



Half-Yearly  
Report  
**H1 2019**

# INDEX



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**Shopping Centre**  
Megapark (Bilbao)

# 1

## Executive Summary

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# 1.1

## Highlights H1 2019

### Portfolio Information

**GAV**  
**1,462**  
Million €

**Annualised Net Rent**  
**72.5**  
Million €

**WAULT**  
**3.0**  
years

**Assets**  
**16**

**GLA**  
**580,235**  
sqm

**2019 Divestments**  
**77.0**  
Million €



### Financial Information

**EPRA NAV**  
**968.5**  
Million €  
(10.78€/share)<sup>(1)</sup>

**Net LTV**  
**33%**

**Financial Debt**  
**646.0**  
Million €

**Average Cost of Debt**  
**2.20%**

**Rental Income**  
**38.5**  
Million €

**EBITDA**  
**23.2**  
Million €

**Net Profit**  
**28.6**  
Million €

**ROE**  
**11.56%**



(1) When analyzing this measure it is important to take into account the dividend paid in Q2 2019 (0.80€/share).

# Retail performance

## Operating results <sup>(1)</sup>

EPRA NIY  
**5.8%**

EPRA topped-up NIY  
**6.0%**

Reversionary Yield  
**6.5%**

LfL GRI  
**+2.1%**

LfL NOI  
**+2.4%**

% Occupancy <sup>(2)</sup>  
**95.0%**

### GAV (%)



Retail. **99**

Rest of the portfolio. **1**

### Rental Income (%)



Retail. **99**

Rest of the portfolio. **1**

## Commercial activity

Negotiated rent  
**4.1**

Million €

Operations  
**66**

Rotated area  
**23,337**

sqm

Rent uplift  
**+10.6%**

H1 2019 Footfall  
**32.1**  
Million of visits



H1 2019 Sales  
**338.5** <sup>(4)</sup>  
Million €



**+0.5%** <sup>(1)</sup>  
vs. H1 2018

**-2.1%**  
Average Spanish Footfall <sup>(3)</sup>

**+1.3%** <sup>(1)</sup>  
vs. H1 2018

**+1.1%**  
Big Surfaces Spain Sales Index <sup>(5)</sup>

*(1) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and either Albacenter's data due to the division of the hypermarket into four retail units | (2) Ratio calculated according to EPRA recommendations | (3) Shoppertrak Index | (4) Declared Sales | (5) National Statistics Institute (INE)*

## 1.2 Retail market context

### Growth and GDP

Figures for Q2 indicate that Spain's **economic growth** has eased somewhat, although the country continues to **outpace its European counterparts**. In spite of a slowdown in foreign trade, growth in domestic demand continues apace, albeit at a slightly slower rate this year (2.5%), and in line with employment growth. Oxford Economics forecasts place **Spanish GDP growth at circa +2.3% for 2019 and +2% for 2020**.

### Inflation

**The CPI grew by 0.4% y-o-y** in June, down 0.4% on the previous month. Underlying inflation remains subdued and still stands at below 1%. According to Oxford Economics, **average inflation for 2019 and 2020 will stand at 1.5%**, down from 1.7% in 2018.

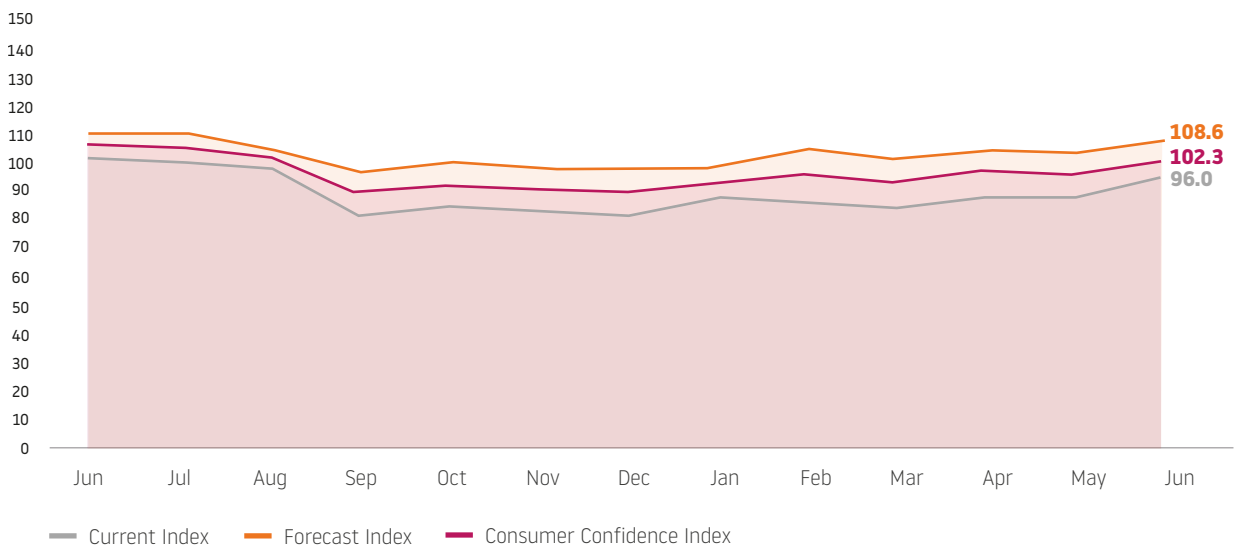




### Consumer Confidence Index (CCI)

The CIS **Consumer Confidence Index (CCI)** for June stood at **102.3 points**, 5.4 points up on the previous month and on a par with the figures registered for H1 2018.

### Consumer Confidence Index (CCI)



Source: Centro de Investigaciones Sociológicas (CIS)



## Retail investment volume in Spain during H1 2019: €735 million

### Investment

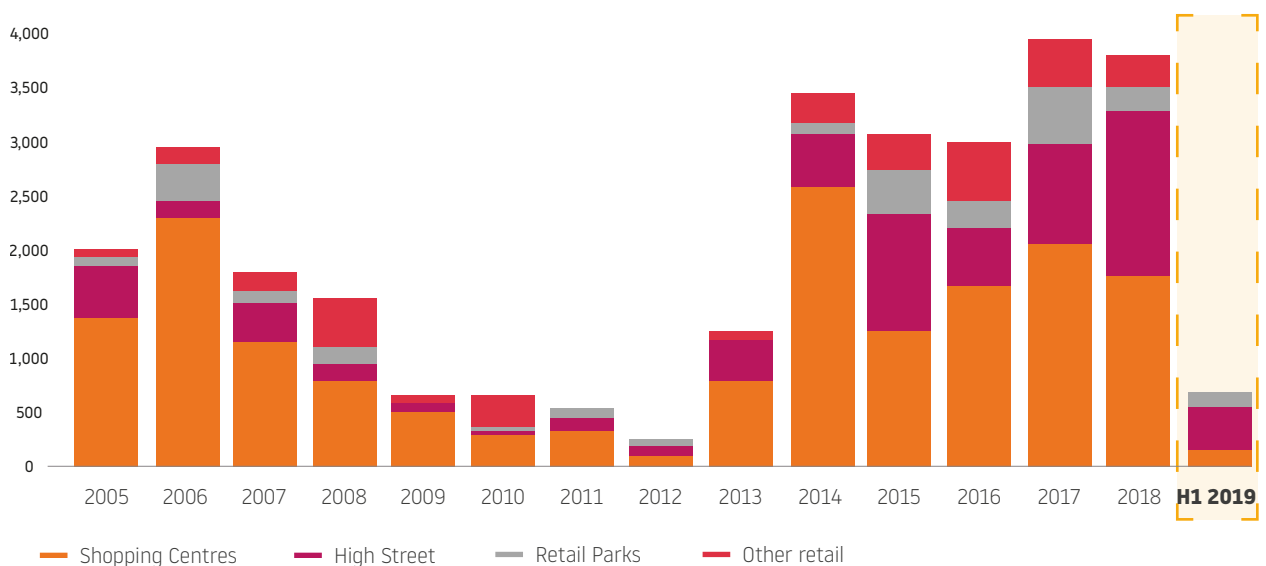
**Retail market investment** in Q2 amounted to €427 million, taking the 2019 first half-year total to circa **€735 million**, down 59% y-o-y. This drop is primarily due to the lack of major shopping centres to offer investors a prime product.

By property type, **shopping centres** captured the attention with **€141 million** invested during H1 2019, while **retail parks** reached **€143 million**. The leading

asset class in the investment retail market during the semester has been “High street” with a volume that exceeds 444 million euros.

After a period of increasingly strong investor appetite for prime retail properties, investment in this market segment is now starting to level out. The year-end investment volume for 2019 is expected to reach close to €2,000 million, equating to a 48% y-o-y decline.

### Investment volume (€Mn)



Source: JLL

## Prime rents

Prime rents at **retail parks** recorded the highest y-o-y growth (4%), standing at **€19.50 per sqm/month**. High street retail units saw a 2.1% increase in prime rents, up to **€294 per sqm/month**. Shopping centre prime rents rose 2.1% y-o-y to **€98.50 per sqm/month**.

