Lar España Real Estate SOCIMI, S.A.

Financial Statements for the year then ended on 31 December 2021 and Directors' Report, together with Independent Auditor's Report

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

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

Opinion

We have audited the financial statements of Lar España Real Estate SOCIMI, S.A. (the Company), which comprise the balance sheet as at 31 December 2021, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2021, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.a to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

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

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

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

Key Audit Matters

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

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Valuation of the non-current investments in Group companies

Description

The Company has ownership interests in the share capital of Group companies, which engage in the ownership and lease of their investment property, as detailed in Note 5 and in the Appendix I to the accompanying financial statements. Those ownership interests are the main items in the Company's financial statements as at 31 December 2021.

As indicated in Note 5 of the financial statements, management determines the recoverable amount of these ownership interests as the net equity of each investee plus amount of the unrealised gains existing at each measurement date. In addition, the unrealised gains are determined based on the valuation of the investment property entrust to experts, who use methodologies and standards widely used in the industry.

The valuation of those ownership interests was identified as a key matter in our audit due to the significant amount that those ownership interests represent in the context of the financial statements taken as a whole and the requirement to use of significant judgements and estimates by management in order to determine the recoverable amount of those ownership interests, which has been increased in the current economic environment caused by the pandemic, as indicated in Note 5 to the financial statements. Specifically, the valuation method generally used for determining the unrealised gains associated with the rental property assets is the discounted cash flow method, which requires estimates of:

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

Small percentage changes in the measurements of those property assets can give rise to significant changes in the recoverable amount of the related ownership interests held by the Company.

Procedures applied in the audit

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

In this connection, in view of the real estate nature of the investees, which means that their recoverable amount is closely linked to the valuation of the property assets owned by them, in addition to the financial statements of Group companies, we obtained the valuation reports of the experts hired by the Company to value the entire real estate portfolio of the investees and assessed the competence, ability and objectivity of the experts and the suitability of their work for use as audit evidence. In this connection, with the cooperation of our internal valuation experts, we have:

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

In addition, we have evaluated whether the disclosures provided in Notes 4.b.iv), 5 and in the Appendix I to the accompanying financial statements, in connection with this matter, are in conformity with those required by the applicable accounting regulations.

Compliance with the special REIT tax regime

Description

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

The tax regime for REITs is subject to certain mandatory requirements, such as those relating to their company name and object, the minimum amount of their share capital, the obligation to distribute the profit obtained each year in the form of dividends, and the listing of their shares on a regulated market, as well as other requirements, such as, basically, investment requirements and those relating to the nature of the Income obtained each year, which require significant judgements and estimates to be made by management, since failure to comply with any of these requirement will result in the loss of entitlement to the special tax regimen unless the cause of non-compliance is rectified within the immediately following year.

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

Procedures applied in the audit

Our audit procedures included, among other, obtaining and reviewing the documentation prepared by Group management relating to compliance with the obligations associated with this special tax regime and we involved our internal experts from the tax area, who assisted us in analyzing both the reasonableness of the information obtained and the completeness thereof in relation to all the matters provided for in the legislation in force at the analysis date.

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

Other Information: Directors' Report

The other information comprises only the directors' report for 2021, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

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

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

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

Based on the work performed, as described above, we have checked that the information described in section a) above is provided in the directors' report and that the other information in the directors' report is consistent with that contained in the financial statements for 2021 and its content and presentation are in conformity with the applicable regulations.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Lar España Real Estate SOCIMI, S.A. for 2021, which comprise the XHTML file including the financial statements for 2021, which will form part of the annual financial report.

The directors of Lar España Real Estate SOCIMI, S.A. are responsible for presenting the annual financial report for 2021 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). For these purposes, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report were included by reference in the directors' report.

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

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

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 25 February 2022.

Engagement Period

The Annual General Meeting held on 22 April 2021 appointed us as auditors of the Group for a period of one year from the year ended 31 December 2020.

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

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

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

25 February 2022

Appendix to our auditor's report

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Financial Statements and Management Report
31 December 2021

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

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LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Balance sheet at 31 December 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)

Assets	Note	31/12/2021	31/12/2020
Investment property		95	96
Land	4a	40	40
Buildings	4a	55	56
Long-term investments in Group companies and associates		732,407	718,401
Equity instruments	5a	732,407	718,401
Total non-current assets		**732,502**	**718,497**
Non-current assets held for sale	8	—	49,523
Trade and other receivables		24,994	18,759
Client receivables for sales and rendering of services		307	52
Clients, Group companies and associates	16	24,687	18,693
Sundry debtors		—	—
Public entities, other		—	14
Current tax assets	13a	—	—
Investments in Group companies and associates	14	519,742	74,551
Loans to companies		515,550	54,933
Other financial assets		4,192	19,618
Short-term financial investments	6a	—	350
Other financial assets		—	350
Short-term accruals		164	288
Cash and cash equivalents		249,538	33,559
Treasury	7, 14	249,538	33,559
Total current assets		**794,438**	**177,030**
Total assets		**1,526,940**	**895,527**

The accompanying Notes 1 to 20 and Appendix I form an integral part of the balance sheet at 31 December 2021.

Balance sheet at 31 December 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)

Net Equity and Liabilities	Note	31/12/2021	31/12/2020
Treasury funds			
Capital		167,386	175,267
Issued capital	9a	167,386	175,267
Issue premium	9b	466,176	475,130
Reserves	9c	(52,136)	(41,912)
Legal and statutory		19,011	16,990
Other reserves		(71,147)	(58,902)
(Treasury shares and equity holdings)	9d	(860)	(16,474)
Other shareholder contributions		240	240
Profit for the period	3	18,594	20,211
Total net equity		**599,400**	**612,462**
Long-term borrowings		763,569	209,624
Debentures and other marketable debt securities	10	693,647	139,685
Bank borrowings	10	69,922	69,900
Other financial liabilities	10	—	39
Total non-current liabilities		**763,569**	**209,624**
Short-term borrowings		129,887	33,607
Debentures and other marketable debt securities	10	129,702	3,482
Bank borrowings	10	185	30,125
Short-term borrowings from Group companies and associates	10, 16	30,232	36,538
Trade and other payables		3,852	3,296
Short-term suppliers, related companies	16	862	1,811
Sundry creditors	11	741	654
Personnel	11	147	107
Other public entity payables	11.13	2.102	724
Total current liabilities		**163.971**	**73.441**
Total net equity and liabilities		**1,526,940**	**895,527**

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

	Note	2021	2020
On-going transactions			
Net turnover		20,096	28,838
Revenue from stakes in equity instruments	4h, 14a, 16	10,166	24,474
Revenue from rebilling financial expenses within the Group	15a, 16	9,930	4,364
Other operating revenue		—	11
Non-core and other current operating revenue		—	11
Personnel expenses		(592)	(474)
Salaries and wages	15b	(541)	(412)
Benefits	15b	(51)	(62)
Other operating expenses		(2,148)	(1,933)
External services	15c	(2,143)	(1,928)
Taxes	15c	(5)	(5)
Depreciation of fixed assets		(1)	(1)
Impairment and profit/(loss) in disposals of financial instruments		11,224	(827)
Impairment and losses	5a	(2,130)	(827)
Profit/(loss) from disposals, etc.	8	13,354	—
Operating profit/(loss)		**28,579**	**25,614**
Financial income		374	82
From negotiable securities and other financial instruments		374	82
From Group companies		374	52
From third parties		—	30
Financial expenses	10c	(10,359)	(5,485)
Borrowings from Group companies and associates		(105)	(121)
Borrowings from third parties		(10,254)	(5,364)
Financial profit/(loss)		**(9,985)**	**(5,403)**
Profit/(loss) before tax		**18,594**	**20,211**
Income tax	13b	—	—
Profit/(loss) for the period from on-going transactions		18,594	20,211
Profit for the period		**18,594**	**20,211**

The accompanying Notes 1 to 20 and Appendix I form an integral part of the income statement for 2021.

A) Statement of recognised income and expenses for 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)

	2021	2020
Income statement result	18,594	20,211
Total revenue and expense recognised directly in net equity	—	—
Total transfers to the income statement	—	—
Total recognised revenues and expenses	18,594	20,211

The accompanying Notes 1 to 20 and Appendix I form an integral part of the statement of changes in net equity for 2021.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Statement of Changes in Net Equity for 2021

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

	Issued Capital	Issue premium	Reserves	Treasury shares and equity holdings	Other shareholder contributions	Valuation adjustments	Profit for the period	Total
Balance at 31 December 2019	175,267	475,130	(48,942)	(762)	240	—	61,111	662,044
Recognised revenues and expenses	—	—	—	—	—	—	20,211	20,211
Transactions with shareholders or owners								
Capital increases	—	—	—	—	—	—	—	—
Capital decreases (Note 9a)	—	—	—	—	—	—	—	—
Distribution of profit								
To reserves	—	—	7,017	—	—	—	(7,017)	—
To dividends	—	—	—	—	—	—	(54,094)	(54,094)
Return of the issue premium	—	—	—	—	—	—	—	—
Treasury shares	—	—	(6)	(15,712)	—	—	—	(15,718)
Other operations	—	—	19	—	—	—	—	19
Balance at 31 December 2020	175,267	475,130	(41,912)	(16,474)	240	—	20,211	612,462
Recognised revenues and expenses	—	—	—	—	—	—	18,594	18,594
Transactions with shareholders or								
Capital increases								
Capital decreases (Note 9a)	(7,881)	—	(12,882)	20,763	—	—	—	—
Distribution of profit								
To reserves	—	—	2,707	—	—	—	(2,707)	—
To dividends (Note 9e)	—	—	—	—	—	—	(17,504)	(17,504)
Return of the issue premium		(8,954)						(8,954)
Treasury shares (Note 9d)	—	—	(46)	(5,149)	—	—	—	(5,195)
Other changes	—	—	(3)	—	—	—	—	(3)
Balance at 31 December 2021	167,386	466,176	(52,136)	(860)	240	—	18,594	599,400

The accompanying Notes 1 to 20 and Appendix I form an integral part of the statement of total changes in net equity for 2021.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Statement of Cash Flows for 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)

	Note	2021	2020
Cash flows from operating activities			
Profit/(loss) for the period before tax		18,594	20,211
Adjustments to profit/(loss)		(11,404)	(18,243)
Amortisation of fixed assets (+)	5	1	1
Valuation adjustments due to impairment (+/-)	6a	2,130	827
Revenue from stakes in equity instruments (-)	16	(10,166)	(24,474)
Revenue from investments in Group companies and associates (-)	16	—	—
Financial revenue (-)		(374)	(82)
Revenue from disposals of shareholdings (-)	6a	—	—
Financial expenses (+)	10	10,359	5,485
Profit/(loss) from disposing of equity instruments (-)	6	(13,354)	—
Changes in working capital		(5,674)	3,318
Debtors and other receivables (+/-)		(6,235)	2,579
Creditors and other payables (+/-)		508	902
Other current assets (+/-)		92	(163)
Other current and non-current liabilities (+/-)		(39)	—
Other cash flows from operating activities		19,529	34,269
Interest payments (-)		(6,063)	(4,732)
Proceeds from dividends (+)	16	25,592	39,001
Cash flows from operating activities		**21,045**	**39,555**
Cash flows from investing activities			
Payments for investments (-)		(533,067)	(75,916)
Group companies and associates	6a	(517,333)	(21,035)
Loans to Group companies and associates		(15,734)	(54,881)
Proceeds from sales on investments (+)		62,877	—
Group companies and associates	6a	3,300	—
Disposal of equity instruments	6a	59,577	—
Cash flows from investing activities		**(470,190)**	**(75,916)**
Cash flows from financing activities			
Proceeds and payments relating to equity instruments		(5,149)	(15,713)
Issue of equity instruments (+)	9	—	—
Disposal of equity instruments (+/-)	9	(5,149)	(15,713)
Proceeds and payments relating to financial liability instruments		696,730	113,024
a) Issue of:			
Debentures and other marketable debt securities (+)	10	693,186	
Bank borrowings (+)	10	57,090	99,940
Borrowings with Group companies and associates (+)	16	—	13,084
b) Returns of:			
Bonds and other marketable securities (-)	10	(17,300)	—
Bank borrowings (-)	10	—	—
Borrowings with Group companies and associates (-)	16	(36,246)	—
Payments relating to dividends and remuneration from other equity		(26,457)	(54,094)
Dividends (-)	9	(26,457)	(54,094)
Cash flows from financing activities		**665,124**	**43,217**
Net increase / decrease in cash or cash equivalents		**215,979**	**6,856**
Cash or cash equivalents at the beginning of the period		33,559	26,703
Cash or cash equivalents at the end of the period		249,538	33,559

The accompanying Notes 1 to 20 and Appendix I form an integral part of the statement of cash flows for 2021.

(1) NATURE AND ACTIVITIES OF THE COMPANY

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

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

On 16 June 2021, the Company's registered office was changed to the current location.

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

1. The acquisition and development of urban properties for lease.

2. 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.

3. The holding of investments in the capital of other entities, be they residents in Spain or abroad, whose main activity 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.

4. 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.

5. 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 current prevailing legislation.

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

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

Lar España Real Estate SOCIMI, S.A., as a company included under the SOCIMI tax regime, is regulated by Law 11/2009 of 26 October, as amended by Law 16/2012 of 27 December, which governs SOCIMIs, namely:

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

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

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

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

3. The properties that constitute the SOCIMI's assets must be leased for at least three years. The period of time during which the properties have been available for lease, up to a

maximum of one year, shall be included for the purposes of this calculation. The period shall be calculated as follows:

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

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

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

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

   a) 100% of profits deriving from dividends or shares of profits distributed by the entities referenced in Article 2.1 of Law 11/2009.

   b) At least 50% of the profits derived from the transfer of the properties and shares or stakes referenced in Article 2.1 of Law 11/2009, held for the purpose of complying with the principal statutory activity, realised once the periods mentioned in Article 3.2 of Law 11/2009 have elapsed. The remainder of these profits must be reinvested in other properties or stakes to be held for the purpose of complying with the statutory activity, within three years after the transfer date. Otherwise, these profits must be distributed in full together with any profits obtained during the period in which the reinvestment period expires. If the items in which the reinvestment is made are transferred in the period during which they must be held, the associated profits must be distributed in full together with any profits obtained during the period in which the items were transferred. The mandatory distribution of profits does not apply to any portion of profits attributable to periods in which the Company will not be taxed under the special regime provided for by that law.

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

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

Likewise, as detailed in Article 3 of Law 11/2009 on SOCIMIs, the entity shall no longer be included in the special tax regime established in said Law, and shall begin paying taxes under the general Corporate Income Tax regime, in the same tax period in which any of the following circumstances arise:

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

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

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

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

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

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

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

On 24 February 2022 the Directors of the Company drew up the 2021 consolidated financial statements for Lar España Real Estate SOCIMI, S.A. and the subsidiaries thereof, which reflect EUR 25,782 thousand in consolidated profits, EUR 855,387 thousand in consolidated net equity and EUR 1,797,682 thousand in consolidated total assets. The consolidated figures were obtained from the consolidated financial statements prepared by the Company based on International Financial Reporting Standards, adopted by the European Union, and other provisions of the framework regulations on financial information to which the Group is subject in Spain.

(2) BASIS OF PRESENTATION

(a) Regulatory framework on financial information

These financial statements were prepared by the Directors in accordance with the framework regulations on financial information to which the Company is subject, which is that established in:

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

(b) True and fair view

The adjoined financial statements were obtained from the Company's accounting records and are presented in accordance with the applicable regulatory framework for financial information in such a way that they give a true and fair view of the equity, the financial position and the results of the Company, and cash flows during the financial year under review. These financial statements, which were prepared by the Directors on 24 February 2022, shall be submitted for approval at the General Shareholders' Meeting and they are expected to be approved without any changes. The 2020 financial statements were approved by the General Shareholders' Meeting held on 22 April 2021.

