Retail Abadía, S.L.U., LE Retail Lagoh, S.L.U. and LE Retail Rivas, S.L.U. have clauses for maintaining a minimum Debt Coverage Ratio of between 1.1% and 3.00%; otherwise all or part of the debt will be called in early.

(iii) In addition to the previously mentioned ratios, there are clauses linked to keeping the shopping centre's occupancy rate above 85%. If the occupancy rate does not meet this minimum, all or part of the debt will be called in early.

The financial expenses accrued on the bonds during the six months ended 30 June 2021 amounted to EUR 2,170 thousand. The effect of the amortised cost of these assets was EUR 157 thousand. The accrued, unpaid interest at 30 June 2021 amounted to EUR 2,013 thousand.

The financial expenses accrued on loans during the six months ended 30 June 2021 amounted to EUR 6,160 thousand, and the effect of the amortised cost thereof was EUR 1,213 thousand. The accrued, unpaid interest at 30 June 2021 amounted to EUR 640 thousand.

The main changes in the six-month period ended 30 June 2021 are as follows:

- In May 2021 the credit facility the Parent Company held with Bankinter was renewed for one year without any changes to the amount thereof.

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The financing agreements entered into and the corporate bonds issued by the Group require compliance with certain financial ratios. At 30 June 2021 compliance with the covenants was calculated, as well as a projection of the calculation at 31 December 2021, with the conclusion being that compliance will be satisfactory (Note 2i).

(d) Liability derivative financial instruments

Derivatives contracted by the Group at 30 June 2021 and 31 December 2020 and their fair values at said dates are as follows (in thousands of Euros):

	Contracted interest rate	Thousands of Euros			
		Fair value at 30/06/2021	Fair value at 31/12/2020	Notional	Maturity
LE Retail Hiper Ondara, S.L.U.(Megapark)	0.22%	1,260	1,671	97,000	2023
LE Retail Hiper Ondara, S.L.U. (Portal de la Marina)	0.31% / 0.39%	908	1,199	60,000	2023
LE Retail Hiper Ondara, S.L.U. (Megapark Ocio)	0.35%	74	96	4,675	2023
LE Retail Gran Vía de Vigo, S.A.U.	0.29%	486	844	82,400	2022
LE Retail Vistahermosa, S.L.U.	0.12%	107	181	21,550	2022
LE Retail Vidanova Parc, S.L.U.	0.00%	398	586	28,000	2024
LE Retail Lagoh, S.L.U.	0.87%	2,574	3,246	58,113	2025
		5,807	7,823		

The effect of a 50-basis-point change in the estimated interest rate on liabilities and on the income statement before taxes would be as follows:

Scenario	Thousands of Euros		
	Liabilities	Net equity	Consolidated profit before tax
0.5% interest rate increase	2,883	(702)	(2,181)
0.5% interest rate decrease	(2,968)	722	2,246

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(e) **Movements of cash under financial liabilities from borrowings**

The movement of cash in the first six months of the 2021 period of the Group's financial debts is as follows:

	Opening balance	New debt	Offset (Note 12)	Principal paid	Interest paid	Accrued interest	Changes in fair value	Closing balance
		Cash flow		Cash flow	Cash flow			
Financial liabilities from issue of bonds	143,167	-	-	-	(4,061)	2,170	-	141,276
Bank borrowings	611,201	-	-	(4,762)	(4,851)	6,338	-	607,926
Derivatives	7,822	-	-	-	(1,557)	1,557	(2,016)	5,806
	762,190	-	-	(4,762)	(10,469)	10,065	(2,016)	755,008

(13) **OTHER NON-CURRENT FINANCIAL LIABILITIES**

Under "Other non-current financial liabilities" the Group includes EUR 20,856 thousand at 30 June 2021 (EUR 19,993 thousand at 31 December 2020) that comprise the security deposits and guarantees delivered to the Group by the various tenants of the commercial premises located in its properties. This amount generally represents two months' rent and will be reimbursed at the end of the contract term.

(14) **TRADE AND OTHER PAYABLES**

The details of "Trade and other payables" at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Trade payables (a)	8,015	15,105
Trade payables, related companies	1,287	2,262
Customer advances	17	17
Salaries payable	84	107
Public entities, other (Note 17)	2,217	730
	<u>11,620</u>	<u>18,221</u>

- (a) At 30 June 2021, "Trade payables" includes EUR 1,074 thousand (EUR 5,466 thousand at 31 December 2020) corresponding to outstanding amounts from property investments (Note 5).