Prime rental growth in Spain will continue to outperform most of Europe over the next five years, albeit at a slower pace than in recent years.

## Prime rents (€/sqm/month)



Shopping Centres

**€98.50**

**+2.1%**

Rental growth Q2 2019 | Q2 2018



Retail Parks

**€19.50**

**+4%**

Rental growth Q2 2019 | Q2 2018



High Street

**€294**

**+2.1%**

Rental growth Q2 2019 | Q2 2018

Source: JLL

## Prime yields

Prime yields remained stable in Q2 2019 compared to Q1 2019. A prime yield of **3.15%** is achievable for units in the **best high street locations**, whereas the prime yield stands at **5.25%** for **retail parks**. **Shopping centres** yields stood at **4.50%** during H1.

### Prime yields Q2 2019



Shopping Centres

**4.50%**

**0**

Basic points variation  
Q2 2019 | Q1 2019



Retail Parks

**5.25%**

**0**

Basic points variation  
Q2 2019 | Q1 2019



High Street

**3.15%**

**0**

Basic points variation  
Q2 2019 | Q1 2019

Source: JLL

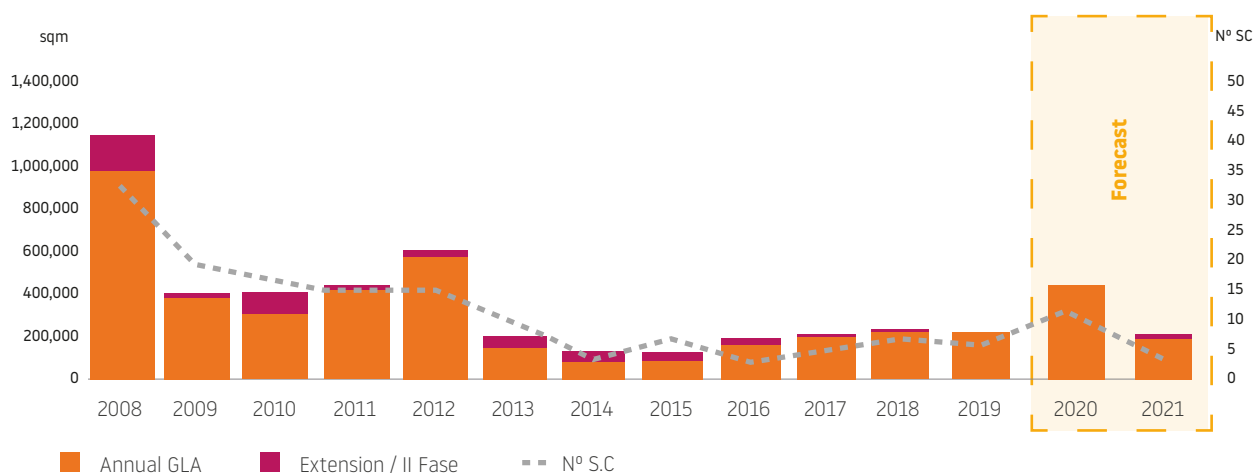
### Footfall

The ShopperTrak national footfall index rose 2.3% in June compared to the previous month, up **0.9%** y-o-y. Considering accumulated data of the year, the Shoppertrack Index stands at **-2.1%**. The level of visits to Lar España's portfolio **remains stable (+0.5%)** compared to the previous year.

### Stock

Close to **280,000 sqm of GLA are estimated to be opened** during 2019, the majority of which pertaining to six new retail properties that will open their doors during the year. Another small part of the GLA relates to extensions and second phases. These figures are higher than those registered in 2018.

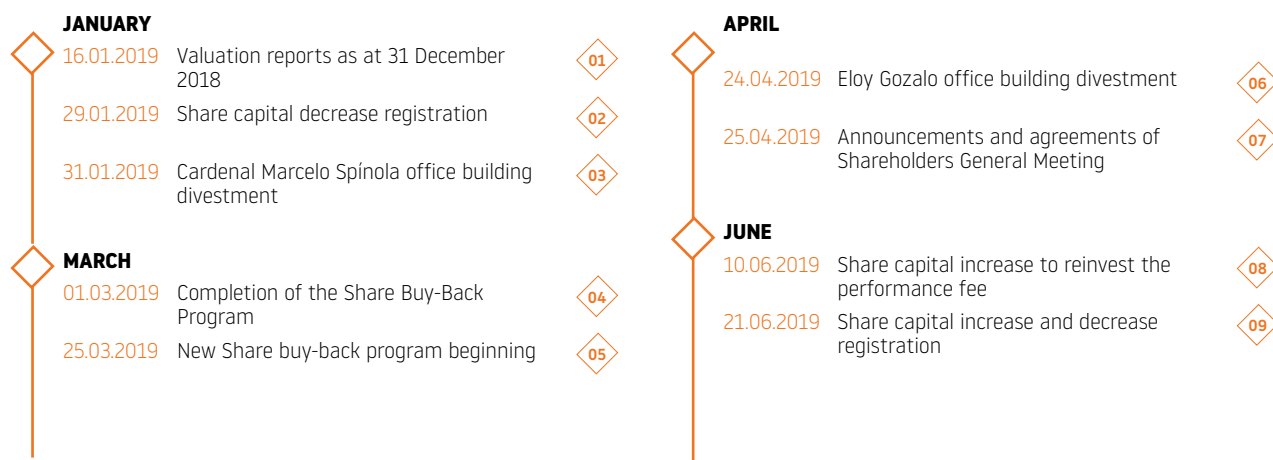
In 2020, twelve assets are estimated to be opened with a total GLA close to 440,000 sqm.



Source: JLL



## 1.3 Main Events



The regulatory notices published and submitted to the Spanish Stock Market Commission (CNMV) during the first semester of 2019 are listed below in chronological order:

### JANUARY.

01

#### 16.01.2019 Valuation reports as at 31 December 2018

Lar España has received the valuation reports for its property portfolio as of 31 of December 2018, carried out by JLL Valoraciones, S.A and Cushman & Wakefield Sucursal en España. The **total market value of the company's portfolio** as detailed in the abovementioned reports is **EUR 1,535.9 million**. The acquisition Price – transaction costs not included - of the assets subject to the valuation was EUR 1,087.2 million. The properties were valued according to the Royal Institution of Chartered Surveyors (RICS) valuation standards, based on net market value as at 31 December 2018.

02

#### 29.01.2019 Share capital decrease registration

In connection with the Material Fact registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) on 28 December 2018 (Register number 273427), Lar España hereby informs that, on this date, the public deed regarding the reduction of share capital, granted on 28 December 2018, has been duly **registered with the Commercial Registry of Madrid. The share capital reduction was approved by the Board of Directors of the Company on 27 December 2018**, pursuant to the delegation granted by the General Shareholders Meeting held on 29 May 2017, that agreed, under item eleven of the agenda, to authorise the Board of Directors for the derivative acquisition of own shares, in accordance with the terms and conditions established in the abovementioned resolution of the General Shareholders Meeting, expressly authorising it to reduce share capital on one or more occasions in order to redeem the acquired own shares.

Consequently, **the share capital of Lar España has been reduced in the amount of EUR 3,088,980.00, through the cancellation of 1,544,490 own shares** with a face value of two euros each. Likewise, and in order to amend and clarify the information provided under the referred Material Fact of 28 December 2018, it is hereby stated that all of the cancelled shares were acquired under the Company's buy-back program that was announced through a Relevant Fact on 28 September 2018 (Register number 270006) and which expiration date was extended on 28 December (the "Buy-back Program"). **The share capital resulting from the reduction has been set at 186,438,088.00 euros, represented by 93,219,044 shares with a face value of two euros each.**

The purpose of this capital reduction, as envisaged in the Buy-back Program, is **to contribute to the Company's shareholder remuneration by increasing the profit per share.** It is hereby stated that the reduction does not involve the return of contributions to the shareholders since the Company is the holder of the canceled shares.

The reduction **has been carried out with a charge to free reserves**, through the provision of a capital cancellation reserve for an amount equal to the nominal value of the cancelled shares, which will only be available following the same requirements demanded for the reduction of the share capital, as provided by article 335 c) of the Spanish Companies Act. Consequently, in accordance with the provisions of such article, there is no right of opposition for the creditors included in article 334 of the Spanish Companies Act in connection with the capital reduction.

In the following days, the Company will request **the exclusion of the 1,544,490 cancelled shares** from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Stock Exchange Interconnection System (Continuous Market).



31.01.2019

### Cardenal Marcelo Spínola office building divestment

Today, the Company (through its wholly owned company LE Offices Marcelo Spínola 42 SLU) has transferred to an **INVESCO company** named IRE-RE Espinola, S.L.U. **an office building at Calle Cardenal Marcelo Spínola 42** in Madrid, with a total gross leasable area (GLA) of approximately 8,875 square meters. The aforementioned sale has been formalized in public deed dated today, for a **total price of 37 million euros.** The sale price agreed for the transfer of the mentioned property represents a **capital gain of 94.7% on the acquisition price** paid by the Company for said property in July 2014 and matches the last valuation of this asset made in December 2018.