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

(c) Non-mandatory account principles applied

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

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

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

These estimates were made on the basis of the best available information at the end of the 2021 period; nevertheless, it is possible that future events may make it necessary to modify them (either up or down) in coming years. If necessary, any changes would be made prospectively.

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

1. The recoverable value of certain financial instruments (Notes 4b and 6).
2. Assessment of provisions and contingencies (Note 4h).
3. Financial risk management (see Note 14).
4. Compliance with the requirements that regulate SOCIMIs (Notes 1 and 13).
5. Estimate of the effects of the COVID-19 crisis on the financial statements (Note 2j).

(e) Comparison of information

The same 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.

(f) Grouping together of items

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

(g) Changes in accounting criteria

After the publication and entry into force of Royal Decree 2/2021, of 12 January, which amended the Spanish General Chart of Accounts (PGC) and the Standards for Preparing Consolidated Financial Statements (NOFCAC) in order to adapt same to IFRS 9 and 15, accounting changes were made that did not affect the Company.

During the annual period ended on 31 December 2021 there were no changes in accounting criteria with respect to those applied when preparing the financial statements of 2020.

(h) Correction of errors

In preparing the adjoined financial statements, no significant errors have been detected that require that the amounts included in the financial statements for 2020 be re-stated.

(i) Functional and presentation currency

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

(j) Impact of COVID 19 on the financial statements

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

On 14 March 2020, the Spanish government declared a State of Alert under Royal Decree 463/2020, which defined certain business and hospitality activities as essential and others as non-essential. Essential activities were permitted to remain open and the rest were subjected to forced administrative closure.

Then, on 3 November 2020, a new State of Alert was declared that lasted until 9 May 2021. This new state of alert included certain restrictions at the regional level that were less severe than those of the first state of alert.

In addition, on December 2020 the European Union approved the commercialisation of the first vaccines against the virus and the vaccination process began.

Taking into account the foregoing factors and the complexity of the markets due to the globalisation thereof, the consequences for the Group's operations are unclear and will largely depend on the evolution and the extent of the pandemic in coming months, as well as on the capacity to react and adapt of all the various affected economic actors and on the evolution of the vaccination process, which is being carried out with great success in Spain.

Accordingly, the directors of the Company have continued to evaluate the effects that the health and economic crisis of the COVID-19 pandemic has had and might still have on the Group, notably including the following:

- **Operating risk and credit risk**: In the 2021 period, the management of the Group in which the Company is the Parent Company continued the business policies established in the 2020 period in response to the COVID-19 pandemic. These complementary measures were effective from 1 January to 31 December 2021 and are aimed at the majority of the tenants in the investees' asset portfolio with a business activity in order to support them in reopening and recovering their businesses.

  Said measures fundamentally comprised partially waiving the minimum guaranteed rent. However, in the case of forced closure 100% of rent was waived during the period in which the tenants could not legally open. The waivers granted since the beginning of the pandemic decreased subsidiaries' net income from leases in the amount of EUR 14,782 thousand in the 2021 period.

  In turn, the Directors have continued to evaluate tenants' credit risk as a result of the pandemic, while simultaneously continuing to support them with the aforesaid rent waiver policies. This evaluation bears in mind the different factors at play in the tenant portfolio, the characteristics of the lease agreements and the collections received so far. The conclusion reached was that the increase in the main customers' credit risk was not significant.

  In terms of the other financial assets exposed to credit risk, they mainly comprise deposits and balances with public entities. The Directors concluded that this risk had not increased significantly based on their past experience with these bodies. They can therefore expect that the credit risk of these financial assets will remain stable during their expected life.

Consequently, the Directors of the Group concluded that this risk had not increased significantly based on their past experience with these bodies. They can therefore expect that the credit risk of these financial assets will remain stable during their expected life.

- **Liquidity risk**: During the period, the Company's Management restructured the Group's debt by issuing unsecured green bonds in the amount of EUR 400 million in July 2021 and EUR 300 million in October 2021. These issuances reduced the liquidity risk and the financial cost of the debt and scheduled the maturity of the two financings at 5 and 7 years, respectively (Note 10).

  Furthermore, in July 2021, the Company offered bondholders holding bonds in the amount of EUR 140 million to mature in March 2022 the option of an early buyback. This offer was accepted by bondholders holding bonds in the amount of EUR 17.3 million, where the amount pending amortisation was recorded in the short-term in 2022 and the complete amortisation was recorded in February 2022 (Note and 10).

  On another note, after issuing the bonds, the Company granted loans to those investees who held financial mortgage debt. As a result, these investees paid of this debt, associated with the shopping centres, ahead of schedule. The amount of this debt was EUR 517 million (Notes 10 and 16). Consequently, the Company does not believe these circumstances will generate liquidity risk in the short-term.

- **Balance sheet asset and liability valuation risk**:

  Pursuant to IAS 40, the Group regularly calculates the fair value of investment property. Said fair value is calculated using the valuations performed every six months by third-party independent experts. Therefore, at the end of each six-month period the fair value reflects the market conditions of the elements of the investment properties as at said date.

(Expressed in thousands of Euros)

The details of the main assumptions used in the valuations in December 2021, according to the nature of the assets and the sensitivity thereof in the event of an increase or decrease of said variables, are included in Note 5. There was no year-on-year change in the valuations of the investment property in 2021. In this sense, the independent experts have determined that the uncertain context in which the valuations were made the previous year due to the effects of COVID-19 had dissipated. Therefore, they have not issued their valuation reports under the basis of "material valuation uncertainty" (pursuant to VPS 3 and VPGA 10 of the Valuation Standards published by The Royal Institution of Chartered Surveyors), which they included in their reports due to the extraordinary uncertainty of last year's situation (Note 5).

- **Risk of change in 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 will have on its key financials throughout 2021. The conclusion reached was that this financial year none of the financial ratios related to the financing agreements of the year was expected to be breached. In addition, measures can be coordinated to correct or obtain waivers, if necessary.

  The foregoing notwithstanding, given the changing environment and extensive uncertainty, Management and the Directors are constantly monitoring the evolution of all these aspects.

(3) DISTRIBUTION OF PROFIT

The proposed distribution of profit for the period, which was prepared by the Company's Directors and will be submitted for approval at the General Shareholders' Meeting, is as follows:

	Euros
Basis of allocation	
Profit for the period	18,593,562.09
Issue premium	13,265,794.12
Distribution of profit	
Legal reserve	1,859,356.21
Dividends	30,000,000.00

The proposed profit distribution is EUR 0.3584 per share.

(4) RECORD AND VALUATION STANDARDS

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

(a) Investment property

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

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

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

(b) Financial instruments

(i) *Classification of financial instruments*

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

The Company classifies financial instruments into the various categories according to the Company's intentions and characteristics at the time of initial recognition.

(ii) *Offsetting principles*

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

(iii) *Loans and receivables*

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

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

At least at the end of the period, necessary impairment losses are recognised when there is objective evidence that not all the amounts receivable will be collected.

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

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

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

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

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

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

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

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

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

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

(v) *Impairment of financial assets*

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

– Impairment of financial assets carried at amortised cost

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

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

(vi) *Financial liabilities*

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

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

(vii) *Derecognition of financial assets*

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

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

(viii) *Derecognitions of financial liabilities*

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

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

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

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

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

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

(c) Own equity instruments held by the Company

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

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

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

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

(d) Distributions to shareholders

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

(e) Cash and cash equivalents

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

(f) Short-term employee benefits

Short-term employee benefits comprise employee remuneration other than termination benefits that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related services.

The Company recognises the expected cost of profit-sharing and bonus plans when it has a present legal or implicit obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(g) Payments based on shares

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

(h) Provisions and contingencies

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

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

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

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

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

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

(i) Recognition of income

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

Revenue from stakes in equity instruments

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

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

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

Revenue from investments in Group companies and associates

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

Revenue from the sale of shareholdings

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

Rebilling of costs to Group companies

(i) *Interests related to liabilities*

The Company classifies financial costs rebilled to Group companies as revenue when their shareholdings are the collateral for the bond or instead they own assets with a mortgage guarantee on said bond. The Company's distribution approach is based on the relative weight of the underlying market value of each pledged property asset of the investees over the total market value (calculated based on the latest available appraisal from the period immediately prior to 31 December of each period) of such property assets at the beginning of the relevant period.

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

The Company does not classify costs passed on to its subsidiaries for services received from external service organisations and independent professionals as revenue from the provision of services. The invoicing for these items is included under "External services" on the accompanying income statement, net of expenses paid by the Company for said items. Said rebilled costs total EUR 10,409 thousand in 2021 (EUR 14,245 thousand in 2020).

(j) Income tax

(i) *General regime*

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

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

Deferred tax income or expenses corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences, which are defined as the amounts which are expected to be paid or recovered in the future for differences between the carrying amount of assets and liabilities and their tax value, as well as tax loss carry-forwards and tax deductions pending fiscal application. These amounts are recognised by applying the temporary difference or deduction corresponding to the tax rate at which they are expected to be recovered or settled.

(ii) *Tax regime for SOCIMIs*

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

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

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

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

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

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

(l) Environmental assets and liabilities

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

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

(m) Transactions between Group companies

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

(n) Statement of cash flows

The statement of cash flows has been prepared using the indirect method and the following expressions and definitions:

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

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

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

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

(o) Non-current assets held for sale

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

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

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

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

(Expressed in thousands of Euros)

(5) INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

(a) Investments in equity instruments

The breakdown of investments in Group company and associate equity instruments at 31 December 2021 and 2020 is as follows (see additional information in Appendix I):

Stocks in Group Companies (all at 100%)

	Thousands of Euros						
	2021						
Company	Opening balance	Acquisitions	Transfers	Voluntary contributions	Dereco-gnitions	Impairment	Closing balance
LE Logistic Alovera I y II, S.A.U.	3,469	—	—	—	—	—	3,469
LE Retail Hiper Albacenter, S.L.U.	14,551	—	—	497	—	—	15,048
LE Retail Alisal, S.A.U.	2,327	—	—	—	—	—	2,327
LE Offices Eloy Gonzalo 27, S.A.U.	425	—	—			(24)	401
LE Retail As Termas, S.L.U.	33,326	—	—	808	—	—	34,134
LE Offices Joan Miró, S.L.U.	803	—	—	—	—	(34)	769
LE Logistic Alovera III y IV, S.L.U.	651	—	—	—	—	(16)	635
LE Logistic Almussafes, S.L.U.	2,974	—	—	—	—	(162)	2,812
LE Retail Hiper Ondara, S.L.U.	132,546	—	—	2,659	—	—	135,205
LE Retail VidaNova Parc, S.L.U.	30,545	—	—	399	—	168	31,112
LE Retail Galaria, S.L.U.	414	—	—		—	(4)	410
LE Retail El Rosal, S.L.U.	34,530	—	—	858	—	—	35,388
LE Retail Lagoh, S.L.U.	124,095	—	—	2,423	—	—	126,518
LE Retail Vistahermosa, S.L.U.	22,354	—	—	385	—	—	22,739
LE Retail Sagunto II, S.L.U.	1,264	—	—	3	—	44	1,311
Lar España Inversión Logística IV, S.L.U.	701	—	—	—	—	—	701
LE Retail Villaverde, S.L.U.	1,760	—	—	—	—	(12)	1,748
LE Offices Marcelo Spínola, S.L.U.	5,516	—	—	—	—	—	5,516
LE Retail Albacenter, S.L.U.	35,036	—	—	1,195	—	—	36,231
LE Retail Anec Blau, S.L.U.	88,308	—	—	2,834	—	—	91,142
LE Retail Gran Vía de Vigo, S.L.U.	60,714	—	—	1,257	—	—	61,971
LE Retail Las Huertas, S.L.U.	12,787	—	—	280	—	(438)	12,629
LE Retail Txingudi, S.L.U.	33,721	—	—	939	—	—	34,660
LE Retail Abadía, S.L.U.	37,602	—	—	682	—	—	38,284
LE Retail Rivas, S.L.U.	35,916	—	—	515	—	—	36,431
LE Retail Córdoba Sur, S.L.U.	984	—	—	—	—	(1,645)	(661)
	717,319	—	—	15,734	—	(2,123)	730,930

Stocks in Associates

	Thousands of Euros					
	2021					
Company	Opening balance	Additions	Impairment recorded	Impairment reversal	Returns	Closing balance
Inmobiliaria Juan Bravo 3, S.L.	1,082	-	—	395	—	1,477
	1,082	-	—	395	—	1,477

(Expressed in thousands of Euros)

Stocks in Group Companies (all at 100%)

	Thousands of Euros						
	2020						
Company	Opening balance	Acquisitions	Transfers (Note 8)	Voluntary contributions	Dereco-gnitions	Impairment	Closing balance
LE Logistic Alovera I y II, S.A.U.	3,469	—	—	—	—	—	3,469
LE Retail Hiper Albacenter, S.L.U.	14,053	—	—	498	—	—	14,551
LE Retail Alisal, S.A.U.	2,327	—	—	—	—	—	2,327
LE Offices Eloy Gonzalo 27, S.A.U.	6,028	—	—	—	(5,445)	(158)	425
LE Retail As Termas, S.L.U.	32,559	—	—	767	—	—	33,326
LE Offices Joan Miró, S.L.U.	803	—	—	—	—	—	803
LE Logistic Alovera III y IV, S.L.U.	651	—	—	—	—	—	651
LE Logistic Almussafes, S.L.U.	2,974	—	—	—	—	—	2,974
LE Retail Hiper Ondara, S.L.U.	129,398	—	—	3,148	—	—	132,546
LE Retail VidaNova Parc, S.L.U.	30,194	—	—	519	—	(168)	30,545
LE Retail Galaria, S.L.U.	509	—	—	—	—	(95)	414
LE Retail El Rosal, S.L.U.	33,543	—	—	987	—	—	34,530
LE Retail Lagoh, S.L.U.	121,360	—	—	2,735	—	—	124,095
LE Retail Vistahermosa, S.L.U.	21,907	—	—	447	—	—	22,354
LE Retail Sagunto II, S.L.U.	1,536	—	—	6	—	(278)	1,264
Lar España Inversión Logística IV, S.L.U.	701	—	—	—	—	—	701
LE Retail Villaverde, S.L.U.	1,760	—	—	—	—	—	1,760
LE Offices Marcelo Spínola, S.L.U.	5,516	—	—	—	—	—	5,516
LE Retail Albacenter, S.L.U.	33,776	—	—	1,260	—	—	35,036
LE Retail Anec Blau, S.L.U.	83,570	—	—	4,738	—	—	88,308
LE Retail Gran Vía de Vigo, S.L.U.	59,170	—	—	1,544	—	—	60,714
LE Retail Las Huertas, S.L.U.	12,823	—	—	349	—	(385)	12,787
LE Retail Txingudi, S.L.U.	32,627	—	—	1,094	—	—	33,721
LE Retail Abadía, S.L.U.	36,849	—	—	753	—	—	37,602
LE Retail Hipermercados I, S.L.U.	15,615	—	(16,149)	534	—	—	—
LE Retail Hipermercados II, S.L.U.	16,827	—	(17,358)	531	—	—	—
LE Retail Hipermercados III, S.L.U.	15,524	—	(16,016)	492	—	—	—
LE Retail Rivas, S.L.U.	35,313	—	—	603	—	—	35,916
LE Retail Córdoba Sur, S.L.U.	954	—	—	30	—	—	984
	752,336	—	(49,523)	21,035	(5,445)	(1,084)	717,319

Stocks in Associates

	Thousands of Euros					
	2020					
Company	Opening balance	Additions	Impairment recorded	Impairment reversal	Returns	Closing balance
Inmobiliaria Juan Bravo 3, S.L.	5,100	—	—	257	(4,275)	1,082
	5,100	—	—	257	(4,275)	1,082

Equity instrument investment movements in 2021

- On 31 December 2021, the Company partially impaired its shareholding in the Group companies LE Offices Eloy Gonzalo 27, S.A.U., LE Retail Galaria, S.L.U., LE Retail Las Huertas, S.L.U., LE Offices Joan Miró 21, S.L.U., LE Logistic Alovera III y IV, S.L.U., LE Logistic Almussafes, S.L.U., LE Retail Villaverde, S.L.U. and LE Retail Córdoba Sur, S.L.U. in the amount of EUR 24 thousand, EUR 4 thousand, EUR 438 thousand, EUR 34 thousand, EUR 16 thousand, EUR 162 thousand, EUR 12 thousand, and EUR 1,645 thousand, respectively.