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(15) RISK MANAGEMENT POLICY

(a) Financial risk factors

The Group's activities are exposed to various financial risks: market risk, credit risk, liquidity risk and interest rate risk in cash flows. 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 Senior Management of the Group 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 risks

In light of current conditions in the property sector, the Group has established specific measures for minimising 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, etc.);
- The identification of variables that are interconnected and their degree of connection.
- The time frame within which the assessment is made: The time frame for the analysis and the potential deviations should be taken into account.

(ii) Credit risk

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

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. However, due to the impact the COVID-19 crisis described in Note 2i had on operations, there was an increase in recorded receivables in 2020, which were renegotiated as a whole and in some cases a high risk of default was identified. This situation has been reflected to a lesser extent during the first half of 2021, with the Group having recorded a provision for impairment of all the accounts receivable identified as doubtful (Note 8). Moreover, the Group has formal procedures in place to detect impairment of trade receivables. By means of these procedures and the individual analysis by business area, delays in payment can be detected and methods for estimating the impairment loss can be established.

(iii) Liquidity risk

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

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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.

It is worth mentioning that in the next twelve months the issue of bonds in the amount of EUR 140 million will mature as will the mortgage loans associated with Group companies LE Retail Gran Vía de Vigo, S.A. in the amount of EUR 82,400 thousand and LE Retail Vistahermosa, S.L. in the amount of EUR 21,550 thousand.

In this context as indicated in Note 2.f above, the Group has a negative working capital amounting to EUR 99,390 thousand due to the short-term maturities of the following debts; (i) guaranteed simple bonds for an amount of EUR 140 million and (ii) mortgage loans associated with the companies of the LE Retail Group Gran Vía de Vigo, S.A. for an amount of EUR 82,400 thousand and LE Retail Vistahermosa, S.L. for an amount of EUR 21,550 thousand.

In this context, the administrators and the Management of the Parent Company made the decision to carry out an issue of green unsecured bonds for an amount of EUR 400 million to reinforce its liquidity position and accommodate the maturities of its debt to the cash flows foreseen in the Group's business plan. Said green bond issuance has been satisfactorily completed during the month of July 2021 and has allowed the Group to meet the aforementioned maturities, with the exception of an amount of the current guaranteed simple bonds amounting to EUR 122.7 million, which shall be amortized at their expiration date, that is, during the month of February 2022.

In addition to the above, the Group has drawn up a comparison of the effect that the lockdown and the changes to agreements with tenants will have on its key financials throughout 2021 and therefore on its compliance with any of the financial ratios related to the financing agreements. This financial year is not expected to result in the breaching of any financial ratios related to the financing agreements of the year. In addition, measures can be coordinated to correct or obtain waivers, if necessary.

(iv) Cash flow and fair value interest rate risk

The Group manages interest rate risk by obtaining finance at fixed and variable rates. The Group policy is to maintain the non-current net financing from third parties at fixed rate. To achieve this objective, the Group performs interest rate swaps transactions that are designated as hedging transactions for the corresponding loans.

(v) Tax risk

As mentioned in Note 1 to the consolidated financial statements for 2020, the Parent Company and some of its subsidiaries are subject to the special tax regime for listed real estate investment companies (SOCIMI).

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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 compliance with the requirements of the SOCIMI regime, concluding that at 30 June 2021 and 31 December de 2020 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 abridged consolidated interim financial statements.

(16) BREAKDOWNS OF THE FAIR VALUE OF FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

(a) Assets and liabilities carried at fair value

The details of the assets and liabilities measured at fair value and the hierarchy in which they are classified at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros		
	30/06/2021		
	Investment property Level 3	Non- current assets held for sale Level 3	Total Level 3
Recurrent fair value measurements			
<i>Investment property</i>			
Shopping centres			
- Land	325,157	-	325,157
- Buildings	1,085,953	-	1,085,953
Total assets measured recurrently at fair value	1,411,110	-	1,411,110

	Thousands of Euros		
	31/12/2020		
	Investment property Level 3	Non- current assets held for sale Level 3	Total Level 3
Recurrent fair value measurements			
<i>Investment property</i>			
Shopping centres			
- Land	312,122	32,352	344,474
- Buildings	1,061,358	69,658	1,131,016

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	Thousands of Euros		
	31/12/2020		
	Investment property	Non- current assets held for sale	Total
	Level 3	Level 3	Level 3
Total assets measured recurrently at fair value	1,373,480	102,010	1,475,490

The only liabilities measured at fair value are the derivative instruments described in Note 12, which are classified as Level 2 in the hierarchy.