## MARCH.

04

01.03.2019

### Completion of the Share Buy-Back Program

Lar España reports that yesterday, the term for the Buy-Back Programme expired and, therefore, it is terminated. The Company has acquired, under the Buy-Back Programme, a total amount of **3,091,141 own shares, representing 3.31% of Lar España's current share capital**. The acquisition of own shares under the Buy-Back Programme has been periodically disclosed to the market, pursuant to article 2.2 and 2.3 of the Delegated Regulation (EU) N° 2016/1052, and has been carried out in accordance with the terms and conditions established in such Regulation.

The Buy-Back Programme has been implemented by JB Capital Markets, S.V., S.A.U. Additionally, it is reported that, once the Buy-Back Programme is finished, the Company will retake the Liquidity Agreement, which was suspended on 28th September 2018 (register number 270006), according to the terms notified by means of material fact with number 254421, on 10th July 2017, pursuant to Circular 1/2017, of 26 April, by the Comisión Nacional del Mercado de Valores, on liquidity contracts. Finally, Lar España reports that the shares from the Buy-Back Programme acquired until 28 February 2019 that have not been amortized yet will be amortized shortly.

05

25.03.2019

### New Share buy-back program beginning

Lar España hereby informs that the Board of Directors, in the meeting held on 19 March 2019, has resolved to implement a **new Buy-Back Program of the Company's own shares** (the "Buy-back Program") in accordance with the authorisation granted by the General Shareholders' Meeting held on 29 May 2017.

The Buy-back Program is subject to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("Regulation 596/2014"), and to Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilisation measures ("Delegated Regulation 2016/1052"), and all other applicable legislation. The purpose of the Buy-Back Program is, according to article 5.2.c) of the Regulation 596/2014, is the share capital reduction of Lar España.



The Buy-Back Program has the following features:

- The **maximum net investment** of the Buy-Back Program will be up to forty two million **(42,000,000 euros)**.
- The **maximum number of shares** to be acquired under the Buy-Back Program will be **4,660,000**, representing the **5% of the Company's share capital**.
- The shares will be acquired according to the price and volume conditions provided in article 3 of Delegated Regulation 2016/1052. In particular, regarding the price, Lar España will not purchase the shares at a price higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out, including when the shares are traded on different trading venues.
- In relation to the volume, **Lar España will not purchase on any trading day more than 25% of the average daily volume** of the shares on the trading venue on which the purchase is carried out, being applicable such limit to all the Buy Back Program.

For this purpose, the average daily volume shall be based on the average daily volume traded during either of the following periods:

- (a) the month preceding the month of the disclosure information about the Buy-Back Program;
  - (b) the 20 trading days preceding the date of purchase.
- The Buy-Back Program **will remain in effect for the period of nine (9) months** since the publication of this material fact. Notwithstanding the above, Lar España reserves the right to early terminate the Buy-back Program if, prior to the last effective date, the Company has acquired the maximum number of shares authorised. The Buy-Back Program will be implemented by JB Capital Markets, S.V., S.A.U..

The Buy-Back Program will start with the notice of this material fact. Also, the Liquidity Contract signed by the Company and JB Capital Markets, S.V., S.A.U., on 5 July 2018, notified by means of material fact with number 254421, on 10 July 2017, in accordance with the terms of Circular 1/2017, of 26 April, of the Comisión Nacional del Mercado de Valores, on liquidity contracts, shall remain in suspension as long as the Buy-Back Program is operational.





## APRIL.

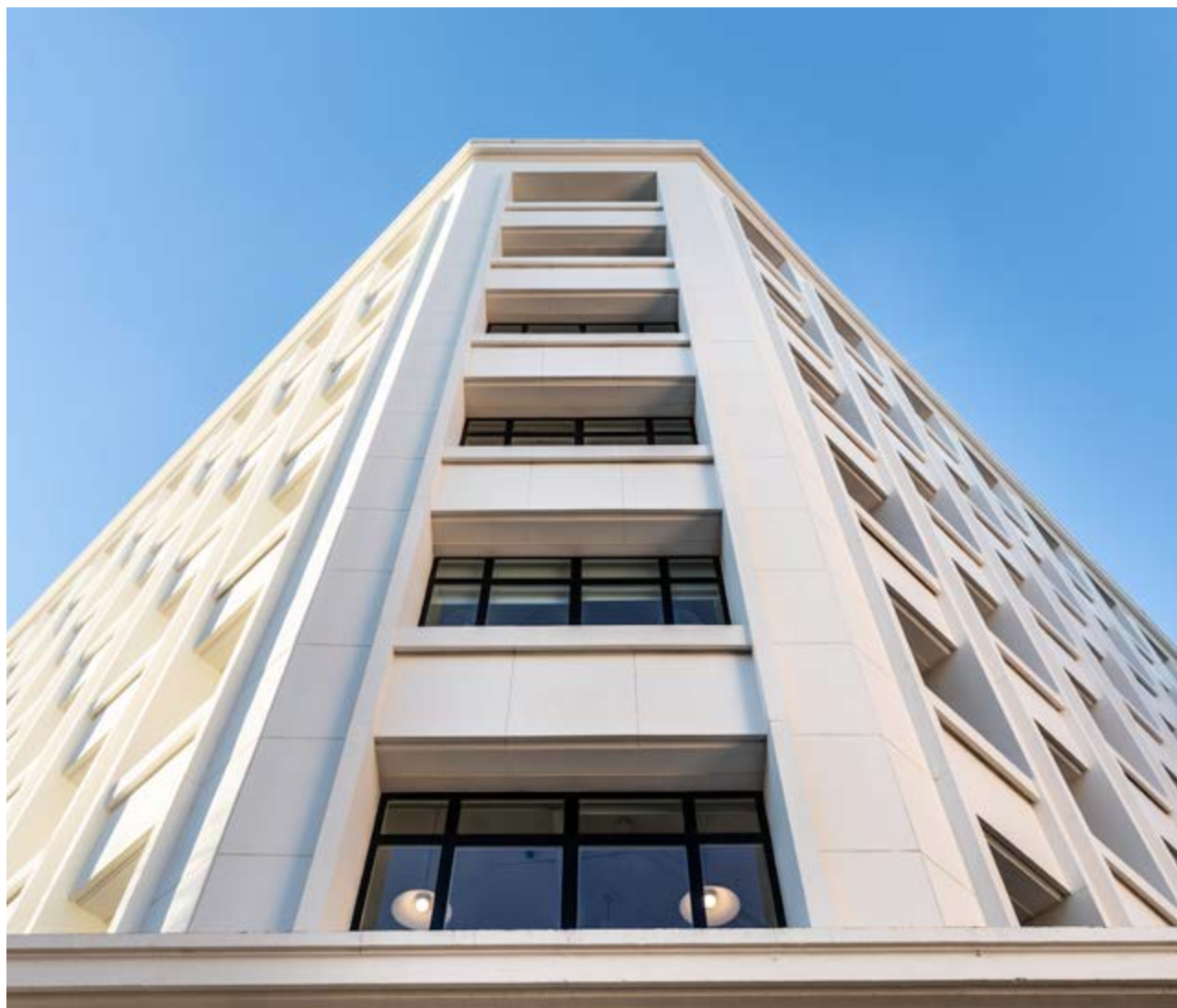
06

24.04.2019

### Eloy Gozalo office building divestment

Today, the Company (through its wholly owned company LE Offices Eloy Gonzalo 27 SLU) has transferred to a SwissLife company named CARFEN SPV 2018, SL an office building at Calle Eloy Gonzalo 27 of Madrid, with a total gross leasable area (GLA) of approximately 6,295 square meters.

The aforementioned sale has been formalized in public deed dated today, for a **total price of 40 million euros**. The sale price agreed for the transfer of the mentioned property represents (i) a **capital gain of 214.21% on the acquisition price** paid by the Company for said property in December 2014; (ii) an increase of 1.52% over the valuation of these assets made in December 2018.





07

25.04.2019

## Announcements and agreements of Shareholders General Meeting

The ordinary shareholders' meeting of Lar España announced on 22 March 2019 on "El Economista" and the Company's corporate web page —copy of which was submitted to the CNMV by means of a relevant fact with registration number 276,332—

and which took place on second call today, **25 April 2019, has approved the resolutions submitted to its consideration and vote**, as stated in the voting results report.



## JUNE.

08

10.06.2019

**Share capital increase to reinvest the performance/divestment fee**

In connection with the Material Fact published on 25 April 2019 (registry number 277421), Lar España hereby announces that, on this date, the Board of Directors' resolution, dated 7 June 2019, executing the **share capital increase** approved by the ordinary General Shareholders Meeting of the Company on 25 April 2019, has been executed in the corresponding notarial public deed.

The share capital increase has been fully subscribed and paid for by the manager of Lar España, Grupo Lar Inversiones Inmobiliarias, S.A. ("Grupo Lar"), through monetary contributions **equivalent to the received performance fee**.

Consequently, the **share capital of Lar España has been increased by EUR 1,242,674.00 through the issuance of 621,337 registered shares**, with a nominal value of two euros each and with an issue price 10.34 euros per share (nominal value of EUR 2.00 and issue premium of EUR 8.34) for a **total effective amount of EUR 6,424,624.58**, of which EUR 5,181,950.58 correspond to the issue premium.