- On 31 December 2021, the Company reversed the impairment to the shareholdings in Group companies LE Retail Sagunto II, S.L.U. and LE Retail VidaNova Parc, S.L.U. in the amount of EUR 44 thousand and EUR 168 thousand, respectively.

- On 31 December 2021, the Company reversed the impairment to shareholding it held in the associate Inmobiliaria Juan Bravo 3, S.L. by EUR 395 thousand based on the Directors' best estimate of the recoverable value thereof.

Equity instrument investment movements in 2020

- On 27 March 2020, Inmobiliaria Juan Bravo 3, S.L. distributed the shareholder contributions by offsetting the total amount drawn down by the Company from the liquidity facility granted by said investee, which was EUR 4,275 thousand. This offset was recorded as a decrease in the amount posted in "Investments in Group companies" (Note 9c ii).

- On 31 December 2020, the Company partially impaired its shareholding in the Group companies LE Offices Eloy Gonzalo 27, S.A.U., Retail VidaNova Parc, S.L.U., LE Retail Galaria, S.L.U., LE Retail Sagunto II, S.L.U. and LE Retail Las Huertas, S.L.U. in the amount of EUR 158 thousand, EUR 168 thousand, EUR 95 thousand, EUR 278 thousand and EUR 385 thousand, respectively.

- On 27 July 2020 and 31 December 2020, the dividend distributed by the company LE Offices Eloy Gonzalo, S.L.U. was recorded against the shareholding the Company holds in said company, the value thereof therefore being decreased by EUR 5,348 thousand and EUR 96 thousand, respectively.

(Expressed in thousands of Euros)

- On 31 December 2020, the Company classified 100% of the company shares held in LE Retail Hipermercados I, S.L.U., LE Retail Hipermercados II, S.L.U. and LE Retail Hipermercados III, S.L.U. as non-current assets held for sale in the amount of EUR 16,149 thousand, EUR 17,358 thousand and EUR 16,016 thousand, respectively, based on the decision to sell same and the short-term execution of such sales (Note 8).

- On 31 December 2020, the Company partially reversed the impairment on its shareholding in the associate Inmobiliaria Juan Bravo 3, S.L. by EUR 257 thousand based on the Directors' best estimate of the recoverable value thereof, after having carried out, as of the date of these financial statements, the sale of all of the development units (including parking spaces) and the re-estimate of certain tax obligations.

(6) FINANCIAL ASSETS BY CATEGORY

(a) Classification of financial assets by category

The classification of financial liabilities held by the Company at 31 December 2021 and 2020 by category is as follows:

	Thousands of Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Long-term financial investments in Group companies	732,407	—	718,401	—
Non-current assets held for sale	—		—	49,523
Other financial assets	—	—	—	350
Investments in Group companies and associates (Note 16b)	—	519,742	—	74,551
Trade and other receivables				
Client receivables for sales and rendering of services	—	307	—	52
Customers, Group companies and associates (Note 16b)	—	24,687	—	18,693
Sundry debtors	—	—	—	—
Other public entity receivables (Note 13)	—	—	—	14
Current tax assets (Note 13)	—	—	—	—
Total financial assets	732,407	544,736	718,401	143,183

(Expressed in thousands of Euros)

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

The line item “Investments in Group companies and associates” mainly includes the interim dividend of Group companies distributed using the result of the profit for 2021, collected in January 2022, (Note 16b) and the current accounts with shareholders (Note 16).

(7) CASH AND CASH EQUIVALENTS

Details of “cash and cash equivalents” at 31 December 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Banks	249,538	33,559
Total	249,538	33,559

This balance includes the amounts invested in the investment funds the Parent Company has contracted that are managed by Banco Santander and BBVA for a total amount of EUR 209,598 thousand. The availability of these funds is immediate and the investment therein comprises the remaining cash the Group has to cover its short-term payment commitments.

(8) NON-CURRENT 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 Igcel Investments, S.L. for the amount of EUR 59,577 thousand. After said sale these companies ceased to form part of the Group.

The impact on the Company's financial statements after the sale of said shareholdings was a decrease in net assets in the amount of EUR 46,223 thousand which resulted in a profit from the disposal of investments in equity instruments of EUR 13,354 thousand.

(9) NET EQUITY

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

(a) Capital

At 31 December 2021 the share capital of Lar España Real Estate SOCIMI, S.A. amounts to EUR 167,386 thousand (EUR 175,267 thousand at 31 December 2020) represented by 83,692,969 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.

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

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

The quoted price at 31 December 2021 was EUR 5.12 per share, and the average price per share in the 2021 period was EUR 5.17 (in the 2020 period, the average price per share was EUR 4.67 and the quoted price was EUR 4.76 per share).

(Expressed in thousands of Euros)

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

	%
LVS II Lux XII S.a.r.l.	21.7%
Grupo Lar Inversiones Inmobiliarias, S.A.	11.4%
Santa Lucía S.A. Cía. de Seguros	5.2%
Adamsville, S.L.	5.2%
Brandes Investment Partners, L.P.	5.0%
Blackrock Inc.	3.7%
Other shareholders with an interest of less than 3%	47.8%
Total	100.0%

On 28 January 2022, the shareholder LVS II Lux XII S.a.r.l. sold its entire shareholding to Castellana Properties SOCIMI, S.A.

(b) Issue premium

The Revised Spanish Companies Act expressly provides for the use of share premium to increase share capital and does not stipulate any specific restrictions as to its use.

This reserve is unrestricted provided that the Company's equity is not reduced to less than 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 9.f).

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

(Expressed in thousands of Euros)

(c) Reserves

The breakdown of this category as at 31 December 2021 and 2020 is the following:

	Thousands of Euros	
	31/12/2021	31/12/2020
Legal reserve	19,011	16,990
Capital redemption reserve	23,384	15,502
Other reserves	(94,531)	(74,404)
Total	(52,136)	(41,912)

Reserve movements that took place during the 2021 and 2020 periods were as follows:

	Thousands of	Thousands of
	2021	2020
Opening balance	(41,912)	(48,942)
Profit for the period	2,707	7,017
Capital decreases	(12,882)	—
Result from treasury shares	(46)	(6)
Other changes	(3)	19
Closing balance	(52,136)	(41,912)

(i) *Legal reserve*

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

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

At 31 December 2021 the Company's legal reserve totals EUR 19,011 thousand (EUR 16,990 at 31 December 2020). Therefore, the legal reserve at 31 December 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 18 November 2021, 20 December 2019, 10 June 2019 and 28 December 2018, totalling EUR 23,384 thousand. The provision and availability of this reserve shall be held to the same requirements demanded for the capital decrease, in line with the provisions of Article 335 c) of the Spanish Companies Act, the revised text of which was approved by Royal Legislative Decree 1/2010 of 2 July (the "Spanish Companies Act").

(iii) *Other reserves*

These reserves mainly comprise expenses related to the incorporation and capital increases through share issues, capital decreases against unrestricted reserves and other non-distributed profits.

(iv) *Valuation adjustments*

This line item, according to Record and Valuation Standard (NRV) 8 of the Spanish General Chart of Accounts, includes the amount of fair value change of the investment funds the Company has contracted with financial institutions in order to reduce the financial costs of bank account maintenance.

(Expressed in thousands of Euros)

(d) Treasury shares

At 31 December 2021, the Company has treasury shares with an acquisition cost of EUR 860 (EUR 16,474 thousand at 31 December 2020).

Movement during the 2021 and 2020 periods was as follows:

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

	Number of shares	Thousands of Euros
31 December 2019	103,820	762
Additions	2,994,520	15,885
Derecognitions	(23,668)	(173)
31 December 2020	3,074,672	16,474

The average selling price of treasury shares in 2021 was EUR 5.13 per share (EUR 7.02 in 2020). Furthermore, losses for the period ended 31 December 2021 amounted to Euros 46 thousand (EUR 6 thousand in losses at 31 December 2020) and were recognised under “Other Reserves” on the balance sheet.

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

(Expressed in thousands of Euros)

Said programme temporarily suspended the liquidity agreement formalised with a financial intermediary pursuant to the terms of Circular 3/2007, of 19 December by the Spanish Securities Market Commission on liquidity agreements for the purposes of accepting same as a market practice and other applicable regulations.

(e) Dividends paid and issue premiums returned

On 22 April 2021, the General Shareholders' Meeting of the 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 9a). 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 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) FINANCIAL LIABILITIES BY CATEGORY

(a) Classification of financial liabilities by category

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

	Thousands of Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Debt and payables				
Financial liabilities from issue of bonds	693,647	129,702	139,685	3,482
Other financial liabilities with third parties	—	—	39	—
Bank borrowings	69,922	185	69,900	30,125
Short-term borrowings from Group companies and associates (Note 16)	—	30,232	—	36,538
Trade and other payables (Note 11)	—	3,852	—	3,296
Total financial liabilities	763,569	163,971	209,624	73,441

At 31 December 2021 and 2020 the carrying amounts of the financial liabilities recorded at amortised cost do not differ from the fair value.

(Expressed in thousands of Euros)

(b) Classification of financial liabilities by maturity

The details by maturity of the Company's financial liabilities at 31 December 2021 and 2020 are as follows:

	2021						
	Thousands of Euros						
	2022	2023	2024	2025	2026 and remaining years	Indefinite	Total
Debt from issue of bonds (a)	129,738		—	—	700,000	—	829,738
Other financial liabilities - security deposits and other	—	—	—	—	—	—	—
Bank borrowings (a)	185	—	—	24,500	45,500	—	70,185
Short-term borrowings from Group companies and associates	30,232	—	—	—	—	—	30,232
Trade and other payables	3,852	—	—	—	—	—	3,852
Total	164,007	—	—	24,500	745,500	—	934,007

(Expressed in thousands of Euros)

	2020						
	Thousands of Euros						
	2021	2022	2023	2024	2025 and remaining years	Indefinite	Total
Debt from issue of bonds (a)	3,482	140,000	—	—	—	—	143,482
Other financial liabilities - security deposits and other	—	—	—	—	—	39	39
Bank borrowings (a)	30,125	—	—	—	70,000	—	100,125
Short-term borrowings from Group companies and associates	36,538	—	—	—	—	—	36,538
Trade and other payables	3,297	—	—	—	—	—	3,297
		—					
Total	73,442	140,000	—	—	70,000	39	283,481

(a) *The effect of measuring the financial liabilities from bank bonds at amortised cost amounts decreases the nominal value of these liabilities by EUR 6,389 thousand (EUR 315 thousand due to bonds in 2020). In turn, the effect of valuing bank borrowings at amortised cost decreases the nominal value of these liabilities by EUR 78 thousand, where there being no decrease as at 31 December 2020.*

(b) *This amount corresponds to the current accounts pledged with subsidiaries. Although these accounts mature on 31 December 2021, they are tacitly extended on an annual basis.*

(c) Financial liabilities from borrowings

i) Main characteristics of debt from bonds

Issue in the 2015 period for EUR 140 million

On 21 January 2015 the Company's Board of Directors approved the issue of simple bonds up to a maximum amount of EUR 200 million, following approval by the then-sole shareholder of the Company on 5 February 2014.

Lastly, on 19 February 2015 the Company carried out a final bond issue in the amount of EUR 140 million, each with a nominal value of EUR 100 thousand.

The main characteristics of the issue are as follows:

- Issuer: Lar España Real Estate SOCIMI, S.A.
- Amount of the issue: EUR 140,000 thousand.
- Nominal value of each bond: EUR 100 thousand.
- Maturity: 21/02/2022. In certain circumstances the early amortisation of this instrument is possible.
- Interest rate: 2.9%.
- Nature of the issue: Simple bonds.
- Guarantees: Guarantees were established up to a maximum amount of 20% of the placement. Mortgaged assets at 31 December 2021 are as follows: the Txingudi, Albacenter, Albacenter Hipermercado, Anec Blau and As Termas shopping centres. An ordinary pledge has also been established on the shares in LE Retail Txingudi, S.L.U., LE Retail Albacenter, S.L.U., LE Retail Hiper Albacenter, S.L.U., LE Retail Anec Blau, S.L.U., and LE Retail As Termas, S.L.U.

The issue expenses associated with this issue are recorded after deducting the debt to which they are associated, totalling EUR 1,995 thousand, EUR 281 thousand of which was allocated in 2021 (EUR 309 thousand in 2020). Interest accrued in 2021 for this debt totalled EUR 3,828 thousand (EUR 4,060 thousand at 31 December 2020), with EUR 3,619 thousand outstanding as at 31 December 2021.

With regard to this funding, please note that on 12 July 2021 the Company offered its bondholders the option of an early buyback for a purchase price of the principal + 1%. Said offer was accepted and paid on 23 July 2021 by bondholders holding bonds in the amount of EUR 17.3 million, where EUR 122.7 million of the nominal value was therefore pending payment at 31 December 2021. The latter amount was paid on 17 February 2022. Guarantees on the mortgaged property assets were cancelled on 22 February 2022 (Note 19).

<u>Issue in the 2021 period for EUR 400 million</u>

On 22 July 2021, the Company carried out a placement of bonds amounting to a total of EUR 400 million, with no established guarantees, each with a nominal value of EUR 100 thousand.

The main characteristics of the issue are as follows:

- Issuer: Lar España Real Estate SOCIMI, S.A.
- Amount of the issue: EUR 400,000 thousand.
- Nominal value of each bond: EUR 100 thousand.
- Maturity: 22/07/2026. In certain circumstances the early amortisation of this instrument is possible.
- Interest rate: 1.75%
- Nature of the issue: Simple bonds.

The issuance expenses associated with this issue amounted to EUR 4,923 thousand, which were recorded by reducing the debt. In 2021, EUR 417 thousand of these expenses have been charged to the entry “Financial costs” on the Consolidated Comprehensive Income Statement for the period. The interest accrued at 31 December 2021 and payable at that date totalled EUR 3,106 thousand.

Issue in the 2021 period for EUR 300 million

On 3 November 2021, the Company carried out a placement of bonds amounting to a total of EUR 300,000 million, each with a nominal value of EUR 100 thousand.

The main characteristics of the issue are as follows:

- Issuer: Lar España Real Estate SOCIMI, S.A.
- Amount of the issue: EUR 300,000 thousand.
- Nominal value of each bond: EUR 100 thousand.
- Maturity: 03/11/2028. In certain circumstances the early amortisation of this instrument is possible.
- Interest rate: 1.84%.
- Nature of the issue: Simple bonds.