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

The main assumptions used to calculate the fair value of the real estate assets at 30 June 2021 were as follows:

	Net Exit Yield	Discount rate
	Shopping centres and single-tenant commercial properties	8.50% - 5.45%

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 and the exit yield; and the effect of two and one-half percentage point, five percentage point and ten percentage point variation in the consolidated assets and consolidated statement of comprehensive income, 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					
	30/06/2021					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Discount rate increase	(18,919)	(37,019)	(72,277)	(18,919)	(37,019)	(72,277)
Discount rate decrease	17,905	37,149	76,359	17,905	37,149	76,359

Change in revenue

	Thousands of Euros					
	30/06/2021					
	Assets			Consolidated comprehensive income		
	2.50%	5%	10%	2.50%	5%	10%
Revenue increase	17,705	35,869	71,309	17,705	35,869	71,309
Revenue decrease	(18,600)	(41,380)	(82,444)	(18,600)	(41,380)	(82,444)

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Change in Exit Yield

	Thousands of Euros					
	30/06/2021					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Exit Yield increase	(30,082)	(57,153)	(105,639)	(30,082)	(57,153)	(105,639)
Exit Yield decrease	31,247	66,250	147,202	31,247	66,250	147,202

(17) BALANCES WITH PUBLIC ADMINISTRATIONS

Details on balances with public entities at 30 June 2021 and 31 December 2020 are as follows:

<u>Receivables</u>	Thousands of Euros	
	30/06/2021	31/12/2020
Taxation authorities, VAT recoverable	6,988	5,492
Taxation authorities, other withholdings	99	279
Other receivables from taxation authorities	164	2,316
Other Social Security receivables	-	14
	<u>7,251</u>	<u>8,101</u>

<u>Payables</u>	Thousands of Euros	
	30/06/2021	31/12/2020
Taxation authorities, VAT payable	2,110	653
Taxation authorities, personal income tax withholdings payable	102	72
Taxation authorities, current corporate income tax payable	-	-
Social Security contributions payable	5	5
Deferred tax liabilities	15,578	17,201
	<u>17,795</u>	<u>17,931</u>

At 30 June 2021, the line item “Other receivables from taxation authorities” mainly includes the amount paid by the company LE Logistic Alovera I y II, S.A.U. in regard to a disputed tax assessment regarding Capital Transfer Tax and Stamp Duty for the 2014 purchase of logistics units that were owned by said company. On 17 April 2019 an economic administrative claim was filed on behalf of the Company against said settlement agreement, where no administrative ruling has been received as of the date of these interim financial statements. However, in the meantime, the Directors, with the support of the Group’s tax advisors, consulted the criteria of the General Directorate of Taxation and received a favourable non-binding response on 25 September 2019. Therefore, based on the best estimate thereof, said amount is considered recoverable.

(18) REVENUE

The details of revenue are presented in Note 4, in conjunction with segment reporting.

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(19) OTHER INCOME

During 2021, the Group reflects other income of EUR 1,226 thousand (EUR 1,107 million at 30 June 2020), of which EUR 1,169 thousand correspond to temporary rentals of common areas in the shopping centres.

Invoices issued to tenants include EUR 14,015 thousand for communal charges (shared utility costs, services, etc.) passed on to them (EUR 16,184 thousand at 30 June 2020). This amount is presented, according to its nature, net of the corresponding expenses under “Other expenses” in the abridged consolidated statement of comprehensive income for the six-month period ended 30 June 2021.

(20) OTHER EXPENSES

The breakdown of “other expenses” at 30 June 2021 and 30 June 2020 is as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020
Independent professional services	7,316	6,658
Insurance premiums	138	149
Bank fees and commissions	182	6
Advertising and publicity	149	699
Utilities	114	386
Taxes other than corporate income tax	2,498	1,846
Change in allowances due to loss and uncollectibility of trade and other receivables (see Note 8)	2,264	371
Remuneration of the Board of Directors (*)	295	265
Other expenses	4,229	1,289
	17,185	11,669

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

The “Independent professional services” line item mainly includes the amount relating to the remuneration of Grupo Lar Inversiones Inmobiliarias, S.A., the Group’s asset manager (see Note 21a).