The new shares issued in the context of the capital increase will be subject to a lock-up period by Grupo Lar of three years, in accordance with the provisions included in the investment manager agreement entered into with Lar España.

Once the share capital increase resolution has been duly registered with the Commercial Registry of Madrid, the Company will begin the corresponding proceedings in order for the National Securities Market Commission and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges to verify and approve the admission to trading of the new shares of the Company.

Furthermore, in relation to the Material Fact published on 25 March 2019 (registry number 276399), Lar España informs that, on this date, the Company executed the notarial deed regarding the **share capital reduction through the cancellation of treasury shares** that was approved by the Board of Directors on 7 June 2019, pursuant to the delegation granted by the General Shareholders Meeting held on 29 May 2017, that agreed, under item eleven of the agenda, to authorise the Board of Directors for the derivative acquisition of own shares, in accordance with the terms



and conditions established in the abovementioned resolution of the General Shareholders Meeting, expressly authorising it to reduce share capital on one or more 2 occasions in order to redeem the acquired own shares.

Consequently, the **share capital of Lar España has been reduced in the amount of EUR 6,505,640.00, through the cancellation of 3,252,820 own shares with a face value of two euros each.** The purpose of this capital reduction, as envisaged in the Buy-back Program, is **to contribute to the Company's shareholder remuneration by increasing the profit per share.**

It is hereby stated that the reduction did not involve the return of contributions to the shareholders since the Company was the holder of the cancelled shares. The reduction was carried out with a charge to free reserves, through the provision of a capital cancellation reserve for an amount equal to the nominal value of the cancelled shares, which will only be available following the same requirements demanded for the reduction of the share capital, as provided by article 335 c) of the Spanish Companies Law. Consequently, in ac-

cordance with the provisions of such article, there is no right of opposition for the creditors included in article 334 of the Spanish Companies Law in connection with the capital reduction.

Once the resolution regarding the share capital reduction has been registered with the Commercial Registry of Madrid, the Company will request the exclusion of the 3,252,820 cancelled shares from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Stock Exchange Interconnection System (Continuous Market).

Finally, the Company informs that, after the execution of the capital increase and the capital reduction referred to in this Material Fact, **the share capital of the Company has been set at EUR 181,175,122.00, represented by 90,587,561 registered shares of two euros per value each.**



09

21.06.2019

## Share capital increase and decrease registration

In connection with the Material Fact published on 10 June 2019 (registry number 279012), Lar España hereby announces that, on this date, the public deed relating to **the share capital increase of Lar España, approved on 25 April 2019 by the Board of Directors of the Company**—which was fully subscribed and paid for by the manager of Lar España, Grupo Lar Inversiones Inmobiliarias, S.A. (“Grupo Lar”), through monetary contributions equivalent to the received performance and divestment fee— **has been duly registered with the Commercial Registry of Madrid.**

Consequently, the share capital of Lar España has been increased by EUR 1,242,674.00 through the issuance of 621,337 registered shares, with a nominal value of two euros each and with an issue price 10.34 euros per share (nominal value of EUR 2.00 and issue premium of EUR 8.34) for a total effective amount of EUR 6,424,624.58, of which EUR 5,181,950.58 correspond to the issue premium.

It is expected that the National Securities Market Commission and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges will verify and approve the admission to trading of the new shares of the Company in the following days. The new shares will be subject to a lock-up period by Grupo Lar of three years, in accordance with the provisions included in the investment manager agreement entered into with Lar España.

Furthermore, Lar España informs that **the public deed for the capital reduction through the amortization of own shares**, granted on 10 June 2019, **has also been registered today in the Mercantile Registry of Madrid.**

Consequently, the share capital of Lar España has been reduced in the amount of EUR 6,505,640.00, through the cancellation of 3,252,820 own shares with a face value of two euros each.

As expressly stated in the Material Fact published on 10 June 2019 (registry number 279012), the purpose

of this capital reduction, as envisaged in the Buy-back Program, was to contribute to the Company’s shareholder remuneration by increasing the profit per share. It is hereby stated that the reduction did not involve the return of contributions to the shareholders since the Company was the holder of the cancelled shares. The reduction was carried out with a charge to free reserves, through the provision of a capital cancellation reserve for an amount equal to the nominal value of the cancelled shares, which will only be available following the same requirements demanded for the reduction of the share capital, as provided by article 335 c) of the Spanish Companies Law. Consequently, in accordance with the provisions of such article, there was no right of opposition for the creditors included in article 334 of the Spanish Companies Law in connection with the capital reduction.

In the following days, the Company will request the exclusion of the 3,252,820 cancelled shares from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Stock Exchange Interconnection System (Mercado Continuo).

Finally, the Company informs that, after the execution of the capital increase and the capital reduction referred to in this Material Fact, **the share capital of the Company has been set at EUR 181,175,122.00, represented by 90,587,561 registered shares of two euros per value each.**





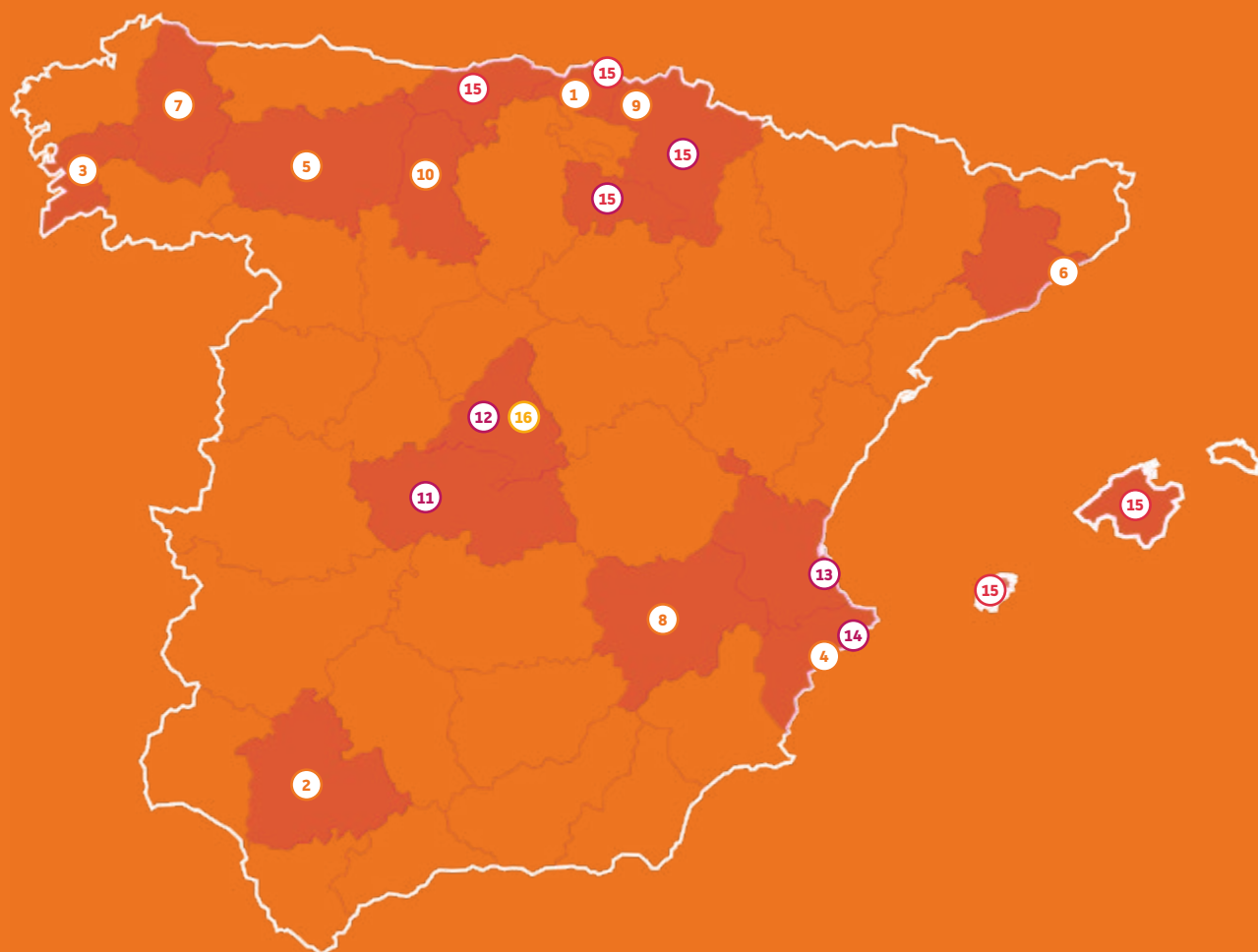
**Shopping Centre**  
El Rosal (León)





## 1.4

## Portfolio at 30 June 2019



GAV  
**1.5**  
Billion €

## Shopping Centres

- 1.** Megapark + Megapark Leisure (Vizcaya )
- 2.** Lagoh (Sevilla) <sup>(\*)</sup>
- 3.** Gran Vía (Vigo)
- 4.** Portal de la Marina + Hypermarket (Alicante)
- 5.** El Rosal (León)
- 6.** Anec Blau (Barcelona)
- 7.** As Termas + Petrol Station (Lugo)
- 8.** Albacenter + Hypermarket and Retail Units (Albacete)
- 9.** Txingudi (Guipúzcoa)
- 10.** Las Huertas (Palencia)