The issuance expenses associated with this issue initially amounted to EUR 1,889 thousand, which were recorded by reducing the debt. In 2021, EUR 43 thousand of these expenses have been charged to the entry "Financial costs" on the Consolidated Comprehensive Income Statement for the period. The interest accrued at 31 December 2021 and payable at that date totalled EUR 879 thousand.

Covenants associated with corporate bonds

As in the bond issuance cancelled in February 2022 (Note 19) the two bond issuances issued by the Group have clauses on the fulfilment of certain financial ratios, calculated using the consolidated financial statements each year of the Group in which the Company is the Parent Company.

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

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

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

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

- A total untaxed ratio asset less than 1.25.

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

ii) Short-term borrowings from Group companies and associates

At 31 December 2021 current accounts were formalised with subsidiaries. The amounts of these accounts totalled EUR 30,232 thousand (EUR 36,538 thousand at 31 December 2020). Said current accounts accrue fixed interest at a rate of 0.21% and any interest is payable yearly. The formalised contracts are tacitly renewed for one-year periods, unless express notification to the contrary is received (Note 16).

Financial interest accrued in 2021 amounted to an expense of EUR 105 thousand (EUR 76 thousand in 2020), such interest being recorded under "Financial expenses - Borrowings with Group companies and associates" (Note 16).

iii) Bank borrowings

As of 31 December 2021, the Company has a credit line amounting to 30,000 thousand euros available (0 euros as of 31 December 2021). Interest accrued in the 2021 period totalled EUR 216 thousand (EUR 137 thousand in 2020).

In addition, on 26 October 2018 the Company formalised a funding line in the amount of EUR 70,000 thousand with the European Investment Bank ("EIB"). Said loan matures 7 years from the first withdrawal. On 4 May 2020 the entire amount of the loan was drawn down. Interest accrues biannually and the interest rate is 1.67%. Accrued interest in 2021 totalled EUR 1,193 thousand (EUR 933 thousand in 2020), where EUR 185 thousand was outstanding as at 31 December 2021.

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

The Directors believe the aforesaid ratios are met at 31 December 2021 and believe they will be met throughout the contract.

(Expressed in thousands of Euros)

(11) TRADE AND OTHER PAYABLES

Details of trade and other payables at 31 December 2021 and 2020 are as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020
Sundry creditors	741	654
Suppliers, related companies (Note 16)	862	1,811
Personnel	147	107
Public entities, other (Note 13)	2,102	724
Total	3,852	3,296

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

Information appears below, as required by Additional Provision Three of Law 15/2010 of 5 July (amended through the Final Second Provision of Law 31/2014, of 3 December), drawn up in accordance with the Decision of 29 January 2016 by the Spanish Accounting and Audit Institute (ICAC), on information to be included in the report on the financial statements regarding the average payment period to suppliers in commercial transactions.

	2021	2020
	Days	Days
Average number of days payable outstanding to suppliers	28	30
Ratio of paid operations	28	32
Ratio of outstanding operations	30	6

	Thousands of	Thousands of
Total effected payments	22,571	14,949
Total outstanding payments	215	1,232

Pursuant to the Resolution by Spain’s Accounting and Audit Institute on the calculation of the average number of days payable outstanding to suppliers, commercial transactions corresponding to the delivery of goods or rendering of services accrued since the date Law 31/2014 of 3 December entered into force were taken into consideration.

(Expressed in thousands of Euros)

"Suppliers", for the exclusive purpose of providing the information envisaged in this Decision, are those trade payables to suppliers of goods and services included under "Short-term suppliers, related parties" and "Sundry creditors" under the current liabilities on the balance sheet.

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

The maximum legal payment period applicable to the Company in the 2014/15 period according to Law 3/2004, of 29 December containing measures to combat late payments in commercial transactions and in accordance with the transitory provisions established in Law 15/2010, of 5 July, is 60 days until the publication of Law 11/2013 of 26 July and 30 days as of the publication of said Law and as of today's date (unless the conditions established in same are met, which would allow said maximum payment period to be extended to 60 days).

(13) PUBLIC ENTITIES AND TAXATION

(a) Balances with public entities

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

Receivables

	2021	2020
	Thousands of Euros	Thousands of Euros
Public entities, other	—	14
	—	14

Payables

	2021	2020
	Thousands of Euros	Thousands of Euros
Taxation authorities, VAT payable	2,026	653
Taxation authorities, personal income tax	70	66
Social Security payable	6	5
	2,102	724

(Expressed in thousands of Euros)

The amounts included in "Taxation authorities, VAT recoverable" mainly correspond to the amount paid in January 2022 for VAT accrued in December 2021.

(b) Reconciliation of accounting profit and income

At 31 December 2021 and 2020, the taxable fiscal base comprises the following items:

	Thousands of Euros	
	31/12/2021	31/12/2020
Profit before taxes	18,594	20,211
Permanent differences	(7)	189
Temporary differences	1,728	827
Taxable income (tax loss)	20,315	21,227
Tax payable (0%)	—	—
Corporation tax expense/income	—	—

As of the 2014 period the Company is included under the SOCIMI tax regime. Pursuant to what is established therein, the tax rate applicable to the tax base is 0%, such that no expense has been recorded for Corporate Income Tax.

Deferred tax assets and liabilities

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

(Expressed in thousands of Euros)

(c) Periods pending verification and inspections

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. At 2021 year-end, the Company has the last four financial years open for inspection.

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

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

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

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

On 7 February 2022, after the verification and inspection concluded, five certificates were signed in witness whereof, the result of which was a payment of zero Euros for all taxes and periods. Nevertheless, a sixth certificate was signed but contested, regarding the verification of VAT for the 2015 and 2016 periods. According to the contents of this last certificate, the proposed settlement comprised a total of EUR 41,683 thousand, EUR 34,313 thousand for the tax and EUR 7,370 thousand in interest on arrears. If the regularisation proposal is ultimately confirmed by the tax administration and the courts, neither the VAT payable nor the late interest to be paid would be recoverable.

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

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

The directors of the Company, with the support of the Group's tax advisors, believe that said regularisation proposal is not lawful. To this end, arguments shall be submitted against the certificate signed but contested and, where appropriate, the definitive settlement will be challenged if the settlement is not in the Company's best interests. The Directors, with the support of the Group's tax advisors, believe that their claims will be approved, either through the administrative or judicial channel, and that ultimately no amount will need to be paid. For this reason they have not registered any provision in these consolidated financial statements.

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

(Expressed in thousands of Euros)

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

	2021 Period
a) Reserves from periods prior to the application of the tax regime provided in Law 11/2009, amended by Law 16/2012 of 27 December.	-
b) Reserves for each period in which the special tax regime provided by that Law is applicable	2021 profits proposed to be distributed to reserves: EUR 1,859 thousand to the legal reserve. 2020 profits to be distributed to reserves: EUR 2,021 thousand to the legal reserve. 2019 profits to be distributed to reserves: EUR 6,111 thousand to the legal reserve. 2018 profits to be distributed to reserves: EUR 7,608 thousand to the legal reserve and EUR 121 thousand to the voluntary reserve. 2017 profits to be distributed to reserves: EUR 1,921 thousand to the legal reserve and EUR 4 thousand to the voluntary reserve. 2016 profits to be distributed to reserves: EUR 380 thousand to the legal reserve and EUR 4 thousand to the voluntary reserve. 2015 profits to be distributed to reserves: EUR 501 thousand to the legal reserve and EUR 6 thousand to voluntary reserves. 2014 profits to be distributed to reserves: EUR 166 thousand to the legal reserve and EUR 167 thousand to voluntary reserves.
a. Profits from income subject to the general income tax rate	2019 profits: EUR 2,176 thousand. 2018 profits: EUR 5,165 thousand.
b. Profits from income subject to a tax rate of 19%	-
c. Profits from income subject to a tax rate of 0%	2021 profits: EUR 18,594 thousand. 2020 profits: EUR 20,211 thousand. 2019 profits: EUR 58,935 thousand. 2018 profits: EUR 70,917 thousand. 2017 profits: EUR 19,211 thousand. 2016 profits: EUR 3,800 thousand. 2015 profits: EUR 5,006 thousand. 2014 profits: EUR 1,664 thousand.
c) Dividends distributed against profits for each period in which the tax regime provided by this Law is applicable	Proposed dividend distribution for 2021: EUR 30,000 thousand. Dividend distribution for 2020: EUR 18,190 thousand. Dividend distribution for 2019: EUR 55,000 thousand. Dividend distribution for 2018: EUR 68,353 thousand. Dividend distribution for 2017: EUR 17,286 thousand. Dividend distribution for 2016: EUR 3,416 thousand. Dividend distribution for 2015: EUR 4,499 thousand. Dividend distribution for 2014: EUR 1,331 thousand.

(Expressed in thousands of Euros)

Dividends from income subject to the general income tax rate	Proposed dividend distribution for 2018: EUR 5,165 thousand.
b. Dividends from income subject to a tax rate of 18% (2009) and 19% (2010 to 2012)	-
c. Dividends from income subject to a tax rate of 0%	Proposed dividend distribution for 2021: EUR 16,735 thousand. Dividend distribution for 2020: EUR 18,190 thousand. Dividend distribution for 2019: EUR 55,000 thousand. Dividend distribution for 2018: EUR 68,353 thousand. Dividend distribution for 2017: EUR 17,286 thousand. Dividend distribution for 2016: EUR 3,416 thousand. Dividend distribution for 2015: EUR 4,499 thousand.
d) Distributed dividends charged against	-
Distribution charged against reserves subject to the general income tax rate	-
b. Distribution charged against reserves subject to a tax rate of 19%	-
c. Distribution charged against reserves subject to a tax rate of 0%	Proposed dividend distribution for 2021 against the issue premium: EUR 13,266 thousand. Distribution of dividends for 2020 against the 2020 issue premium: EUR 9,310 thousand. Distribution of dividends for 2018 against the issue premium: EUR 6,647 thousand. Distribution of dividends for 2017 against the issue premium: EUR 27,714 thousand. Distribution of dividends for 2016 against the issue premium: EUR 26,565 thousand. Distribution of dividends for 2015 against the issue premium: EUR 7,521 thousand.
e) Date of the agreement of the distribution of the dividends referenced in c) and d) above	2021 dividends: Pending approval. 2020 dividends: 22/04/2021 2019 dividends: 17/03/2020 2018 dividends: 25/04/2019 2017 dividends: 19/04/2018 2016 dividends: 29/05/2017 2015 dividends: 21/04/2016 2014 dividends: 27/04/2015

(Expressed in thousands of Euros)

f) Date of acquisition of properties for lease that generate income subject to this special regime	2016: Txingudi shopping centre: 24 March 2014 Las Huertas shopping centre: 24 March 2014 Albacenter shopping centre: 30 July 2014 Anec Blau shopping centre: 31 July 2014 Marcelo Spínola office building: 31 July 2014 2015: Txingudi shopping centre: 24 March 2014 Las Huertas shopping centre: 24 March 2014 Albacenter shopping centre: 30 July 2014 Anec Blau shopping centre: 31 July 2014 Marcelo Spínola office building: 31 July 2014 2014: Txingudi shopping centre: 24 March 2014 Las Huertas shopping centre: 24 March 2014 Albacenter shopping centre: 30 July 2014 Anec Blau shopping centre: 31 July 2014 Marcelo Spínola office building: 31 July 2014 LE Logistic Alovera I y II, S.A.U.: 23 July 2014
g) Date of acquisition of shares in the capital of the entities referenced in Article 2.1 of this Law.	LE Retail As Termas, S.L.U.: 18 December 2014 LE Logistic Almussafes, S.L.U.: 04 March 2015 LE Logistic Alovera III y IV, S.L.U.: 04 March 2015 LE Retail Hiper Ondara, S.L.U.: 09 June 2015 LE Offices Joan Miró 21, S.L.U.: 04 March 2015 LE Retail El Rosal, S.L.U.: 07 July 2015 LE Retail VidaNova Parc, S.L.U.: 26 March 2015 LE Retail Megapark, S.L.U.: 29 May 2015 LE Retail Galaria, S.L.U.: 20 July 2015 LE Retail Lagoh, S.L.U.: 04 August 2015 LE Retail Vistahermosa, S.L.U.: 04 August 2015 LE Retail Sagunto II, S.L.U.: 04 August 2015 LE Retail Villaverde, S.L.U.: 21 September 2015 LE Retail Anec Blau, S.L.U.: 29 April 2016 LE Retail Albacenter, S.L.U.: 29 April 2016 LE Retail Txingudi, S.L.U.: 29 April 2016 LE Retail Las Huertas, S.L.U.: 29 April 2016 LE Retail Portal de la Marina, S.L.U.: 41.22% on 30 March 2016 and 58.78% on 10 October 2014. LE Retail Gran Vía de Vigo, S.A.U.: 15 September 2016 LE Retail Abadía, S.L.U.: 27 March 2017 LE Retail Rivas, S.L.U.: 06 February 2018 LE Retail Córdoba Sur, S.L.U.: 15 January 2019

(Expressed in thousands of Euros)

h) Identification of the asset included in the 80% mentioned in Article 3.1 of this Law	- Investment property: Txingudi shopping centre Las Huertas shopping centre Albacenter shopping centre Anec Blau shopping centre Albacenter hypermarket As Termas shopping centre Portal de la Marina hypermarket El Rosal shopping centre Portal de la Marina shopping centre As Termas petrol station VidaNova Parc Business Park Megapark shopping centre Vistahermosa business park Gran Vía de Vigo shopping centre Abadía business park and shopping centre Megapark recreation area Rivas business park Lagoh shopping centre - Capital investments: LE Logistic Alovera I y II, S.A.U.: 23 July 2014 LE Retail Hiper Albacenter, S.A.U.: 04 November 2014 LE Retail Alisal, S.A.U.: 04 November 2014 LE Offices Eloy Gonzalo 27, S.A.U.: 18 December 2014 LE Retail As Termas, S.L.U.: 18 December 2014 LE Logistic Almussafes, S.L.U.: 04 March 2015 LE Logistic Alovera III y IV, S.L.U.: 04 March 2015 LE Retail Hiper Ondara, S.L.U.: 09 June 2015 LE Offices Joan Miró 21, S.L.U.: 04 March 2015 LE Retail El Rosal, S.L.U.: 07 July 2015 LE Retail VidaNova Parc, S.L.U.: 26 March 2015 LE Retail Galaria, S.L.U.: 20 July 2015 LE Retail Lagoh, S.L.U.: 04 August 2015 LE Retail Vistahermosa, S.L.U.: 04 August 2015 LE Retail Sagunto II, S.L.: 04 August 2015 LE Retail Villaverde, S.L.U.: 21 September 2015 LE Retail Anec Blau, S.L.U.: 29 April 2016 LE Retail Albacenter, S.L.U.: 29 April 2016 LE Retail Txingudi, S.L.U.: 29 April 2016 LE Retail Las Huertas, S.L.U.: 29 April 2016 LE Retail Gran Vía de Vigo, S.A.U.: 15 September 2016 LE Retail Abadía, S.L.U.: 27 March 2017 LE Retail Rivas, S.L.U: 06 February 2018 LE Retail Cordoba Sur, S.L.U.: 15 January 2019

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

(14) RISK MANAGEMENT POLICY

(a) Financial risk factors

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

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

(i) *Market risk*

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. Specifically, this has caused the Group's real estate assets to be completely or partially closed, pursuant to the terms of Note 2j, resulting in uncertainty regarding the cash flows thereof, as well as an absence in the real estate operations market. In light of current conditions in the property sector, the Group has established a series of specific measures for minimising said impact on its financial position.

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

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

- The economic environment in which the Group performs its activity: the design of various economic scenarios with different key variables that can affect the Group (interest rates, share price, occupancy rates of investment property, NPL increase, increase in waivers granted, market shrinkage, etc.).