Likewise, in the heading “Other expenses” the cancellation of some delivered advances are recorded for the amount of EUR 1,621 thousand as a purchase option (finally not executed) of some land (Note 8) and community expenses that have not been re-invoiced to the tenants of the shopping centers during the period.

(21) RELATED PARTY BALANCES AND TRANSACTIONS

(a) Balances with associated companies and related parties

The details of the balances held with associates and related parties as at 30 June 2021 and 31 December 2020 are as follows:

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Thousands of Euros				
30 June 2021				
Associated companies	Other related parties			
Inmobiliaria Juan Bravo 3, S.L.	Grupo Lar Inversiones Inmobiliarias, S.A.	Gentalia, S.L.	Total	
Trade and other payables (Note 14)	-	1,122	165	1,287

Thousands of Euros				
31 December 2020				
Associated companies	Other related parties			
Inmobiliaria Juan Bravo 3, S.L.	Grupo Lar Inversiones Inmobiliarias, S.A.	Gentalia, S.L.	Total	
Trade and other payables (Note 14)	-	1,811	451	2,262

(b) Transactions with associates and related parties

On 19 February 2018, the Parent entered into an 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 4 years from 1 January 2018. In addition, the structure of the fees payable to the Management Company (base fee and performance fee) has been modified. The base fee payable to the Management Company shall be calculated on the basis of an annual amount equivalent to whichever is the higher between (i) EUR 2 million or (ii) the sum of (a) 1.00% of the value of the EPRA NAV (EPRA net asset value) (excluding net cash) at 31 December of the previous year up to an amount of EUR 1 billion or less, and (b) 0.75% of the value of the EPRA NAV (excluding net cash) at 31 December of the previous year in relation to the amount exceeding EUR 1 billion.

The fixed amount accrued by the manager amounted to EUR 4,285 thousand (net of expenses discounted on the basis of the management contract entered into by the parties) (EUR 3,604 thousand at 30 June 2020), of which EUR 724 thousand had not yet been paid at 30 June 2021 (EUR 1,811 thousand at 31 December 2020) (Note 14). In addition, and as an exceptional measure, there was a EUR 334 thousand decrease in the fees charged by the manager, the Lar Group, in the first six months of 2020 because of the COVID-19 pandemic crisis.

Likewise, the performance fee payable to the Management Company will be calculated on the basis of the EPRA NAV and the Company’s market capitalisation, and will be subject to a total limit equivalent to 3% of the Company’s EPRA NAV at 31 December of the preceding 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.

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In relation to this variable amount, at 30 June 2021, EUR 398 thousand were provisioned since the Parent Company's Directors considered that the EPRA NAV and market capitalisation at year-end will reach the minimum thresholds for its accrual.

The Group has also signed a contract with a related company, Gentalia 2006, S.L., (an investee in which Grupo Lar Inversiones Inmobiliarias, S.A. has a majority shareholding) for the provision of services related to the administration of property assets. At 30 June 2021 the expense incurred in this connection amounted to EUR 1,210 thousand (EUR 1,294 thousand at 30 June 2020), of which EUR 165 thousand had not yet been paid at 30 June 2021 (EUR 414 thousand at 31 December 2020).

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

The remuneration received at 30 June 2021 and 30 June 2020 by the members of the Board of Directors and Senior Management of the Parent Company, classified by item, is as follows:

		Thousands of Euros			
		30/06/2021			
		Salaries	Other social expenses	Allowances	Insurance premiums
	Board of Directors	-	-	295	26*
	Senior Management	272	4	-	-

		Thousands of Euros			
		30/06/2020			
		Salaries	Other social expenses	Allowances	Insurance premiums
	Board of Directors	-	-	265	43*
	Senior Management	199	104	-	-

* The amount of insurance premiums corresponds to the Company's Board of Directors and Senior Management.

Allowances for the Board of Directors include EUR 43 thousand for the non-executive Secretary of the Board of Directors (EUR 34 thousand at 30 June 2020).

At 30 June 2021 the Parent Company had seven Directors, five men and two women (at 31 December 2020 the Parent had seven Directors, five men and two women).

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(22) EMPLOYEE INFORMATION

The average headcount of the Group at 30 June 2021 and 31 December 2020, distributed by category, is as follows:

	30/06/2021	31/12/2020
Professional category		
Senior Management	3	3
Total	3	3

Of these, two are male and one is female (as of 31 December 2020, two men and one woman).