## Retail Parks

- 11.** Parque Abadía and Commercial Gallery (Toledo)
- 12.** Rivas Futura (Madrid)
- 13.** VidaNova Parc (Valencia)
- 14.** Vistahermosa (Alicante)



## Others

- 15.** Supermarkets Portfolio (22 units) (Cantabria, País Vasco, La Rioja, Navarra and Baleares)



## Residential

- 16.** Lagasca99 (Madrid)



<sup>(\*)</sup> Project under development

**Megapark**

Bilbao

**MegaPark**

Location	Barakaldo (Bilbao)
GLA	83,148 sqm
Purchase Date	19 October 2015/ 27 October 2017
Acquisition Price	€178.7 million
Market Value (30 June 2019)*	€222.5 million
WAULT	2.3 years
EPRA Net Initial Yield	5.4%
EPRA Vacancy Rate	11.1% **

**Lagoh**

Sevilla

**lagoh**

Location	Sevilla
Retail and family leisure place	100,000 sqm
Purchase Date	1 March 2016
Acquisition Price	€38.5 million
Market Value (30 June 2019)*	€210.0 million
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

**Gran Vía**

Vigo

**GranVía**  
de Vigo

Location	Vigo
GLA	41,444 sqm
Purchase Date	15 September 2016
Acquisition Price	€141.0 million
Market Value (30 June 2019)*	€172.8 million
WAULT	1.9 years
EPRA Net Initial Yield	5.5%
EPRA Vacancy Rate	0.7%

**Portal de la Marina +  
Hypermarket**

Alicante

**PORTAL DE  
LaMarina**  
HYPERMART

Location	Ondara (Alicante)
GLA	40,332 sqm
Purchase Date	30 October 2014/ 30 March 2016/ 9 June 2015
Acquisition Price	€89.2 million
Market Value (30 June 2019)*	€128.1 million
WAULT	2.5 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	4.7%

\* The valuations have been made by external independent valuers : JLL or C&amp;W.

\*\* The property is undergoing significant refurbishments meaning that some units are being vacated temporarily.

**El Rosal**  
León



Location	Ponferrada (León)
GLA	51,152 sqm
Purchase Date	7 July 2015
Acquisition Price	€87.5 million
Market Value (30 June 2019)*	€110.5 million
WAULT	2.7 years
EPRA Net Initial Yield	5.6%
EPRA Vacancy Rate	3.9%

**Anec Blau**  
Barcelona



Location	Casteldefels (Barcelona)
GLA	28,921 sqm
Purchase Date	31 July 2014
Acquisition Price	€80.0 million
Market Value (30 June 2019)*	€96.8 million
WAULT	4.3 years
EPRA Net Initial Yield	**
EPRA Vacancy Rate	**

**As Termas + Petrol Station**  
Lugo



Location	Lugo
GLA	35,127 sqm
Purchase Date	15 April 2015/ 28 July 2015
Acquisition Price	€68.8 million
Market Value (30 June 2019)*	€87.6 million
WAULT	2.3 years
EPRA Net Initial Yield	6.1%
EPRA Vacancy Rate	4.7%

**Albacenter, Hyper and R.U.**  
Albacete



Location	Albacete
GLA	26,335 sqm
Purchase Date	30 July 2014/ 19 December 2014
Acquisition Price	€39.9 million
Market Value (30 June 2019)*	€60.0 million
WAULT	2.2 years
EPRA Net Initial Yield	5.4%
EPRA Vacancy Rate	4.7%

\* The valuations have been made by external independent valuers : JLL or C&W.

\*\* The property is undergoing significant refurbishments meaning that some units are being vacated temporarily.

## Txingudi

Guipúzcoa



Location	Irún (Guipúzcoa)
GLA	10,712 sqm
Purchase Date	24 March 2014
Acquisition Price	€27.7 million
Market Value (30 June 2019)*	€37.3 million
WAULT	2.5 years
EPRA Net Initial Yield	6.9%
EPRA Vacancy Rate	1.3%

## Las Huertas

Palencia



Location	Palencia
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	€11.7 million
Market Value (30 June 2019)*	€11.9 million
WAULT	1.2 years
EPRA Net Initial Yield	7.1%
EPRA Vacancy Rate	8.9%

## Parque Abadía and Commercial Gallery

Toledo



Location	Toledo
GLA	43,110 sqm
Purchase Date	27 March 2017/ 20 February 2018
Acquisition Price	€77.1 million
Market Value (30 June 2019)*	€84.2 million
WAULT	1.8 years
EPRA Net Initial Yield	5.9%
EPRA Vacancy Rate	6.7% **

## Rivas Futura

Madrid



Location	Madrid
GLA	36,447 sqm
Purchase Date	6 February 2018
Acquisition Price	€61.6 million
Market Value (30 June 2019)*	€67.5 million
WAULT	1.8 years
EPRA Net Initial Yield	6.2%
EPRA Vacancy Rate	0.9%

\* The valuations have been made by external independent valuers : JLL or C&W.

\*\* Large unit temporarily unoccupied. Negotiations with a replacement tenant are at an advanced stage.



**VidaNova Parc**  
Valencia



Location	Sagunto (Valencia)
GLA	45,568 sqm
Purchase Date	3 August 2015
Acquisition Price	€14.0 million
Market Value (30 June 2019)*	€58.7 million
WAULT	4.1 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	3.5%

**Vistahermosa**  
Alicante



Location	Alicante
GLA	33,763 sqm
Purchase Date	16 June 2016
Acquisition Price	€42.5 million
Market Value (30 June 2019)*	€50.0 million
WAULT	4.5 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	5.5%

**Supermarkets Portfolio**

(22 Units)



Location	Cantabria, País Vasco, La Rioja, Navarra and Baleares
GLA	27,909 sqm
Purchase Date	27 March 2017
Acquisition Price	€47.6 million
Market Value (30 June 2019)*	€53.1 million
WAULT	11.8 years
EPRA Net Initial Yield	7.2%
EPRA Vacancy Rate	0.0%

\* The valuations have been made by external independent valuers : JLL or C&W.

**Lagasca99**

Madrid



Location	Madrid
GLA	26,203 sqm
Purchase Date	30 January 2015
Acquisition Price	€50.1 million <sup>(1)</sup>
Market Value (30 June 2019)*	€10.7 million <sup>(1) (2)</sup>
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A



(1) Corresponds to the 50% of the Joint Venture with PIMCO. (2) Valuation of properties for which no title deeds have been signed as at 30 June 2019

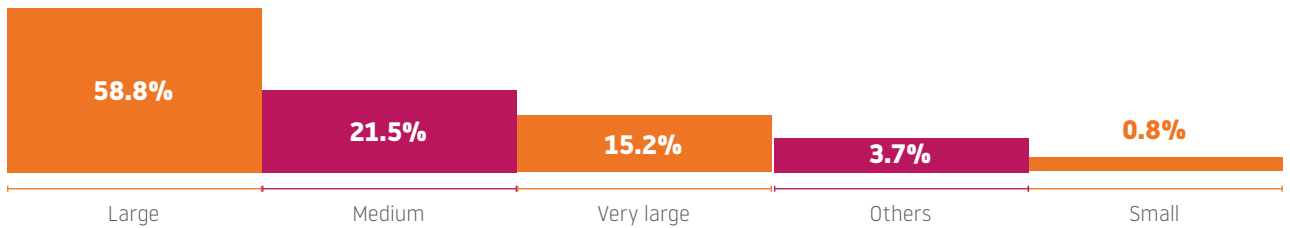
\* The valuations have been made by external independent valuers : JLL or C&W

Our retail portfolio at a glance:

**Dominant prime shopping centres in their catchment area in relevant locations**

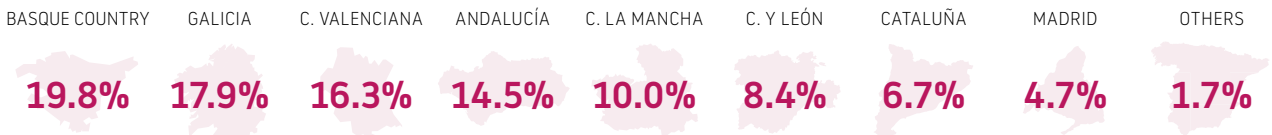
<b>15</b> #Assets	<b>580,235</b> GLA (sqm) <sup>(1)</sup>	<b>79.8</b> Annualised Gross Rent (€M)	<b>1,451</b> GAV (€M) <sup>(1)</sup>
<b>6.0%</b> EPRA "topped-up" NIY <sup>(2)</sup>	<b>95.0%</b> Occupancy <sup>(2)</sup>	<b>32.1</b> H1 2019 footfall (Million of visits)	

**By size<sup>(\*)</sup> (GAV)**



<sup>(\*)</sup> According to Spanish Association of Shopping Centres (AECC):  
Very Large (>79,999 sqm) | Large (40,000-79,999 sqm) | Medium (20,000-39,999 sqm) | Small (5,000-19,999 sqm)

**By geography (GAV)**



OTHERS: Balears **0.7%** | Cantabria **0.4%** | Navarra **0.4%** | La Rioja **0.2%**

**By type (GAV)**



**74%** of our retail assets are classified as Large or Very Large

(1) Including Lagoh shopping centre development, scheduled to open in September 2019.  
(2) Ratio calculated according to EPRA recommendation and excluding Anec Blau's data because the asset is going through a comprehensive refurbishment project.