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

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

Cash and cash equivalents

At 31 December 2021 the Company has cash and cash equivalents totalling EUR 249,538 thousand, which represents its maximum exposure to risk associated with these assets (EUR 33,559 thousand at 31 December 2020).

This balance includes the amounts invested in the investment funds the Parent Company has contracted that are managed by Banco Santander and BBVA for a total amount of EUR 209,598 thousand. The availability of these funds is immediate and the investment therein comprises the remaining cash the Group has to cover its short-term payment commitments.

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

(ii) *Liquidity risk*

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

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

The Company's Directors and Management made the decision to carry out two unsecured green bond issuances in the amount of EUR 400 million and EUR 300 million to strengthen the liquidity position and adjust the maturities of its debt to the cash flows envisaged in the Group's business plan. Said green bond issuances were successfully completed in July 2021 and November 2021, respectively, and allowed the Group to handle the maturity of its short-term debt, with the exception of an amount of secured simple bonds in force totalling EUR 122.7 million, which were paid on 17 February 2022 (Note 19).

(Expressed in thousands of Euros)

The Company's exposure to liquidity risk at 31 December 2021 and 2020 is detailed below. The following tables show the analysis of financial liabilities by remaining contractual maturity dates.

2021

	Thousands of Euros					
	Less than 1 month	1 to 3 months	3 months to 1	More than 1 year	Indefinite	Total
Financial liabilities from issue of bonds (*)	—	129,702	—	693,647	—	823,349
Bank borrowings (*)	—	—	185	69,922	—	70,107
Borrowings with Group companies and associates (a)	—	—	30,232	—	—	30,232
Trade and other payables	3,141	711	—	—	—	3,852
Total	3,141	130,413	30,417	763,569	—	927,540

2020

	Thousands of Euros					
	Less than 1 month	1 to 3 months	3 months to 1	More than 1 year	Indefinite	Total
Financial liabilities from issue of bonds (*)	—	3,482	—	139,685	—	143,167
Other non-current liabilities - security deposits and guarantees	—	—	—	—	39	39
Bank borrowings (*)	—	—	30,125	69,900	—	100,025
Borrowings with Group companies and associates (a)	—	—	36,538	—	—	36,538
Trade and other payables	1,542	1,754	—	—	—	3,296
Total	1,542	5,236	66,663	209,585	39	283,065

(a) This amount corresponds to the current accounts pledged with subsidiaries. Although these accounts mature on 31 December 2018, they are tacitly extended on an annual basis.

** The effect of measuring the financial liabilities from bonds at amortised cost amounts, which mature in 2022, decreases the nominal value of these liabilities by EUR 6,389 thousand (EUR 315 thousand in 2020).*

In turn, the effect of valuing bank borrowings at amortised cost decreases the nominal value of these liabilities by EUR 79 thousand (EUR 100 thousand at 31 December 2020).

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

At 31 December 2021, the Company had various investment funds contracted with financial institutions in the total amount of EUR 210,000 thousand in order to reduce the impact of the financial costs of bank account maintenance.

At the reporting date, revenue and cash flows from the Company's operating activities are not significantly affected by fluctuations in market interest rates. At 31 December 2021, the Company held a financial liability for simple, fixed-rate bonds issued for a nominal amount of EUR 122,700 thousand, in addition to the green bonds issued in the amount of EUR 400 million and EUR 300 million with an interest rate of 1.75% and 1.84%, respectively. The Company also has a loan granted by the EIB for a total of EUR 70 million (Note 10).

(iv) Tax risk

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

Among the obligations that the Company must comply with are some that are more formalistic in nature, such as the inclusion of the term SOCIMI in the corporate name, the inclusion of certain information in the notes to the individual financial statements, being listed on a stock exchange, etc., and others that additionally require the preparation of estimates and the application of rulings by the Management (determination of tax income, income tests, asset tests, etc.) that may be complex, especially considering that the SOCIMI Regime is relatively recent and its development has been carried out, fundamentally, through the General Directorate of Taxation's response to queries raised by different companies. In this sense, Group Management, with the support of its tax advisers, evaluated its completion of the requirements of the SOCIMI regime, concluding that at 31 December 2021 all requirements were satisfied. Therefore, the Company shall continue to avail itself of the SOCIMI tax regime, and this has been taken into account when drawing up these financial statements.

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

(v) *Capital management*

The Company is essentially financed with its own capital and financial debt. The Company resorted to market financing through mortgage-backed loans or other means of funding to fund the acquisition of new investments. In addition, in 2015 the Company issued simple bonds and in 2021 it carried out two green bond issuances (Note 10).

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

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

(vi) *Environmental information*

Lar España is aware that integrating sustainability into the business model is essential in order to create value for both stakeholders and shareholders. Consequently, in recent years appropriate measures based on various international standards have been implemented.
As part of the risk assessment performed annually, the Company carries out a study of the main climate risks that could affect the continuity of its business, as well as of the different controls that are implemented for mitigating these risks.
Since January 2016, following the approval of its Sustainability Policy, Lar España has drafted an ESG Master Plan, which is aligned with the SDGs of the United Nations and the Paris Agreement (COP21), for the main purpose of obtaining a clear and defined road map at Company level. After drafting this Plan, the Company started work on other more specific plans focusing on more precise aspects, such as:

- At climate change level, the Company has prepared a comprehensive Carbon Footprint Reduction Plan with the aim of establishing a clear emission neutrality goal. As part of this plan, measures have been designed that are adapted to each of the assets and will be implemented in forthcoming years in line with the investment plans and the progress of the different technologies in this field.
- At environmental level the Company has developed, in conjunction with a specialised company, an Energy Efficiency Plan which is being implemented on an asset-by-asset basis following Energy Audits and is supported by an automated data platform to obtain data on asset consumption and emissions, enabling live monitoring, and has

been designed and implemented specifically for Lar España. In addition, the Company is carrying out a study on the implementation of photovoltaic panels at most of the portfolio assets, after obtaining energy contracts with guarantees of origin in all its portfolio assets.

- Regarding contribution to the Circular Economy principles, and as a step forward in the fight against climate change, Lar España developed a Waste Management Plan to increase its knowledge of the type of waste generated by the assets, and to centralise waste management at Company level. During 2021 various measures have been taken at the centres, such as installing specific recycling points, identifying and cataloguing a higher proportion of waste and studying different waste treatment alternatives. The Company's aim is to continue working on this matter to obtain a higher level of control over the waste generated by its activity and over the routes used for disposing of this waste, which will have a positive impact on the organisation's Carbon Footprint.

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

Once the data for 2021 has been registered over the coming months, we will have register our carbon footprint with MITERD for four consecutive years, being eligible to receive the "Reduzco" (I reduce) seal.

As part of this process, the Company submitted its Emissions Reduction Plan to the Ministry as another step towards carbon neutrality, and a further affirmation of the Company's commitment to responsible and sustainable business operations.

In addition, over the course of 2021, we put together a long-term action plan in order to define the strategy we will follow to successfully reduce our emissions. Our proposed measures include:

1. Continuing our policy of using guaranteed renewable electricity sources at all strategic properties.

2. Expanding the use of renewable energy systems across our portfolio.

3. 3. Applying the findings of technical-economic studies into the potential for investing in solar photovoltaic energy at strategic properties and promoting on-site renewable energy generation.

4. 4. Completing and launching our own automated system for monitoring energy use, based on telematic technology.

5. 5. Implementing predictive maintenance programmes and more proactive inspection protocols for airconditioning systems to prevent coolant leaks.

6. Ongoing schedule to replace older machinery and equipment with more efficient, sustainable and low-emissions alternatives.

Sustainable mobility

Sustainable mobility is a concept that came about to counteract the environmental and social problems associated with urban transport. At Lar España, we see it as a way of adding value to the properties in our portfolio, and as such it is one of our priority areas of focus. Which explains why we are studying the different ways of implementing sustainable mobility solutions at each of our assets.

The main projects underway are:

• Electric car charging points.
• Car sharing.
• Walkways, improved pedestrian access to shopping centres and their surrounding areas.
• Campaign to promote the use of public transport, bus stops and taxis.
• Parking areas and access routes for bicycles, scooters and motorcycles, along with designated parking spaces for families and emergency vehicles near the main entrances, with a guided parking system.

Out of the 14 properties in Lar España's portfolio, 13 currently feature electrical vehicle charging points. In other words, more than 90% of Lar España's portfolio offered the option to charge electric vehicles as of 31 December 2021. There are currently 155 electrical vehicle charging points installed at Lar España's properties, with a further 75 due to be installed, amounting to a total of 230 charging points.

Certificates

The Company remains committed to participating in assessment and certification schemes to guarantee that the operation of all its properties is as sustainable as possible. Throughout 2021, we forged ahead with our Renewal Plan for certifications renewing 8 certificates, 7 of which have a higher score than the previous one.

(Expressed in thousands of Euros)

We also continued to move forward with our plan to achieve certification for our retail parks, setting ourselves the ambitious target of 100% of our portfolio becoming BREEAM-certified within the first few months of 2022. 2021 saw us get off to a strong start here, with Parque Abadía being awarded a new certificate, achieving a “Very Good” rating in both categories.

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

This equates to a 25% increase in its rating compared to the previous year, and an increase of over 50% compared to its rating in 2019 and almost +90% compared to the first year Lar España took part in this index in 2018. This demonstrates Lar España’s commitment to sustainability, society and good governance best practices as well as the progress it has made in these areas.

(15) REVENUE AND EXPENSES

(a) Net turnover

Distribution of the net turnover for the 2021 and 2020 financial years, by business category and by geographical market is as follows:

	2021	2020
	Thousands of Euros	Thousands of
Revenue from stakes in equity instruments:		
Revenue from dividends (Note 16a)	10,166	24,474
Revenue from invoicing financial expenses within the Group (Note 16a)	9,930	4,364
	20,096	28,838

(Expressed in thousands of Euros)

	2021	2020
	Thousands of Euros	Thousands of Euros
Spain	20,096	28,838
	20,096	28,838

(b) Personnel expenses

Details of employee benefits expense for 2020 and 2019 are as follows:

	Thousands of Euros	
	2021	2020
Salaries and wages	541	412
Other benefits and taxes	51	62
	592	474

(c) Other operating expenses

The details of “Other operating expenses” in years 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Services by independent professionals	1,272	1,143
Insurance premiums	191	139
Bank fees and commissions	7	4
Advertising and publicity	56	49
Utilities	2	2
Other expenses	615	591
Taxes	5	5
	2,148	1,933

On 31 December 2021 Lar España Real Estate SOCIMI, S.A. invoiced the subsidiaries it completely controls a total of EUR 10,409 thousand for management support services provided to these companies during the year (EUR 9,881 thousand at 31 December 2020). This amount appears net of the expenses included under “Independent professional services” (Note 16a).

(16) RELATED PARTY BALANCES AND TRANSACTIONS

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

Management agreement with Grupo Lar

On 12 February 2014, the Company signed an Investment Management Agreement with Grupo Lar Inversiones Inmobiliarias, S.A. (hereinafter "the Manager") for the rendering of management services by Grupo Lar Inversiones Inmobiliarias, S.A., including, among others, the acquisition and management of property assets on behalf of the Company and the financial management thereof.

On 19 February 2018 the Company entered into a new agreement with the manager, in order to novate the terms of the Investment Manager Agreement. 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) was modified. As of 2018, the base fee to be paid to the Management Company is calculated based on the annual equivalent of the greater between (i) EUR 2 million and (ii) the sum of (a) 1.00% of EPRA NAV (excluding net cash) at 31 December for the previous period up to EUR 1,000 million and (b) 0.75% of the EPRA NAV (excluding net cash) at 31 December for the previous year for any amount that exceeds EUR 1,000 million.

The fixed amount accrued by the manager totalled EUR 8,609 thousand (EUR 8,496 thousand at 31 December 2020) (net of any expenses discounted based on the management agreement formalised between the parties, which totalled EUR 205 thousand) and is recorded under "Other operating expenses" on the adjoined Income Statement and was subsequently rebilled to subsidiaries (Note 16c). At 31 December 2021, the amount of EUR 715 thousand was pending payment (EUR 1,811 thousand at 31 December 2020).

Likewise, the performance fee to be paid to the Management Company is calculated based on the 16% increase in the Group's EPRA NAV over 10% and the 4% increase in the Parent Company's market capitalisation over 10%, adjusted in both cases for certain circumstances covered in the IMA, and shall be subject to a total limit equal to 3% of the EPRA NAV of the Group at 31 December of the previous year. Pursuant to Clause 7.2.2 of the management contract, 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 Company may issue, or at the Company election, to acquire same's treasury shares.

In terms of the floating amount, EUR 134 thousand was recorded at 31 December 2021, which is pending payment. No figures were recorded at 31 December 2020 under this concept and therefore the Directors of the Company believe that developments of the EPRA NAV and market capitalisation at year-end did not reach either minimum established in the IMA for the accrual thereof.

On 29 December 2021, the Company entered into an agreement with its management company, for the purpose of renewing the terms of the Investment Management Agreement. According to the aforementioned novation, the IMA will be effective for 5 years from 1 January 2022. In addition, the structure of the fees payable to the Management Company (base fee and performance fee) was modified.

Rebilling between Group companies

In 2021, as in previous years, the Company has formalized service provision and management agreements with companies in its group for the period ended 31 December 2021, where the expenses of this nature incurred by the Company on the behalf of the Group companies are passed on.

In this sense, in 2021, the Company has invoiced EUR 10,409 thousand, net of VAT, for management support services (EUR 9,881 thousand in 2020). The Company’s distribution approach is based on the relative weight of the underlying market value of each property asset of the investees over the total market value (calculated based on the latest available appraisal from the period immediately prior to 31 December of each period) of such property assets at the beginning of the relevant period.

Likewise, the Company has entered into agreements with the Group companies owning assets used to guarantee the issued bonds (Note 10) in order to pass on the financial cost thereof. The amount passed on as at 31 December 2021 for this item totalled EUR 4,293 thousand (EUR 4,364 thousand in 2020) and is recorded under “Net turnover”.

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

In addition, the financial cost for the green bonds issued in the 2021 period (Note 10) were rebilled in the amount of EUR 4,445 thousand.

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

The amount of revenue the Company collects in terms of the dividends received from subsidiaries totalled EUR 10,166 thousand in 2021 (EUR 24,474 thousand in 2020). Of this amount, EUR 4,192 thousand corresponds to interim dividends distributed against the profit for 2021 of investees, where the remainder corresponds to the final dividends distributed against the profit for 2020 after the distribution of the profit of investees was approved.

Short-term borrowings from Group companies and associates

The Company has current accounts formalised with some subsidiaries. The sums of these accounts at 31 December 2021 totalled EUR 30,232 thousand (EUR 36,538 thousand at 31 December 2020). Said current accounts accrue fixed interest at a rate of 0.21% and any interest is payable yearly. The accounts mature yearly and are tacitly renewed for one-year periods, unless express notification to the contrary is received.

Financial interest accrued in 2021 amounted to an expense of EUR 105 thousand (EUR 66 thousand in 2020), such interest being recorded under “Financial expenses - Borrowings with Group companies and associates”.

Short-term credits with Group companies and associates

In 2021 and 2020, the Company formalised current accounts with certain subsidiaries completely owned by same, some of which have a debtor balance at 31 December 2021 of EUR 515,550 thousand (EUR 54,933 at 31 December 2020), due to the early payment of the mortgage loans associated with the shopping centres that the Company’s investees held with financial institutions (Note 10).

Financial interest accrued in 2021 comprised a revenue of EUR 374 thousand (EUR 52 thousand in 2020).