At 30 June 2021 and 31 December 2020 the Company does not have any employees with a disability greater than 33%.

(23) EVENTS AFTER THE REPORTING PERIOD

In July 2021 the Group's Parent Company fully paid the issue of new bonds to mature in 2026 issue in the amount of EUR 400 million. Said unsecured senior green bonds accrue interest at a rate of ,1.75%.

After the issue of said bonds, on 28 July 2021, the Group cancelled the mortgage loans of Group companies Le Retail Gran Vía de Vigo, S.A. in the amount of EUR 82.4 million and Le Retail Vistahermosa, S.L. in the amount of EUR 21.5 million and on 03 August 2021 the mortgage loans associated with Group company Le Retail Hiper Ondara, S.L.U. in the amount of EUR 163.1 million.

Furthermore, on 12 July 2021, the Company offered the bondholders holding bonds to mature in 2022 an early buy-back option at the purchase price of the principal plus 1%. Said offer has been accepted by bondholders holding obligations in the amount of EUR 17.3d million, with there therefore being EUR 122,7 of the nominal amount of said bonds pending payment when they mature in February 2022.

(24) 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.

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

1 Situation of the Group

1.1 Organisational structure and operations

Lar España Real Estate Socimi,S.A and its subsidiaries 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 more than fifty years of experience in the property market and a long history of generating value through various property cycles in the last decades, and that has alliances with some of the most internationally renowned investors.

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.

The Group carries 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 with great potential for growth and with opportunities of improvement in asset management, mainly those where there is the possibility to replace or expand.

- Residential.

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, most of which has already been delivered, 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

As of 30 June 2021, the Group's ordinary revenue amounted to EUR 38,752 thousand, corresponding to the business in which the Group is engaged, the rental business.

During first half 2021, the Group incurred "Other expenses" amounting to EUR 17,185 thousand, corresponding essentially to Independent Professional Services amounting EUR 7.613 thousand

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(almost all of them corresponding to the fees for management provided by Grupo Lar Inversiones Inmobiliarias, S.A. to the Group), recurrent services that are directly linked to the everyday management of the assets by the amount of EUR 3,933 thousand, and tax expenses amounting EUR 2,498 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 amortisation expenses) stood at EUR 22,526 thousand.

The valuation in value during 2021 of the assets held by the Group at 30 June 2021, 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 7,564 thousand.

The financial result was negative amount of EUR 8,861 thousand.

The Group's loss for the period (after taxes) was EUR 7,724 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 64% of total revenue, as opposed to 34% from commercial parks, and from 2% from other retail.
- Around 45.0% of rental revenue is generated by the Lagoh, Megapark and Gran Vía de Vigo.

As of 30 June of 2021, the Group occupied across its whole business 94.7% the gross leasable area (GLA), the occupancy rate at retail centres being 95.0% and retail parks occupancy stands at 94.3%.

As of 30 June of 2021, the Group has a portfolio of real estate rental projects covering shopping centres (310,941 sqm) and retail parks (240,464 sqm). The overall total gross leasable area of 551,405 sqm.

2.2 Other financial indicators

As of 30 June of 2021, the Group revealed the following financial indicators:

- Working capital (calculated as the difference between current assets and current liabilities) → EUR (99,390) thousand (EUR 205,644 thousand as at 31 December 2020).
- Liquidity ratio (calculated as the ratio of current assets to current liabilities) → 0.7 (4.1 as of 31 December 2020).
- Solvency ratio (calculated as the quotient of the sum of net assets and non-current liabilities in the numerator and denominator, non-current assets) → 0.9 (1.1 as of 31 December 2020).

At 30 June 2021, the Group exhibited a negative working capital and a liquidity ratio value lower than presented at 31 December 2020. The variation of these ratios corresponds mainly to the reclassification to the current liabilities of the following obligations:

- The financial liability related to the bonds issued by the Group with maturity date on February 2022 (prior to the repurchase of bonds dated on 12 July 2021);
- The financial debt that correspond to the shopping centre Gran Vía de Vigo and the retail park Vistahermosa with maturity date on March 2022.