## 1.5 Key Indicators

In the first six months of 2019 Lar España generated revenues of **38,540 thousand Euros** and a net profit of **28,620 thousand Euros**.

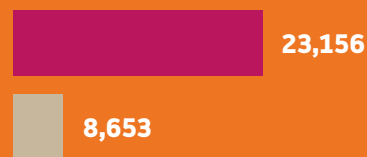
### Revenues

(Thousands of euros)



### EBITDA

(Thousands of euros)



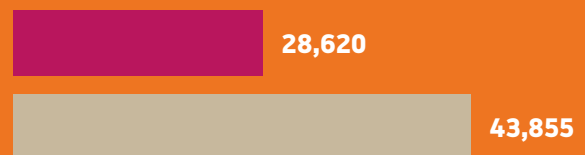
### EBIT

(Thousands of euros)



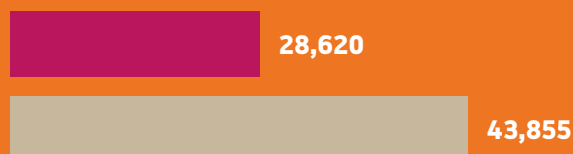
### EBT

(Thousands of euros)



### Net profit

(Thousands of euros)



■ H1 2019

■ H1 2018

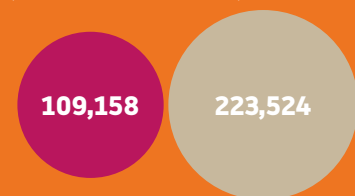
**38,540**  
Thousands of euros  
**Revenues**

**23,156**  
Thousands of euros  
**EBITDA**

**+168%**  
EBITDA  
vs H1 2018

The Group presents the following financial indicators:

**Working capital**  
(Thousands of euros)



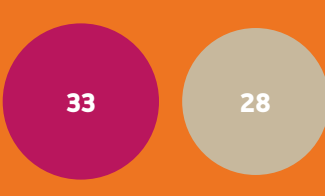
**Liquidity ratio**  
(%)



**Solvency ratio**  
(%)



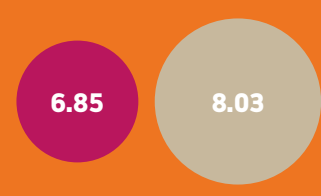
**Net LTV**  
(%)



**ROE**  
(%)



**ROA**  
(%)



● 30/06/2019 ● 31/12/2018

At 30 June 2019, and 31 December 2018, the Group exhibited ratios related to liquidity (working capital and liquidity ratio) with very high values, showing that the Group has sufficient liquidity and a high safety margin to meet its payments.

At 30 June 2019, the **ROE (“Return on Equity”)**, which measures Group’s profitability as a percentage of shareholders equity, amounted to **11.56%** (13.42% at 31 December 2018) whilst the **ROA (“Return on Assets”)**, which measures the efficiency of Group’s total assets regardless of the sources of financing used, i.e. the ability of a company’s assets to generate income, was **6.85%** (8.03% at 31 December 2018).

## 1.6 Business Performance

### a. Income Distribution

#### Rental Income

**Rental income** reached **38,540 thousand Euros** in the first half of 2019 (versus 39,814 thousand Euros in the same period of the year before).

The relative weigh of rental income by line of business at 30 June 2019 is as follows:

#### Rental Income by asset class (%). H1 2019

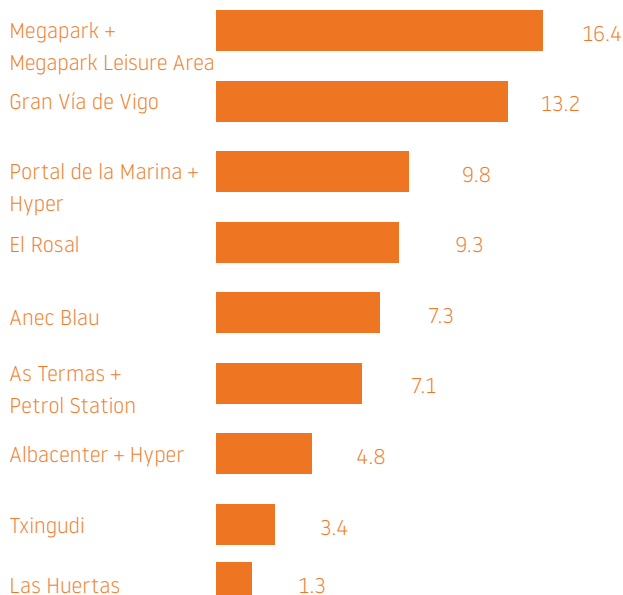
Offices. **1**



Retail. **99**

The breakdown of **income per asset type** during the first six months of 2019 is as follows:

#### Income by Shopping Centre (%)



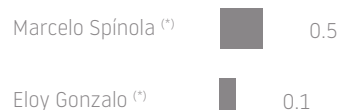
#### Income by Retail Park (%)



#### Income by Retail Units (%)



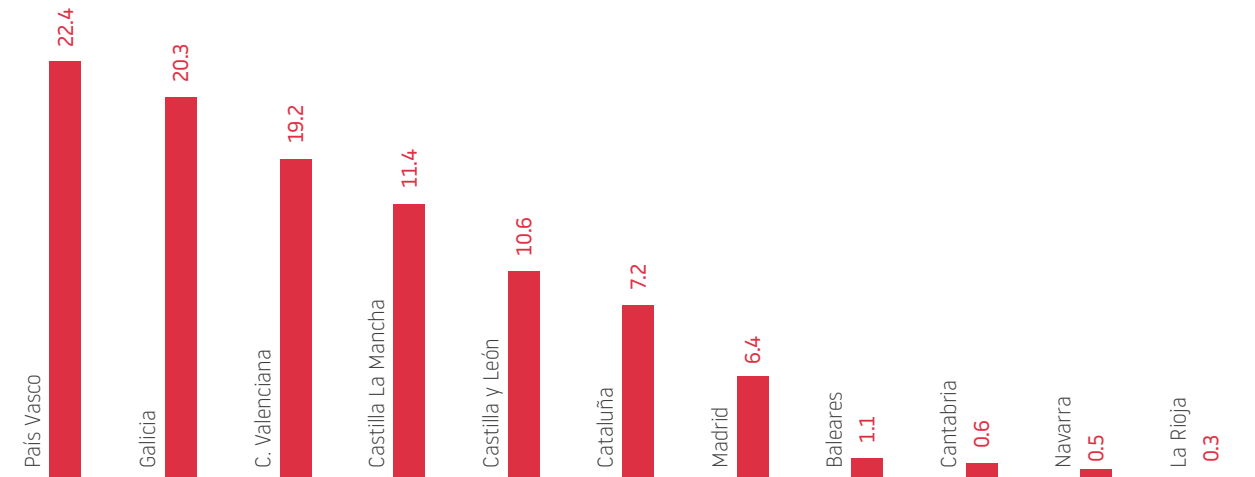
#### Income by Office Building (%)



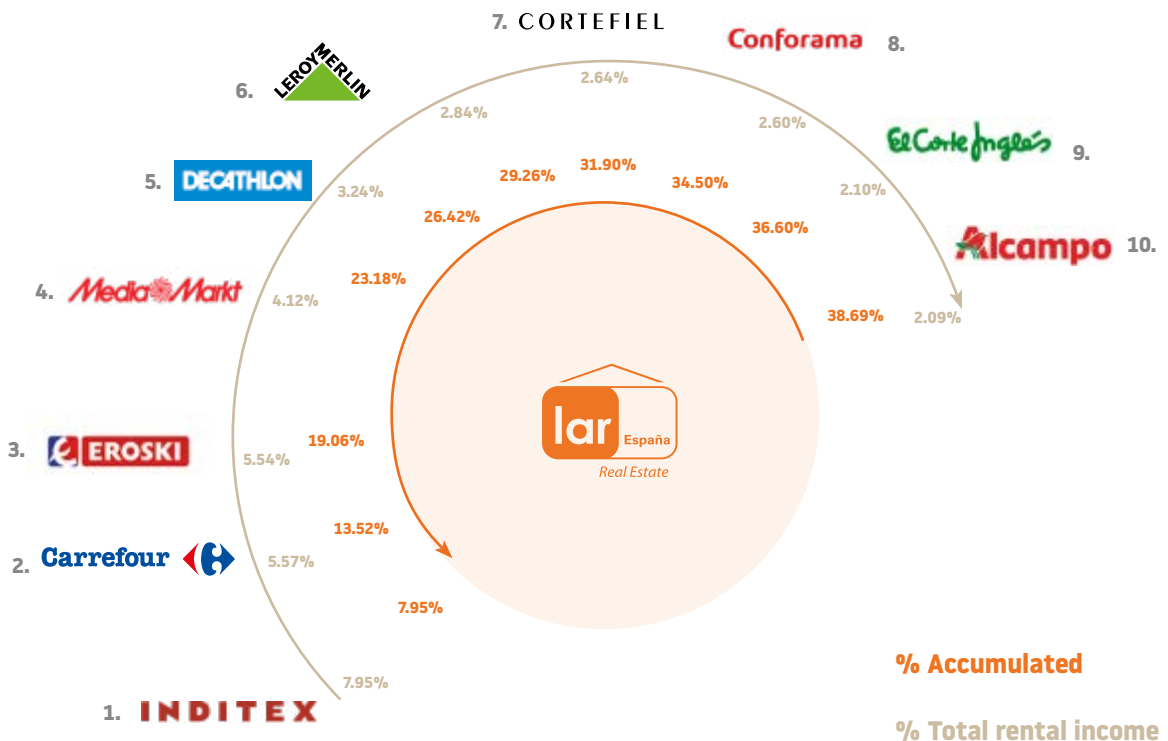
(\*) Asset sold during the first semester of 2019