(Expressed in thousands of Euros)

(b) Details of related party balances and transactions

Transactions and balances with related parties in the 2021 and 2020 periods are as follows:

	2021						
	Thousands of Euros						
	Balances					Transactions	
	Loans and receivables		Payables	Current account		Revenue (*)	Expense
Balances with Group and related companies	Long-term	Short-term	Short-term	Receivable	Payable		
LE Retail Txingudi, S.L.U.	—	1,067	—	—	4,710	642	8
LE Retail Las Huertas, S.L.U.	—	144	—	—	1,802	42	2
LE Retail Anec Blau, S.L.U.	—	3,199	—	6,175		1,929	
LE Retail Albacenter, S.L.U.	—	1,443	(6)	—	5,408	853	8
LE Offices Marcelo Spínola, S.L.U.	—	—	—	—	6,452	—	14
LE Logistic Alovera I y II, S.A.U.	—	—	—	—	1,320	—	3
LE Offices Eloy Gonzalo 27, S.A.U.	—	—	—	—	399	—	1
LE Retail As Termas, S.L.U.	—	2,715	—	32,888		1,694	
LE Logistic Alovera III y IV, S.L.U.	—	—	—	—	623	—	1
LE Logistic Almussafes, S.L.U.	—	—	—	—	2,781	—	6
LE Retail Hiper Ondara, S.L.U.	—	4,620	—	147,342	—	1,460	16
LE Offices Joan Miró 21, S.L.U.	—	—	—	—	643	—	1
LE Retail VidaNova Parc, S.L.U.	—	656	—	18,746	—	192	15
LE Retail Galaria, S.L.U.	—	—	—	—	—	—	—
LE Retail Lagoh, S.L.U.	—	3,999	—	100,228	—	1,197	—
LE Retail Vistahermosa, S.L.U.	—	667	—	25,026	—	219	—
LE Retail Gran Vía de Vigo, S.A.U.	—	2,016	—	73,969	—	671	—
LE Retail Hiper Albacenter, S.A.U.	—	574	—	815	—	346	
LE Retail Alisal, S.A.U.	—	—	—	—	2,322	—	5
LE Retail El Rosal, S.L.U.	—	1,473	—	41,950	—	430	4
LE Retail Villaverde, S.L.U.	—	—	—	—	1,750	—	4
LE Retail Abadía, S.L.U.	—	1,191	—	41,399	—	357	—
Lar España Inversión Logística IV, S.L.U.	—	—	—	—	1,945	—	3
LE Retail Rivas, S.L.U.	—	917	—	26,173	—	270	14

(Expressed in thousands of Euros)

	2021						
	Thousands of Euros						
	Balances					Transactions	
	Loans and receivables		Payables	Current account		Revenue (*)	Expense
Balances with Group and related companies	Long-term	Short-term	Short-term	Receivable	Payable		
LE Retail Sagunto II, S.L.U.	—	6	—	—	77	2	—
LE Retail Córdoba Sur, S.L.U.	—	840	—	—	—	—	—
Inmobiliaria Juan Bravo 3, S.L.	—	—	—	—	—	—	—
Revenue from dividends (i)	—	4,192	—	—	—	10,166	—
Grupo Lar Inversiones Inmobiliarias, S.A.	—	—	(856)	—	—	—	—
	—	29,719	(862)	514,711	30,232	20,470	105

(*) Revenue from rebilling that is presented net of any external service expense, in accordance with Note 4i, totalled EUR 10,409 thousand at 31 December 2021.

(Expressed in thousands of Euros)

(i) The details of the dividends recorded in 2021 are as follows:

Company	**Interim dividends over profit and loss at 31/12/2021**	**Complementary dividends over profit and loss at 31/12/2020**	**Total**
LE Retail Alisal, S.A.U.	—	1	1
LE Logistic Almussafes, S.L.U.	—	—	—
LE Logistic Alovera I y II, S.A.U.	—	—	—
LE Logistic Alovera III y IV, S.L.U.	—	—	—
LE Retail As Termas, S.L.U.	383	64	447
LE Retail Galaria, S.L.U.	—	—	—
LE Retail Hiper Albacenter, S.A.U.	—	5	5
LE Retail Hiper Ondara, S.L.U.	934	200	1,134
LE Offices Eloy Gonzalo 27, S.A.U.	—	22	22
LE Offices Joan Miró 21, S.L.U.	—	1	1
LE Retail Villaverde, S.L.U.	—	—	—
LE Retail Vistahermosa, S.L.U.	657	275	932
LE Retail Gran Vía de Vigo, S.A.U.	—	373	373
LE Retai Abadía, S.L.U.	905	(117)	788
LE Retail Anec Blau, S.L.U.	—	180	180
LE Retail Txingudi, S.L.U.	—	227	227
LE Retail Albacenter, S.L.U.	536	13	549
LE Retail Las Huertas, S.L.U.	—	51	51
Lar España Inversión Logística IV, S.L.U.	—	5	5
LE Retail Rivas, S.L.U.	—	140	140
LE Retail VidaNova Parc, S.L.U.	—	758	758
Le Retail Sagunto II, S.L.U.	—	—	—
LE Retail El Rosal, S.L.U.	330	582	912
LE Retail Lagoh, S.L.U.	447	3,194	3,641
Total	**4,192**	**5,974**	**10,166**

The interim dividends over profit and loss at 31 December 2021 were approved on 31 December 2021 and were paid on 27 January 2022. Likewise, complementary dividends from the 2020 profit were liquidated in less than a month from the approval thereof.

(Expressed in thousands of Euros)

	2020						
	Thousands of Euros						
	Balances					Transactions	
	Loans and receivables		Payables	Current account		Revenue (*)	Expense
Balances with Group and related companies	Long-term	Short-term	Short-term	Receivable	Payable		
LE Retail Txingudi, S.L.U.	—	944	—	—	—	776	—
LE Retail Las Huertas, S.L.U.	—	282	—	—	—	231	—
LE Retail Anec Blau, S.L.U.	—	2,888	—	9,158	—	2,350	—
LE Retail Albacenter, S.L.U.	—	1,449	—	—	—	987	—
LE Offices Marcelo Spínola, S.L.U.	—	—	—	—	6,476	—	(10)
LE Logistic Alovera I y II, S.A.U.	—	—	—	—	1,269	—	(2)
LE Offices Eloy Gonzalo 27, S.A.U.	—	—	—	—	420	—	(3)
LE Retail As Termas, S.L.U.	—	843	—	37,541	—	709	—
LE Logistic Alovera III y IV, S.L.U.	—	—	—	—	622	—	(1)
LE Logistic Almussafes, S.L.U.	—	—	—	—	2,794	—	(6)
LE Retail Hiper Ondara, S.L.U.	—	2,737	—	—	15,767	2,198	(33)
LE Offices Joan Miró 21, S.L.U.	—	—	—	—	642	—	(1)
LE Retail VidaNova Parc, S.L.U.	—	409	—	—	—	330	—
LE Retail Galaria, S.L.U.	—	—	—	—	—	—	—
LE Retail Lagoh, S.L.U.	—	2,475	—	5,166	—	2,005	—
LE Retail Vistahermosa, S.L.U.	—	393	—	—	—	317	—
LE Retail Gran Vía de Vigo, S.A.U.	—	1,305	—	899	—	1,039	—
LE Retail Hiper Albacenter, S.A.U.	—	497	—	813	—	411	—
LE Retail Alisal, S.A.U.	—	—	—	—	2,228	—	(5)
LE Retail El Rosal, S.L.U.	—	896	—	945	—	709	—
LE Retail Villaverde, S.L.U.	—	—	—	—	1,661	—	(4)
LE Retail Abadía, S.L.U.	—	696	—	387	—	563	—
LE Retail Hipermercados I, S.L.U.	—	514	—	—	1,300	425	—
LE Retail Hipermercados II, S.L.U.	—	522	—	—	1,400	431	—
LE Retail Hipermercados III, S.L.U.	—	473	—	—	1,350	391	—
Lar España Inversión Logística IV, S.L.U.	—	—	—	—	609	—	(1)
LE Retail Rivas, S.L.U.	—	526	—	—	—	426	—
LE Retail Sagunto II, S.L.U.	—	4	—	24	—	4	—
LE Retail Córdoba Sur, S.L.U.	—	840	—	—	—	—	—

(Expressed in thousands of Euros)

Inmobiliaria Juan Bravo 3, S.L.	—	—	—	—	—	—	(55)
Revenue from dividends (i)	—	19,618	—	—	—	24,474	—
Grupo Lar Inversiones Inmobiliarias, S.A.	—	—	(1,811)	—	—	—	—
	—	38,311	(1,811)	54,933	36,538	38,776	(121)

(Expressed in thousands of Euros)

(i) The details of the dividends recorded in 2020 are as follows:

Company	Interim dividends over profit and loss at 31/12/2020	Complementary dividends over profit and loss at 31/12/2019	Total
LE Retail Alisal, S.A.U.	4	1	5
LE Logistic Almussafes, S.L.U.	—	18	18
LE Logistic Alovera I y II, S.A.U.	—	—	—
LE Logistic Alovera III y IV, S.L.U.	—	1	1
LE Retail As Termas, S.L.U.	2,352	203	2,555
LE Retail Galaria, S.L.U.	—	—	—
LE Retail Hiper Albacenter, S.A.U.	463	4	467
LE Retail Hiper Ondara, S.L.U.	3,655	267	3,922
LE Offices Eloy Gonzalo 27, S.A.U. (*)	96	5,348	5,444
LE Offices Joan Miró 21, S.L.U.	57	—	57
LE Retail Villaverde, S.L.U.	—	1	1
LE Retail Vistahermosa, S.L.U.	575	—	575
LE Retail Gran Vía de Vigo, S.A.U.	3,321	3,537	6,858
LE Retai Abadía, S.L.U.	2,294	207	2,501
LE Retail Hipermercados I, S.L.U.	820	67	887
LE Retail Hipermercados II, S.L.U.	770	68	838
LE Retail Hipermercados III, S.L.U.	699	62	761
LE Retail Anec Blau, S.L.U.	—	4	4
LE Retail Txingudi, S.L.U.	1,148	—	1,148
LE Retail Albacenter, S.L.U.	1,051	51	1,102
LE Retail Las Huertas, S.L.U.	—	220	220
Lar España Inversión Logística IV, S.L.U.	—	—	—
LE Retail Rivas, S.L.U.	1,580	77	1,657
LE Retail VidaNova Parc, S.L.U.	389	122	511
Le Retail Sagunto II, S.L.U.	—	—	—
LE Retail El Rosal, S.L.U.	344	42	386
Total	**19,618**	**10,300**	**29,918**

The interim dividends over profit and loss at 31 December 2019 were approved on 31 December 2019 and were paid on 21 January 2020. Likewise, complementary dividends from the 2018 profit were liquidated in less than a month from the approval thereof.

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

The remuneration received by the members of the Board of Directors and Senior Management personnel of the Group during 2021 and 2020, classified by item, is as follows:

In 2021, the Board of Directors received EUR 590 thousand in allowances (EUR 560 thousand in 2020). Allowances for the Board of Directors in 2021 include EUR 85 thousand for the non-executive Secretary of the Board of Directors (EUR 81 thousand in 2020).

Senior management received EUR 541 thousand in salaries and wages (EUR 412 thousand in 2020).

The amount of civil liability insurance premiums for directors and Senior Management covering damages resulting from acts or omissions totalled EUR 148 thousand (EUR 96 thousand in 2020).

At 31 December 2021 and 2020 the Company has no pension, life insurance, stock options or compensation obligations with former or current members of the Board of Directors or Senior Management personnel of the Company.

At 31 December 2021 and 2020 no advances or loans have been extended to members of the Board or Senior Management.

At 31 December 2021 and 2020 the Company has 7 Directors: 5 men and 2 women.

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

Apart from the transactions with related parties listed above, in 2021 the Directors of the Company and members of its Board of Directors have not carried out any transactions other than ordinary business or under terms that differ from market conditions with said Company or any other Group company.

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

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

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

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

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

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

Company	Position/Role	Number of Shares	Shareholding %
Grupo Lar Europa del Este, S.L.U.	Chairperson of the Board of Directors	N/A	N/A
Grupo Lar Holding Iberia, S.A.U.	Chairperson of the Board of Directors	N/A	N/A
Grupo Lar Management Services Iberia, S.L. (formerly Inmobérica de Gestión, S.L.U.)	Sole Administrator	N/A	N/A
Global Caronte, S.L.U.	Joint and Several Administrator	N/A	N/A
Global Byzas, S.L.U.	Sole Administrator	N/A	N/A
Oficinas Calle Albarracín, S.L.U.	Sole Administrator	N/A	N/A
Desarrollos Ibéricos Lar, S.L.U.	Sole Administrator	N/A	N/A
HRE Inversiones II, S.L.U.	Joint and Several Administrator	N/A	N/A
Grupo Lar Desarrollo Suelo, S.L.U.	Joint and Several Administrator	N/A	N/A
Parque Castilleja, S.L.	Director	N/A	N/A
Grupo Lar Oficinas Europeas, S.A.U.	Sole Administrator	N/A	N/A
Acacia Inmuebles, S.L. Inmuebles Logísticos Iberia, S.L.	Chairperson of the Board of Directors Chairperson of the Board of Directors	N/A N/A	N/A N/A
Grupo Lar Tech, S.L.U.	Sole Administrator	N/A	N/A

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

(Expressed in thousands of Euros)

(17) EMPLOYEE INFORMATION

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

	2021	2020
Professional category		
Senior Management	3	3
Total	3	3

The gender distribution in the Company at 2021 and 2020 year ends is as follows:

	2021		2020	
	Women	Men	Women	Men
Professional category				
Senior Management	1	3	1	2
Total	1	3	1	2

Salaries, wages and similar expenses corresponding to these employees at 31 December 2021 totalled EUR 541 thousand (EUR 412 thousand at 31 December 2020).

In 2021 and 2020 the Company did not employ anyone with a disability greater than or equal to 33%.

(18) AUDIT FEES

During 2021 and 2020, fees for audit and other related services charged to the Group by the auditor of the company Deloitte, S.L. and by a company related to the auditor through control, shared property or management were as follows (in thousands of Euros):

	Thousands of Euros	
	2021	2020
Audit and related services		
Audit services	189.5	183.6
Other verification services	101.5	11.5
Professional services		
Other services	—	—
Total	291.0	195.1

(19) EVENTS AFTER THE REPORTING PERIOD

On 28 January 2022, the shareholder LVS II Lux XII S.a.r.l. sold its entire shareholding in the Company to Castellana Properties SOCIMI, S.A.

On 28 January 2021, Mr Laurent Luccioni, proprietary director of Lar España Real Estate SOCIMI, S.A, appointed to represent LVS II Lux XII S.a.r.l., submitted his letter of resignation as a result of said shareholding having been sold. On 09 February 2021, the Board recorded his resignation.

On 14 February 2022, EUR 29,500 thousand was drawn down from the credit facility the Company has formalised with Bankinter.

In relation to Lar España's issue of secured plain vanilla (senior) bonds for a total amount of Euros 140 million, which mature on 21 February 2022 and are listed on the regulated Euronext Dublin stock exchange, Lar España has informed that on 17 February 2022 it fully redeemed and cancelled the amounts that were not subject to the repurchase previously issued in July 2021. A nominal amount of Euros 122.7 million was reimbursed from the remaining amount. Consequently, Lar España cancelled and extinguished all the guarantees granted in the framework of the issue on 22 February 2022, which include various real estate mortgages set up by the Company's subsidiaries LE Retail As Termas, S.L.U., LE Retail Albacenter, S.L.U., LE Retail Txingudi, S.L.U., LE Retail Hiper Albacenter, S.A.U., and LE Retail Anec Blau, S.L.U., on buildings the Company owns. Likewise, various pledges on shares of the aforementioned subsidiaries, that were granted in the context of the issue, were cancelled.