In this context, the administrators and the Management of the Parent Company made the decision to

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carry out an issue of green unsecured bonds for an amount of EUR 400 million to reinforce its liquidity position and accommodate the maturities of its debt to the cash flows foreseen in the Group's business plan. Said green bond issuance has been satisfactorily completed during the month of July 2021 and has allowed the Group to meet the aforementioned maturities, with the exception of an amount of the current guaranteed simple bonds amounting to EUR 122.7 million, which shall be amortized at their expiration date, that is, during the month of February 2022.

The ROE (Return on Equity), which measures the profitability obtained by the Group on its own shares, totals negative amount 1.99% (negative amount of 5.92% as of 31 December 2020). 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 negative amount 1.03% (negative amount of 3.14% as of 31 December 2020); 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.

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.

Personnel

As of 30 June of 2021 the Group has 3 employees (2 men and 1 woman). Said employees are classified as Senior Management. In the 2021 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 30 June 2021, the Group's financial debt amounted to EUR 755,008 thousand, taking into account the debt classified as non-current assets held for sale. The level of debt is related to the purchases of the el Rosal, Megapark, Portal de la Marina, Vistahermosa, Gran Vía de Vigo, Lagoh, Parque Abadía, Rivas Futura and VidaNova Parc shopping center, This also includes the bonds issued by the Parent Company in 2015 and a credit line arranged by the Parent Company.

As of 30 June of 2021, the Group's short-term financial debt stands at EUR 288,480 thousand.

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

At 19 May 2021 the Parent Company renewed the credit line that it has formalized with Bankinter during the last two years for an amount of EUR 30,000 thousand, extending its maturity until 16 May 2022. The accrual of interest is quarterly and the interest rate is 12-month EURIBOR plus a spread of 1.60%. Financial expenses accrued during 30 June 2021 based on the aforementioned credit line have amounted to 121 thousand euros.

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During July 2021, the Parent Company of the Group has successfully completed the issuance of new bonds for an amount of EUR 400 million, maturing in 2026. Said senior green unsecured bonds bear an interest rate of 1.75%.

Following the issuance of said bonds on 28 July 2021, the Group canceled in advance the mortgage loans of the companies of the Group Le Retail Gran Vía de Vigo, S.A. for an amount of EUR 82.4 million and Le Retail Vistahermosa, S.L. for an amount of EUR 21.5 million, and on 3 August 2021, the mortgage loans linked to the company of the Group Le Retail Hiper Ondara, S.L.U. for an amount of EUR 163.1 million.

Likewise, on 12 July 2021, the Company has offered the bondholders holding the bonds due in 2022 the possibility of repurchasing them in advance for the purchase price of the principal plus 1% on it. Said offer accepted by beautiful holders of obligations for an amount of 17.3 million euros, thus leaving 122.7 million euros of nominal amount of the aforementioned bonds pending amortization at maturity in February 2022.

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

As of 30 June of 2021, 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.

5 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 2021 and in subsequent years.

6 COVID-19

6.1 Current situation

On Saturday 14 March, when the state of alarm was first declared, the company activated its own temporary shutdown plan. Specific access routes to the stores that remained open were marked out to ensure the smoothest service possible for our customers and to make it quick, safe and convenient for them to shop for essentials. Close to a quarter of the commercial space in Lar España's shopping centres and retail parks remained open carrying out normal business activity.

Consequently, from 16 March Lar España's assets started to implement measures to prevent the spread of the virus, such as continuous disinfection and cleaning work, as well as controlling the number of people accessing the facilities and the entrances thereto.

The shopping centres and retail parks in the portfolio have been opened in line with the advance of the phases stipulated by the different autonomous regions, as decreed by the Spanish government.

In addition, Lar España's and the Lar Group's professionals have organised their teams to minimise the possibility of infection as far as possible, working from home. The teams involved have the tools, equipment and technology to fully carry out all day-to-day tasks and procedures.

The physical presence of employees in the different work centres (central offices and shopping centres) has been reduced to the absolute minimum, taking additional safety measures in these cases.

6.2 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.

From the declaration of the state of emergency until 30 June 2021, the SOCIMI (REIT) Lar España Real Estate reached case-by-case rental agreements with a large number of its operators in 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.

6.3 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 95%, operating at close to full capacity.

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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 36.27% of its rental income, and more than 60% of all the leases signed with retailers have a remaining term of over five years.

The company's properties have a clear competitive edge in their catchment areas, generally offering more than 551,405 sqm of retail space and located in regions with an above average per capita income for Spain.

6.4 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 within the 'new normal'.