This graph details the **breakdown of rental income per region** for H1 2019:

**Income per region (%)**



Below are the **ten tenants that have generated the most revenue** during the first half of 2019:



## Gross annualised rents

The **annualised GRI** (\*) of Lar España is detailed below, as well as the **annualised GRI per occupied sqm** at 30.06.2019:

Asset	30.06.2019		
	Gross Annualised Rents (Thousands of euros)	GLA occupied (sqm)	Gross Rent (€/sqm/month)
Megapark + leisure area	13,699	68,668	16.6
Gran Vía Vigo	10,441	41,321	21.1
Portal de la Marina + hypermarket	8,101	39,201	17.2
El Rosal	7,535	48,828	12.9
Anec Blau	(**)	(**)	(**)
As Termas + petrol station	6,018	33,799	14.8
Albacenter + hypermarket	4,313	24,337	14.8
Txingudi	2,786	10,591	21.9
Las Huertas	1,031	5,569	15.4
<b>TOTAL SHOPPING CENTRES</b>	<b>53,924</b>	<b>272,314</b>	<b>16.5</b>
Parque Abadía + commercial gallery	5,667	40,552	11.6
Rivas Futura	4,620	36,139	10.7
VidaNova Parc	4,098	44,523	7.7
Vistahermosa	3,797	30,752	10.3
<b>TOTAL RETAIL PARKS</b>	<b>18,182</b>	<b>151,966</b>	<b>10.0</b>
Supermarkets portfolio	3,888	27,909	11.6
<b>TOTAL OTHERS</b>	<b>3,888</b>	<b>27,909</b>	<b>11.6</b>
<b>TOTAL LAR ESPAÑA</b>	<b>75,994</b>	<b>452,189</b>	<b>14.0</b>

## Gross annualised rent / sqm occupied by asset class (€/sqm/month)



(\*) The annualised GRI is calculated using the EPRA NIY of each asset. Annualised GRI = annualised passing rental income from real estate investments + effect of rent-free periods and temporary rental discounts. See section 3 "EPRA Information".

(\*\*) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project.



## b. Value of Lar España's portfolio at 30.06.2019

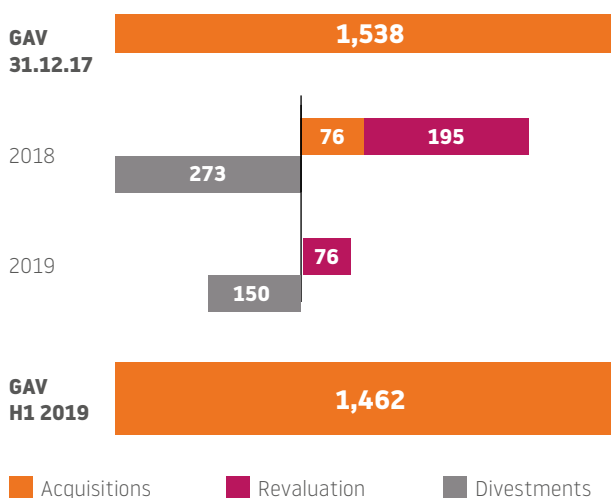
As at 30 June of 2019, the total value of Lar España's portfolio amounts to **EUR 1,462 million**.

### GAV by asset class (%) <sup>(\*)</sup>



*(\*) As at 30 June 2019, Lagoh development project represents 14% of the GAV.*

### GAV reconciliation 30.06.2019 (millions of euros)



In the first half of 2019 Lar España sold Marcelo Spínola and Eloy Gonzalo office buildings for a total sum of **€77 million**, which represents an **aggregate of 142.9%** with respect to the **purchase price**. Additionally, Lar España has continued delivering residential units in the new Lagasca99 building.

### Portfolio LfL value uplift at 30 June 2019



**+44.6%**  
vs purchase price



**+13.6%**  
vs June 2018



**+5.5%**  
vs December 2018

## c. CAPEX

The company has continued revamping its portfolio of assets in order to generate more value, investing **€62 million** during the first half of 2019.

The breakdown of investment by asset class is as follows:

**CAPEX investment** (Thousands of euros)

A total of €56.3 million has been invested in the retail project under construction **Lagoh** over the first six months of 2019, representing **91%** of the overall investment. With an amount close to **€3.6 million** invested, **Anec Blau** and **Portal de la Marina** shopping centres have led the way in terms of retail investment.

## Development works in Lagoh (Sevilla)





**Shopping Centre**  
Lagoh (Sevilla)








lagoh





## Refurbishment pipeline

Below, we describe the **main features and progress of all the refurbishment projects** currently underway at our properties:

	Scope	Budget (Million €)	Status	% Executed	GLA (sqm)	Delivery
	<b>Megapark</b> Image redesign and new leisure area	7.3	Phase 1 ✓ Executed Phase 2 Beginning of works at first of September	Phase 1 100% Phase 2 Bidding proces	83,148	Phase 1 Outlet + retail park Q4 2018 Phase 2 Leisure area Q1 2020
	<b>Portal de la Marina</b> Image redesign and new dining area	3.8	Phase 1 ✓ Executed Phase 2 Bidding process	Phase 1 100% Phase 2 Bidding process	40,332	Phase 1 Image redesign and entrance improvement Q4 2018 Phase 2 Dining area improvement Q3 2019
	<b>Gran Vía de Vigo</b> Parking image redesign	1.0	Concept	Concept	41,444	Q2 2020
	<b>El Rosal</b> Image redesign and new dining area	1.9	Phase 1 ✓ Executed Phase 2 Executing	Phase 1 100% Phase 2 20%	51,152	Q3 2019
	<b>Aneq Blau</b> Comprehensive image redesign	15.0	Executing	10%	28,921	2020
	<b>Rivas Futura</b> Image redesign	1.5	Concept	-	36,447	Q2 2020
	Improved user experience and car park waterproofing	1.5	Concept	-		
	<b>Albacenter hypermarket</b> Division of the hypermarket into four retail units	0.7	✓ Executed	100%	8,042	Executed
	Image redesign	0.6	In project	-		Q4 2019

## Portal de la Marina

Following on from its refurbishment in 2018, Portal de la Marina continues to upgrade its facilities. In Q4 2019, the centre will carry out a series of additional improvements to make its spaces **more comfortable** and **to enhance customer experience**. The **food court terraces** will enjoy greater privacy relative to passing footfall, thanks to screens and plants that will create a more welcoming environment. This new design reflects the centre's new look and feel and its improved organisation across the whole area. The shopping centre will also feature a **new, more modern, larger and more accessible information point**, new seating areas fitted with USB chargers, indirect lighting and pergolas. Following on from the huge success of the new **children's play area** last year, this space will be expanded, adding new games, whiteboards for drawing and benches, so that parents can relax, while their children enjoy themselves.



## El Rosal

The refurbishment works at El Rosal shopping centre are currently well underway, with the aim of **combining old and new**, adapting it to the preferences and requirements of shoppers that have always remained true to the centre since its opening. The works, which will be completed at the end of summer 2019, are **focused on the mall and the terrace**. Particular attention is being paid to **the food court**, which is undergoing a radical transformation, including a full renovation of floors, furniture and plants. The **outdoor terrace**, which up until now has been underused, will become a unique space featuring lush greenery, a children's play area, **a chill-out zone**, an events area and a space with hammocks to soak up the summer.

A stunning **new information point**, including additional services, will be opened on the central plaza. This space will feature a six metre-tall tree, **new relaxation areas** (some of which are already open to the public) where customers can unwind, **a new children's play area**, brand new signage, improvements to the entrance halls and much more, enabling customers to continue to enjoy their favourite centre even more.

## Gran Vía Vigo

After opening its doors more than 12 years ago in the city of Vigo – and considering the growing requirements of its customers – Gran Vía de Vigo Shopping Centre decided to undertake a major refurbishment project, in order **to boost accessibility and vertical mobility**, by installing two new high-capacity panoramic lifts. This year, the centre will **also upgrade its underground car park** to offer a warmer welcome to our customers.