(20) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Information on Group Companies
31 December 2021

a) Subsidiaries

			Shareholding %		Thousands of Euros									
Company	**Activity**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity (a)**	**Market value (b)**	**Carrying amount (c)**	**Implicit capital gains (d=b-c)**	**Carrying amount of investment (e)**
LE Logistic Alovera I y II, S.A.U.	Leasing of property	Subsidiary	100	100	60	(20)	(18)	—	3,545	3,587	—	—	—	3,469
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	Subsidiary	100	100	60	(248)	(250)	—	15,000	14,810	17,380	14,004	3,376	15,048
LE Retail Alisal, S.A.U.	Leasing of property	Subsidiary	100	100	60	(5)	(1)	—	2,279	2,338	—	—	—	2,327
LE Offices Eloy Gonzalo 27, S.A.U.	Leasing of property	Subsidiary	100	100	60	(3)	(3)	—	343	400	—	—	—	401
LE Retail As Termas, S.L.U.	Leasing of property	Subsidiary	100	100	4	571	499	(383)	34,131	34,251	82,070	66,067	16,003	34,134
LE Logistic Alovera III y IV, S.L.U.	Acquisition and leasing of property	Subsidiary	100	100	4	(3)	(2)	—	634	636	—	—	—	635
LE Logistic Almussafes, S.L.U.	Leasing of property	Subsidiary	100	100	4	(160)	(154)	—	2,962	2,812	—	—	—	2,812
LE Retail Hiper Ondara, S.L.U.*	Leasing of property	Subsidiary	100	100	4	4,630	1,217	(934)	141,550	141,837	337,178	265,872	71,306	135,205
LE Offices Joan Miró 21, S.L.U.	Leasing of property	Subsidiary	100	100	4	(34)	(33)	—	798	769	—	—	—	769

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Information on Group Companies
31 December 2021

			Shareholding %		Thousands of Euros									
Company	**Activity**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity (a)**	**Market value (b)**	**Carrying amount (c)**	**Implicit capital gains (d=b-c)**	**Carrying amount of investment (e)**
LE Retail VidaNova Parc, S.L.U.	Leasing of property	Subsidiary	100	100	4	1,184	(1)	—	29,605	29,608	48,000	45,119	2,881	31,112
LE Retail El Rosal, S.L.U.*	Leasing of property	Subsidiary	100	100	3	2,044	544	(330)	25,046	25,263	105,200	66,305	38,895	35,388
LE Retail Galaria, S.L.U.	Leasing of property	Subsidiary	100	100	4	(3)	(3)	—	410	411	—	—	—	410
LE Retail Lagoh, S.L.U.*	Leasing of property	Subsidiary	100	100	3	5,127	1,244	(448)	118,153	118,952	295,000	209,200	85,800	126,518
LE Retail Sagunto II, S.L.U.	Leasing of property	Subsidiary	100	100	3	7	7	—	1,085	1,095	1,000	796	204	1,311
LE Retail Vistahermosa, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,274	783	(657)	22,734	22,863	50,000	41,088	8,912	22,739
Lar España Inversión Logística IV,	The acquisition and development of properties for	Subsidiary	100	100	3	(2)	2	—	1,943	1,948	—	—	—	701
LE Retail Villaverde, S.L.U.	Leasing of property	Subsidiary	100	100	3	(6)	(3)	—	1,748	1,748	—	—	—	1,748
LE Retail Anec Blau, S.L.U.*	Leasing of property	Subsidiary	100	100	3	(1,217)	(1,233)	—	90,551	89,321	98,750	91,412	7,338	91,142

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Information on Group Companies
31 December 2021

			Shareholding %		Thousands of Euros										
Company	**Activity**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity (a)**	**Market value (b)**	**Carrying amount (c)**	**Implicit capital gains (d=b-c)**	**Carrying amount of investment (e)**
LE Retail Albacenter, S.L.U.	Leasing of property	Subsidiary	100	100	3	628	636	(536)	36,229	36,332	43,000	31,507	11,493	36,231
LE Retail Txingudi, S.L.U.	Leasing of property	Subsidiary	100	100	3	(465)	(456)	—	34,658	34,205	31,910	28,829	3,081	34,660
LE Retail Las Huertas, S.L.U.	Leasing of property	Subsidiary	100	100	3	(308)	(331)	—	13,217	12,889	10,320	10,580	(260)	12,629
LE Offices Marcelo Spínola, S.L.U.	Leasing of property	Subsidiary	100	100	3	(49)	(36)	—	6,541	6,508	—	—	—	5,516
LE Retail Gran Vía de Vigo, S.A.U.*	Leasing of property	Subsidiary	100	100	502	2,012	(222)	—	31,003	31,283	148,040	102,122	45,918	61,971
LE Retail Abadía, S.L.U.	Leasing of property	Subsidiary	100	100	7,204	2,102	1,042	(905)	18,832	26,173	89,000	62,815	26,185	38,284
LE Retail Rivas, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,673	238	—	28,571	28,812	67,000	53,734	13,266	36,431
LE Retail Córdoba Sur, S.L.U.	The acquisition and development of properties for	Subsidiary	100	100	4	(1,623)	(1,623)	—	958	(661)	—	—	—	(661)
					8,014	17,106	1,843	(4,193)	662,526	668,190	1,423,848	1,089,450	334,398	730,930

* Company audited by Deloitte, S.L.
All the companies are domiciled at Calle María de Molina 39, Madrid.

Information on Group Companies
31 December 2021

b) Joint venture

					Shareholding %		Thousands of Euros						
Company	**Registered office**	**Activity**	**Auditor**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(los**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
Inmobiliaria Juan Bravo 3, S.L.	María de Molina, 39, Madrid	Property development	Deloitte	Associate	50	50	1,483	232	230	—	1,241	2,954	1,477

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Information on Group Companies
31 December 2020

a) Subsidiaries

			Shareholding %		Thousands of Euros									
Company	**Activity**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity (a)**	**Market value (b)**	**Carrying amount (c)**	**Implicit capital gains (d=b-c)**	**Carrying amount of investment (e)**
LE Logistic Alovera I y II, S.A.U.	Leasing of property	Subsidiary	100	100	60	(13)	(11)	—	3,556	3,605	—	—	—	3,469
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	Subsidiary	100	100	60	469	469	(463)	14,503	14,569	17,830	13,880	3,950	14,551
LE Retail Alisal, S.A.U.	Leasing of property	Subsidiary	100	100	60	—	5	(4)	2,279	2,340	—	—	—	2,327
LE Offices Eloy Gonzalo 27, S.A.U.	Leasing of property	Subsidiary	100	100	60	115	118	(96)	343	425	—	—	—	426
LE Retail As Termas, S.L.U.*	Leasing of property	Subsidiary	100	100	4	2,952	2,416	(2,352)	33,323	33,391	82,380	67,036	15,344	33,326
LE Logistic Alovera III y IV, S.L.U.	Acquisition and leasing of property	Subsidiary	100	100	4	(14)	(13)	—	646	637	—	—	—	651
LE Logistic Almussafes, S.L.U.	Leasing of property	Subsidiary	100	100	4	(13)	(7)	—	2,969	2,966	—	—	—	2,974
LE Retail Hiper Ondara, S.L.U.*	Leasing of property	Subsidiary	100	100	4	8,503	3,855	(3,655)	138,891	139,095	334,920	271,290	63,630	132,545

Information on Group Companies
31 December 2020

LE Offices Joan Miró 21, S.L.U.*	Leasing of property	Subsidiary	100	100	4	56	58	(57)	798	803	—	—	—	802
LE Retail VidaNova Parc, S.L.U.*	Leasing of property	Subsidiary	100	100	4	1,907	1,147	(389)	28,620	29,382	47,550	45,818	1,732	30,545
LE Retail El Rosal, S.L.U.*	Leasing of property	Subsidiary	100	100	3	1,944	926	(344)	24,188	24,773	106,400	67,754	38,646	34,530
LE Retail Galaria, S.L.U.	Leasing of property	Subsidiary	100	100	4	(9)	(9)	—	420	415	—	—	—	414
LE Retail Lagoh, S.L.U.*	Leasing of property	Subsidiary	100	100	3	6,949	735	—	118,190	118,928	292,400	213,061	79,339	124,095
LE Retail Sagunto II, S.L.U.	The acquisition and development of properties for	Subsidiary	100	100	3	(10)	(441)	—	1,522	1,084	960	796	164	1,264
LE Retail Vistahermosa, S.L.U.*	Leasing of property	Subsidiary	100	100	3	1,472	929	(575)	22,089	22,446	48,350	41,942	6,408	22,352
Lar España Inversión Logística IV, S.L.U.	The acquisition and development of properties for lease	Subsidiary	100	100	3	4	5	—	1,943	1,951	—	—	—	701
LE Retail Villaverde, S.L.U.	Leasing of property	Subsidiary	100	100	3	(13)	(10)	—	1,758	1,751	—	—	—	1,760
LE Retail Anec Blau, S.L.U.*	Leasing of property	Subsidiary	100	100	3	189	180	—	87,717	87,900	96,400	92,410	3,990	88,308

LE Retail Albacenter, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,064	1,064	(1,051)	35,034	35,050	42,550	32,013	10,537	35,036
LE Retail Txingudi, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,429	1,429	(1,148)	33,666	33,950	32,610	30,049	2,561	33,722
LE Retail Las Huertas, S.L.U.	Leasing of property	Subsidiary	100	100	3	480	51	—	12,937	12,991	10,530	11,240	(710)	12,787
LE Offices Marcelo Spínola, S.L.U.	Leasing of property	Subsidiary	100	100	3	(28)	(18)	—	6,559	6,544	—	—	—	5,517
LE Retail Gran Vía de Vigo, S.A.U.*	Leasing of property	Subsidiary	100	100	502	5,912	3,695	(3,321)	28,902	29,778	151,660	103,524	48,136	60,714
LE Retail Abadia, S.L.U.*	Leasing of property	Subsidiary	100	100	7,204	3,378	2,418	(2,294)	17,909	25,237	86,080	62,947	23,133	37,602
LE Retail Hipermercados I, S.L.U.	Leasing of property	Subsidiary	100	100	3	852	852	(820)	15,343	15,378	20,050	14,241	5,809	16,149
LE Retail Hipermercados II, S.L.U.	Leasing of property	Subsidiary	100	100	3	873	873	(770)	15,467	15,573	20,360	14,458	5,902	17,358
LE Retail Hipermercados III, S.L.U.	Leasing of property	Subsidiary	100	100	3	802	803	(699)	14,175	14,282	18,460	13,113	5,347	16,016
LE Retail Rivas, S.L.U.*	Leasing of property	Subsidiary	100	100	3	2,418	1,720	(1,580)	28,056	28,199	66,000	52,993	13,007	35,917

Information on Group Companies
31 December 2020

LE Retail Córdoba Sur, S.L.U.	The acquisition and development of properties for lease	Subsidiary	100	100	4	(6)	(6)	—	963	961	—	—	—	984
					8,023	41,662	23,233	(19,618)	692,766	704,404	1,475,490	1,148,565	326,925	766,842

* Company audited by Deloitte, S.L.
All the companies are domiciled at Calle María de Molina 39, Madrid.

b) Joint venture

					Shareholding %		Thousands of Euros						
Company	**Registered office**	**Activity**	**Auditor**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(los**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
Inmobiliaria Juan Bravo 3, S.L.	María de Molina, 39, Madrid	Property development	Deloitte	Associate	50	50	1,483	2,004	558	—	123	2,164	1,082

1 Position of the Company

1.1 Organisational structure and functional operation

The company is created in 20144 with an externalised management structure. It has designated Grupo Lar Inversiones Inmobiliarias, S.A. as exclusive manager, a company that has more than forty years of experience in the property market and a long history of generating value through various property cycles in the last decades, and that has alliances with some of the most internationally renowned investors.

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

Group companies, most of which are 100% owned by the Company, with the exception of IJB (50%), carry out their 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 Company's investment policy focuses mainly on the following:

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

2 Development and business results

2.1 Introduction

At the 2021 reporting date, the Company's revenue amounted to EUR 20,096 thousand, which corresponded to returns from dividends received from investee companies, financial income from financing granted to same and returns from the disposal of equity instruments in accordance with their standing as holding companies.

The operating result before amortisations, provisions and interest (EBITDA, is calculated as the result of the operation profit, plus amortization expenses less profit or loss from disposals) presents a positive result of EUR 17,356 thousand.

The negative financial result was EUR 9,985 thousand.

The Company's profit for the period amounts to EUR 18,594 thousand.

2.2 Other financial indicators

At 31 December 2021, the Company presents the following financial indicators:

- Working capital (calculated as the difference between current assets and current liabilities) → EUR 630,467 thousand (EUR 103,589 thousand at 31 December 2020).
- Liquidity ratio (calculated as the ratio of current assets to current liabilities) → 4.84 (2.41 at 31 December 2020).
- Solvency ratio (calculated as non-current liabilities and equity divided by non-current assets → 1.86 (1.14 at 31 December 2020).

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

The ROE ("Return on Equity"), which measures the Company's rate of return divided by its equity, is 3.10% (it was 3.30% 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 at 31 December 2021.

The ROA ("Return on Assets"), which measures the efficiency of the Company's total assets, regardless of the source of funding used, i.e. the capacity of a company's assets to generate profit, is 1.22% (2.35% 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 at 31 December 2021.

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA) regarding the calculation and determination of Alternative Performance Measures used by the Company's Management in taking financial and operational decisions, sections 4 and 6 of the "Full year report 2021", which was published on the same date as these Financial Statements and explanatory notes, state how the EPRA (European Public Real Estate Association) indicators are calculated and defined.

2.3 Matters regarding the environment and personnel

Environment

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

Personnel

At 31 December 2021 the Company has 4 employees (3 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

In this eighth year of activity, the Company obtained liquidity mainly through:

- Loan and credit facilities;

- On 19 May 2021, the Company renewed the credit facility that it formalised with Bankinter during the last two financial years for EUR 30,000 thousand and extended its maturity until 16 May 2022. Interest accrues quarterly and the interest rate is 12-month EURIBOR plus a 1.60% spread. Financial expenses accrued at 31 December 2021 in relation to said credit facility amounted to EUR 216 thousand.

- On 15 July 2021, Lar España successfully completed the placing of an issue of unsecured senior green bonds with maturity in July 2026. The maximum pre-fixed amount was 400 million, which was oversubscribed by more than four times. Fitch rating agency allocated an investment grade rating or BBB rating to both Lar España and to its issue of green bonds. The annual coupon was fixed at 1.75% at fixed rate, compared to 2.9% interest rate on the 2015 bond. Fitch rating agency has allocated an investment grade rating or BBB rating to both Lar España and to its issue of green bonds.

- On 20 July 2021, after announcing the public offer to repurchase in cash the simple senior secured bonds issued by the company in February 2015, for a total amount of €140 million maturing in February 2022, Lar España accepted the purchase in cash of bonds for an aggregate nominal amount of EUR 17,300 thousand. Following the settlement of said amount on 23 July 2021, bonds remained outstanding, for an aggregate amount of EUR 122,700 thousand, which as at the date of formulation of the present management report, have been fully repaid.