As part of this commitment, Lar España has conducted an in-depth analysis to assess the situation of each and every tenant across its shopping centres and retail parks. As a result, in recent weeks the company issued a proposal to postpone due dates and rent payments.

In addition, Royal Legislative Decree 15 published on 21 April 2020, also outlines specific conditions under which certain businesses may be granted rent deferrals during the state of emergency and the subsequent months following their reopening. This subsequent period shall not under any circumstances exceed four months, unless a prior agreement to the contrary is reached between both parties.

With these measures, Lar España has aims to ease the difficulties facing some of its tenants and allow them to reopen as soon as the restrictions on retail activity are lifted.

6.5 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. In overall LfL terms, given the percentage share that our Lagoh property in Seville and several other properties that were refurbished in 2019 hold in our portfolio, we would be able to considerably offset drops in rental income, since these properties are only operational for a couple of months or were partially closed during 2019.

With an average cost of 2.2%, 84% at fixed rate.

Lar España's robust cash position will enable it to meet all the Company's expenses, including finance costs, without problems during the next four periods.

6.6 Financial and investment caution

The company has applied austerity measures to all of its ongoing activities, adapting its expenses to the new situation. The company has also reduced its CAPEX to a minimum and any decisions regarding existing projects will be taken once business starts to resume and will depend on the climate at that time. Nonetheless, all decisions will be made on the premise of achieving solid returns via effective management and value uplift across all of its assets.

6.7 Post COVID-19

The assets in Lar España's portfolio have been opened gradually since Monday 25 May, being in conditions to ensure all the measures of health and hygiene, social distancing and communication that are required in this situation and the protocols established by the authorities.

In fact, the large-scale refurbishments and improvements carried out at our properties in recent years means they are now far better-equipped to meet these new requirements. The fact that all the shopping centres and retail parks in our portfolios are safe spaces also offers the additional Benefit of having large spaces that help avoid unnecessary crowding, retail units with sprawling shop floors, the best environmental and accessibility practices, cutting-edge technology and expert technical and private security personnel.

The company has also drawn up an action plan to ensure an optimal reopening of its centres. The plan is broken down into two parts, the first part details general operational criteria and the second focuses on how the general criteria will be specifically applied in the centres. The aim is to define procedures which can be rolled out across all of its centres and that set out the main protocols for cleaning, security and maintenance in order to minimise the risks of infection and the spreading of COVID-19.

The points to be covered in the action plan that has already been implemented in the assets cover cleaning, security and maintenance, the distribution of car parks, the control of pedestrian entrances, opening times, transport, the concessions of space and the management of communal areas and the food courts, among others.

The main cleaning measures taken are:

Thorough cleaning of all areas of the centres

- Programme of disinfection using nebulisation for the entire shopping centre.
- Review of cleaning protocols of critical areas.
- Application of new techniques, machinery and cleaning products.
- Installation of different points with gel dispensers and sanitising modules.

More security

- Control of capacities in malls and stores.
- Communication with the main operators to coordinate opening and functioning protocols.
- Automatic control system of footfall (Shoppertrack) with an Alerting system.
- Queue management in stores.
- Management of panic situations.
- Marking of transit lanes to maintain safety distance.

Maintenance of facilities and protocols

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- Review of maintenance and facility protocols.
- Management of works.
- Verification of safety and health studies and projects.

Car parks and pedestrian entrances

- Recommendation to use other places.
- Indication of number of open/closed entrances.
- Management of possible queues with horizontal vinyl screens placed on the floor at two metres to maintain social distance.

Control of visitor capacities

- Priority access for people with reduced mobility, the over-65s and families with children under 14 years of age.
- Presence of security at each entrance to control numbers.
- Gel dispensers and gloves at each entrance opened.

Ongoing communication with users

- QR code: It will be a component of the welcome and the basic source of information for consumers.
- Real-time communication of the capacity at each of our shopping centres.
- Vinyl screens at entrances.
- Digital screens and directories.
- Service personnel.
- Rules of use and safety.

Food court

In order to guarantee the use of food court areas, the terrace area that each operator may use has been defined, ensuring that the limitations on capacity are upheld at all times.

These actions have enabled the Company to comply with prevailing legislation and at all times with the hygiene and social distancing measures.

7 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*).

8 Acquisition and disposal of treasury stock

On 28 February 2019 and 17 December 2019 marked the end of the share repurchase programs formalised between the Company and its liquidity supplier, said programs having a target of a maximum of 3,160,000 and 4,660,000 shares, respectively.