- After the issue of said bonds, on 28 July 2021, the Group cancelled in advance the mortgage loans of Group companies Le Retail Gran Vía de Vigo, S.A.U. in the amount of EUR 82.4 million and Le Retail Vistahermosa, S.L.U. in the amount of EUR 21.5 million and on 04 August 2021 the mortgage loans associated with Group company Le Retail Hiper Ondara, S.L.U. in the amount of EUR 163.1 million.

- In November 2021, Lar España successfully placed a new issue of unsecured senior green bonds with 7-year maturity. The maximum pre-fixed amount was 300 million, and it received subscription requests for more than 4 times the amount offered. The nominal aggregate amount was in line with the outstanding balance of the Lar España secured debt, which was re-financed in its entirety, marking the end of the transition of the Company from a secured financing strategy to an unsecured one, thus culminating the refinancing process of the Company's debt. The transaction was closed with a fixed annual coupon of 1.84% since its issue, calculated by reference to its nominal amount. This issue, along with that carried out in July of this year, has managed to reduce the average cost of debt from 2.2% to 1.8%. Fitch rating agency ratified the BBB rating for this new issue.

- Following the second issue of green bonds, on 18 November 2021, the loan that LE Retail Lagoh, S.L.U. held with Santander for a total amount of EUR 96,481 thousand, and the loan that the company LE Retail Vidanova Parc, S.L.U. held with BBVA for a total amount of EUR 28,000 thousand were both fully repaid. Furthermore, on 18 November 2021, the loan that LE Retail El Rosal S.L.U. held with Caixabank for a total amount of EUR 49,280 thousand was also fully repaid; the loan that LE Retail Rivas, S.L.U. held with BBVA for a total amount of EUR 34,500 thousand and the loan that the company LE Retail Abadía, S.L.U. held with Santander for a total amount of EUR 42,060 thousand were both fully repaid.

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

The Company does not have any contractual obligations that imply an outflow of liquid resources at 31 December 2021 beyond those mentioned in point 3.1.

At 31 December 2021, the Company does not present off-balance-sheet transactions that have had, or are expected to have, a significant effect on the financial position of the Company, the expenditure structure, the operating result, liquidity, capital expenses or on own resources.

4 Main risks and uncertainties

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

In addition to these risks and impacts produced, those detailed in section 7 of this management report are of great importance.

5 Environmental information

In addition to these risks and impacts, those detailed in paragraph 7 of this management report are deemed of great significance.

Lar España is aware that integrating sustainability into the business model is essential in order to create value for both stakeholders and shareholders. Consequently, in recent years appropriate measures based on various international standards have been implemented.
As part of the risk assessment performed annually, the Company carries out a study of the main climate risks that could affect the continuity of its business, as well as of the different controls that are implemented for mitigating these risks.
Since January 2016, following the approval of its Sustainability Policy, Lar España has drafted an ESG Master Plan, which is aligned with the SDGs of the United Nations and the Paris Agreement (COP21), for the main purpose of obtaining a clear and defined road map at Company level. After drafting this Plan, the Company started work on other more specific plans focusing on more precise aspects, such as:

- At climate change level, the Company has prepared a comprehensive Carbon Footprint Reduction Plan with the aim of establishing a clear emission neutrality goal. As part of this plan, measures have been designed that are adapted to each of the assets and will be implemented in forthcoming years in line with the investment plans and the progress of the different technologies in this field.

- At environmental level the Company has developed, in conjunction with a specialised company, an Energy Efficiency Plan which is being implemented on an asset-by-asset basis following Energy Audits and is supported by an automated data platform to obtain data on asset consumption and emissions, enabling live monitoring, and has been designed and implemented specifically for Lar España. In addition, the Company is carrying out a study on the implementation of photovoltaic panels at most of the portfolio assets, after obtaining energy contracts with guarantees of origin in all its portfolio assets.

- Regarding contribution to the Circular Economy principles, and as a step forward in the fight against climate change, Lar España developed a Waste Management Plan to increase its knowledge of the type of waste generated by the assets, and to centralise waste management at Company level. During 2021 various measures have been taken at the centres, such as installing specific recycling points, identifying and cataloguing a higher proportion of waste and studying different waste treatment alternatives. The Company's aim is to continue working on this matter to obtain a higher level of control over the waste generated by its activity and over the routes used for disposing of this waste, which will have a positive impact on the organisation's Carbon Footprint.

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

Once the data for 2021 has been registered over the coming months, we will have register our carbon footprint with MITERD for four consecutive years, being eligible to receive the "Reduzco" (I reduce) seal.

As part of this process, the Company submitted its Emissions Reduction Plan to the Ministry as another step towards carbon neutrality, and a further affirmation of the Company's commitment to responsible and sustainable business operations.

In addition, over the course of 2021, we put together a long-term action plan in order to define the strategy we will follow to successfully reduce our emissions. Our proposed measures include:

1. Continuing our policy of using guaranteed renewable electricity sources at all strategic properties.

2. Expanding the use of renewable energy systems across our portfolio.

3. Applying the findings of technical-economic studies into the potential for investing in solar photovoltaic energy at strategic properties and promoting on-site renewable energy generation.

4. Completing and launching our own automated system for monitoring energy use, based on telematic technology.

5. Implementing predictive maintenance programmes and more proactive inspection protocols for airconditioning systems to prevent coolant leaks.

6. Ongoing schedule to replace older machinery and equipment with more efficient, sustainable and low-emissions alternatives.

Sustainable mobility

Sustainable mobility is a concept that came about to counteract the environmental and social problems associated with urban transport. At Lar España, we see it as a way of adding value to the properties in our portfolio, and as such it is one of our priority areas of focus. Which explains why we are studying the different ways of implementing sustainable mobility solutions at each of our assets.

The main projects underway are:

• Electric car charging points.
• Car sharing.
• Walkways, improved pedestrian access to shopping centres and their surrounding areas.
• Campaign to promote the use of public transport, bus stops and taxis.
• Parking areas and access routes for bicycles, scooters and motorcycles, along with designated parking spaces for families and emergency vehicles near the main entrances, with a guided parking system.

Out of the 14 properties in Lar España's portfolio, 13 currently feature electrical vehicle charging points. In other words, more than 90% of Lar España's portfolio offered the option to charge electric vehicles as of 31 December 2021. There are currently 155 electrical vehicle charging points installed at Lar España's properties, with a further 75 due to be installed, amounting to a total of 230 charging points.

Certificates

The Company remains committed to participating in assessment and certification schemes to guarantee that the operation of all its properties is as sustainable as possible. Throughout 2021, we forged ahead with our Renewal Plan for certifications renewing 8 certificates, 7 of which have a higher score than the previous one.

We also continued to move forward with our plan to achieve certification for our retail parks, setting ourselves the ambitious target of 100% of our portfolio becoming BREEAM-certified within the first few months of 2022. 2021 saw us get off to a strong start here, with Parque Abadía being awarded a new certificate, achieving a "Very Good" rating in both categories.

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

This equates to a 25% increase in its rating compared to the previous year, and an increase of over 50% compared to its rating in 2019 and almost +90% compared to the first year Lar España took part in this index in 2018. This demonstrates Lar España's commitment to
sustainability, society and good governance best practices as well as the progress it has made in these areas.

6 Significant circumstances occurring after the close

No important circumstances arose after the reporting period other than those mentioned under post-closing events.

7 Information on the foreseeable evolution of the Company

After the investment volume carried out 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 the profitability with respect to the purchase price. All of this will be reflected in the greater value of the assets in our portfolio.

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

Based on available information and the current business plans, we believe that the Company will be in a position to continue making progress in 2022 and in subsequent years.

8 COVID-19

8.1 Current situation

In 2021, Lar España has recovered both at its level of activity and many of its key business indicators have raised to levels close to the levels previous to the health crisis caused by COVID-19. The Company has continued to pursue its objective of creating value for its stakeholders, maintaining an active dialogue with tenants and implementing a totally innovative retail offer.

At the reporting date, all the Company's shopping centres and malls were open and in operation, and at all times complying with the required health measures and restrictions. In addition, the Company continues to have a solid, highly consolidated and good-quality tenant base, which explains to some extent the positive recovery in sales figures and visits during the year. Following continuous contact with each tenant, trade relations have been strengthened and the duration and stability of contracts in all shopping centres and shopping parks have been reinforced.

8.2 Management experience

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

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

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

From the declaration of the state of emergency until 31 December 2021, the SOCIMI (REIT) Lar España Real Estate reached case-by-case rental agreements in respect of 100% of the gross lettable area in its centres. The Company has managed each situation directly, without intermediaries, which has enabled it to reach agreements quickly, which are adapted to the specific needs of each tenant and activity. The agreements have largely been reached in conditions that represent a major compromise by both parties, strengthening relations with retailers and consolidating the term and stability of the agreements, as well as that of all the shopping centres and retail parks.

8.3 Business model and operational structure

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

The Company's subsidiaries' shopping centres boast an occupancy rate of 96%, operating at close to full capacity.

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

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

The weight of the first 10 tenants in terms of income is 35.36% and over 70% of the total contracts with operators mature beyond 2024.

The Company's subsidiaries' properties have a clear competitive edge in their catchment areas, generally offering more than 551,326 sqm of retail space and located in regions with an above average per capita income for Spain.

8.4 Commitment to retailers

The Company's subsidiaries communicate openly and regularly with all of its tenants, across all its properties. All of its strategies share the clear objective of guaranteeing the safety of its customers and employees, to ensure that all the stores in the Company's subsidiaries' portfolio can carry on their activity within the 'new normal'.

8.5 Consolidated financial position

The Company's subsidiaries' strong liquidity levels and financial autonomy afford it considerable economic resilience. The subsidiaries are perfectly able to assume this type of scenarios, with stress plans applicable to the annual business model and confident that they will obtain a satisfactory result.

With an average cost of 1.9%, 100% of which is at a fixed rate, and without significant maturities in the next 5 years, except for the repayment of the outstanding amount corresponding to the first bond issue carried out by the company in February 2015, which amounts to EUR 122,700 thousand, and which was repaid on 17 February 2022 (see post-closing events).

The cash strength of Lar España enables it to perfectly meet all the expenses of the Company.

8.6 Financial and investment caution

The Company's subsidiaries have applied austerity measures to all of its ongoing activities, adapting its expenses to the new situation. Nonetheless, all decisions will be made on the premise of achieving solid returns via effective management and value uplift across all of its assets.

9 R&D+i activities

Due to the inherent characteristics of the companies that make up the Company, and their activities and structure, the Company does not usually conduct any research, development and innovation initiatives. This notwithstanding, Lar España continues to pursue its goal of leading the transformation of the Spanish Retail sector, by creating new ways to interact more efficiently assisted by digital technologies, both with external and internal customers (Customer Journey Experience).

10 Acquisition and disposal of treasury stock

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

Pursuant to this programme, the Company acquired a total of 3,940,761 treasury shares, representing 4.50% of the share capital. Subsequently, on 15 December 2021, the company registered a public deed of reduction in capital of the Company for a nominal amount of EUR 7,881,522, by redeeming those shares. Consequently, the share capital of the company was established at EUR 167,385,938, represented by EUR 83,692,969 registered shares of EUR 2 nominal value each, and Article 5 of the Company's by-laws, dealing with the capital and the shares of Lar España was amended accordingly.

Following the completion of the said share buyback programme, the company reported the reactivation of the liquidity agreement for treasury stock management, executed on 5 July 2017 and reported to the market on 10 July 2017.

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

At of 31 December 2021 the share price was EUR 5.12.

As of 31 December 2021, the Parent Company holds a total of 130,970 shares, representing 0.16% of total issued shares.

11 Other relevant information

11.1 Stock exchange information

The initial share price at the start of the year was EUR 4.69 and the nominal value at year end was EUR 5.12. During 2021, the average price per share was EUR 5.17.

In the framework of the green bond issues carried out by the company in 2021, the Fitch rating agency allocated an investment grade rating or BBB to both Lar España and to its issue of green bonds.

11.2 Dividend policy

On 22 April 2021, the Shareholders' General Meeting approved the distribution of a dividend of 18,546 thousand Euros, at EUR 0.212 per share (taking into account all the shares issued) and recognised in profit and loss for the 2020 period, and of 8,954 thousand Euros, at EUR 0.102 per share (taking into account all the shares issued), charged to the share premium.
The total pay-out was 17,504 thousand Euros charged to the Profit for the period 2020 (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company's equity and totals 1,043 thousand Euros in dividends charged to profit), and 8,954 thousand Euros charged to share premium given the amount per share approved and shares outstanding at the time of approval by the General Shareholders' Meeting on 22 April 2021. The dividend pay-out was settled in full on 21 May 2021.

11.3 Average number of days payable outstanding to suppliers

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

12 Annual Corporate Governance Report

For the purposes of Article 538 of the Spanish Companies Act, we confirm that the Annual Corporate Governance Report (IAGC) along with the Internal Financial Reporting Control Systems (SCIIF) and the Annual Report of Directors' Remuneration (IARC) for 2021 all form part of the Management Report. Both Reports are available on the website of the National Securities Market Commission (CNMV).

13 Events after the reporting period

On 28 January 2022, the shareholder LVS II Lux XII S.a.r.l. sold its entire shareholding in the Company to Castellana Properties SOCIMI, S.A.

On 28 January 2021, Mr Laurent Luccioni, proprietary director of Lar España Real Estate SOCIMI, S.A, appointed to represent LVS II Lux XII S.a.r.l., submitted his letter of resignation as a result of said shareholding having been sold.

With respect to the issue of simple (senior) bonds secured by Lar España for a total amount of EUR 140 million, with maturity on 21 February 2022 and admitted to trading on the regulated market Euronext Dublin of the Stock Exchange, Lar España reports that, on 17 February, the amounts that had not been previously repurchased in July 2021 were fully re-paid and cancelled, and the remaining amount of EUR 122.7 million in nominal value was returned. As a result, Lar España has cancelled and extinguished all the guarantees granted in the framework of the 22 February 2022 issue, including several real estate mortgages created by the subsidiaries LE Retail As Termas, S.L.U., LE Retail Albacenter, S.L.U., LE Retail Txingudi, S.L.U., LE Retail Hiper Albacenter, S.A.U., and LE Retail Anec Blau, S.L.U., on properties owned by them. In addition, various pledges were lifted and cancelled on the shares of said subsidiaries, which had been created within the framework of the issue.

LAR ESPAÑA REAL ESTATE, SOCIMI, S.A.
DECLARATION OF RESPONSIBILITY FOR THE 2021 FINANCIAL STATEMENTS

The members of the Board of Directors of LAR ESPAÑA REAL ESTATE, SOCIMI, S.A. declare that, to the best of their knowledge, the individual financial statements of LAR ESPAÑA REAL ESTATE, SOCIMI, S.A. and the consolidated financial statements with its subsidiaries, for the year ended December 31, 2021, prepared (*formuladas*) (in English) by the Board of Directors at the meeting held on February 24, 2022, in accordance with the applicable accounting principles and in single electronic format, offer a true and fair view of the net worth, financial situation and results of LAR ESPAÑA REAL ESTATE, SOCIMI, S.A. and of the subsidiaries included in the consolidated group, taken as a whole, and that the directors' reports accompanying the individual and consolidated financial statements (along with their attachments and supplementary documentation) include a true analysis of the business performance, results and position of LAR ESPAÑA REAL ESTATE, SOCIMI, S.A. and of the subsidiaries included in the consolidated group, taken as a whole, and a description of the main risks and uncertainties they face.

Signatories:

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

*The Director Mr Alec Emmott and Director Ms Leticia Iglesias attended via videoconference and, having clearly stated their approval of the statements and expressly authorising Mr José Luis del Valle Doblado to sign the statements on their behalf, they are drawn up.

Madrid, on 24 February 2022