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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.

The aforesaid programme temporarily suspends the liquidity agreement with a financial intermediary pursuant to the terms of Spanish National Securities Market Commission Circular 3/2007 of 19 December, on liquidity agreements for the purposes of accepting same as a market practice and other applicable regulations, such that a restricted amount of EUR 500 thousand is held in cash and cash equivalents and a maximum of 63,000 shares is kept available for purchase/sale as treasury shares.

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 30 June 2021, the share price was EUR 4.91.

As of 30 June 2021, the Company holds a total of 3,655,752 shares, representing 4.17% of total issued shares.

9 Other relevant information

9.1 Stock exchange information

The initial share price at the start of the year was EUR 4.69 and the nominal value at the reporting date was EUR 4.91. During the period, the average price per share was EUR 5.08.

The Group does not currently have a credit rating from the principal international rating agencies.

9.2 Dividend policy

On 22 April 2021, the General Shareholders' Meeting of the Parent Company approved the distribution of a dividend of EUR 27,500 thousand, at EUR 0.31 per share (taking into account all the shares issued), with EUR 18,546 thousand being charged against profit and loss for the 2020 period and EUR 8,954 thousand against the share premium. Said dividend was paid on 21 May 2021. The amount distributed totalled EUR 26,457 thousand (once the amount corresponding to treasury shares had been deducted, as this is not taken from the Parent 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.

10 Events after the reporting period

In July 2021 the Group's Parent Company fully paid the issue of new bonds to mature in 2026 issue in the amount of EUR 400 million. Said unsecured senior green bonds accrue interest at a rate of ,1.75%.

After the issue of said bonds, on 28 July 2021, the Group cancelled the mortgage loans of Group companies Le Retail Gran Vía de Vigo, S.A. in the amount of EUR 82.4 million and Le Retail Vistahermosa, S.L. in the amount of EUR 21.5 million and on 03 August 2021 the mortgage loans associated with Group company Le Retail Hiper Ondara, S.L.U. in the amount of EUR 163.1 million.

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Furthermore, on 12 July 2021, the Company offered the bondholders holding bonds to mature in 2022 an early buy-back option at the purchase price of the principal plus 1%. Said offer was accepted by bondholders holding obligations in the amount of EUR 17,3 million, with therefore being EUR 122.7 of the nominal amount of said bonds pending payment when they mature in February 2022.

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Authorisation for issue of the Abridged Consolidated Interim Financial Statements and Consolidated Interim Management Report for the six-month period ended 30 June 2021.

At their meeting held on 28 September 2021, pursuant to the requirements of Article 253 of the Revised Spanish Companies Act and Article 37 of the Spanish Code of Commerce, the Directors of Lar España Real Estate SOCIMI, S.A. authorised for issue the Abridged Consolidated Interim Financial Statements along with the Consolidated Interim Management Report for the six-month period ended 30 June 2021. The Abridged Consolidated Interim Financial Statements and the Consolidated Interim Management Report comprise the documents that precede this certification.

Signatories:

Mr José Luis del Valle Doblado (Chairman)

José Luis del Valle Doblado (representing Alec Emmott)

Ms Isabel Aguilera Navarro

José Luis del Valle Doblado (representing Laurent Luccioni)

José Luis del Valle Doblado (representing Roger Maxwell Cooke)

Ms Leticia Iglesias Herraiz

Mr Miguel Pereda Espeso

Madrid, 28 September 2021

* The Directors Mr Laurent Luccioni, Mr Alec Emmott and Mr Roger Maxwell Cooke attended via videoconference the Board meeting and, having stated their approval hereof and expressly authorising Mr José Luis del Valle Doblado to sign the statements on their behalf, these statements were drawn up.

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Mr José Luis del Valle and Ms Susana Guerrero, as Chairperson and Vice Secretary of the Parent Company's Board of Directors, respectively, certify:

- (i) That the Abridged Consolidated Interim Financial Statements along with the Consolidated Interim Management Report for the six-month period ended 30 June 2021 have been approved, authorised for issue and signed by all the Directors of the Parent Company at their meeting on 28 September 2021.
- (ii) That the attached copy of the Financial Statements and the Consolidated Interim Management Report is identical to that signed and authorised for issue by the Board of Directors.

Mr José Luis del Valle Doblado
(Chairperson)

Ms Susana Guerrero Trevijano
(ViceSecretary of the Board)