## Anec Blau

Anec Blau shopping centre will be completely transformed to engage with its surroundings, via a complete refurbishment project incorporating a **new food court, leisure area and outdoor garden**. The project will involve a redistribution of spaces, in order to maximise **natural light** and reflect a Mediterranean lifestyle. It will also feature 20 new restaurants, with a rich gastronomic offering and new Yelmo Premium cinema screens, boasting the latest state-of-the-art technology.

Anec Blau has already been fitted out with a brand new fashion square, where Inditex brands have extended and refreshed almost all of their stores. One example of this is the extension of the Zara store, which has now become the brand's largest shopping centre store in Catalonia (3,150 sqm). Other stores, including Oysho, Guess and Tous have all had double-height façades installed. These improvements will help to further strengthen Anec Blau's status as the **leading fashion, leisure and dining hub in the region**.



## Megapark

MegaPark has begun the transformation process to turn it into an appealing, modern, urban space. **Upgrades to the retail park and the outside of the fashion outlet** have already made significant improvements to its appearance and feel, including a new landscaped area, where a diverse range of plants and a new children's play area now take centre stage. Renovations will continue inside the fashion outlet, ensuring visitors enjoy a fantastic shopping experience, while its new leisure and dining area – **which will bring together first-rate restaurants, terraces and alternative leisure spaces** – will complete one of the best retail offerings in the north of Spain.

MegaPark is also adding leading brands to its roster, including Adidas, Skechers and Javier Simorra, which will undoubtedly add significant value to the park's retail mix. One of the highlights was the opening of the 1,238 sqm Adidas store in June, which boosted footfall at the centre by +30.7% y-o-y on its first weekend of opening.





At 30 June 2019, **over 57% of retailer leases** had expiration dates beyond 2023.

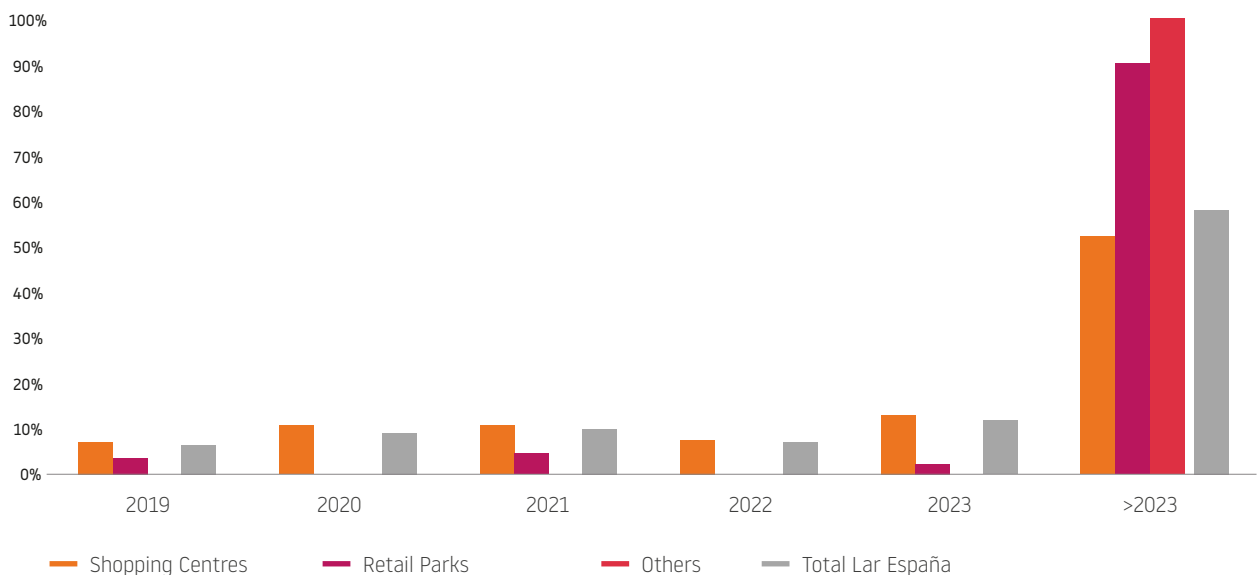
#### d. Lease expiration and WAULT

The proactive management carried out by Lar España allows us to have a **solvent and diversified tenant base**.

Renovations have been carried out at the properties occupied by our key tenants, thereby prolonging the lease terms, allowing us to have a significant level of guaranteed minimum rents. During Q2 2019 new long-

term lease agreements have been signed with new tenants. We note that as of 30 June 2019, **57.2% of all Lar España's** active lease agreements have lease expiries beyond 2023.

#### Lar España's portfolio lease expiry scheduled by year (%)



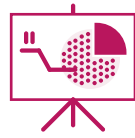
Thus, the **WAULT** <sup>(\*)</sup> (weighted average unexpired lease term) at 30 June 2019 of Lar España's portfolio is **3.0 years**. Below you find the detail by asset class:



<sup>(\*)</sup> Calculated as the number of years from the reference date to the first break option, weighted by the gross rent of each lease agreement. The WAULT of each asset is detailed in section 1.4 "Portfolio at 30 June 2019".



**93.9%**  
Occupancy  
(sqm)

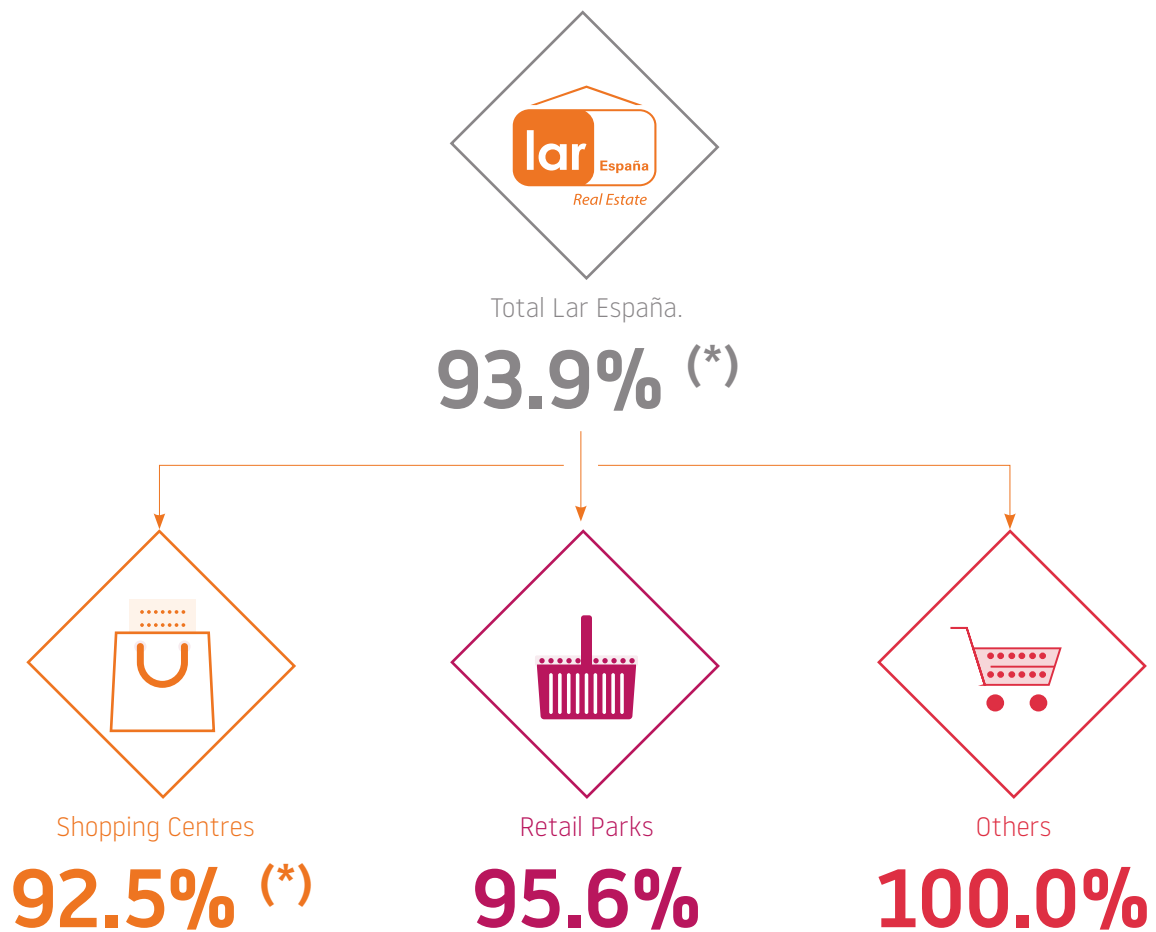


**510,235 sqm**  
Total GLA

### e. Occupancy (sqm) (\*)

The gross leasable area (GLA) of Lar España's income producing assets at 30 June 2019 stood at **510,235 sqm**, whilst the occupancy rate stood at **93.9%**.

The occupancy rate by asset class at 30 June 2019 is shown below:



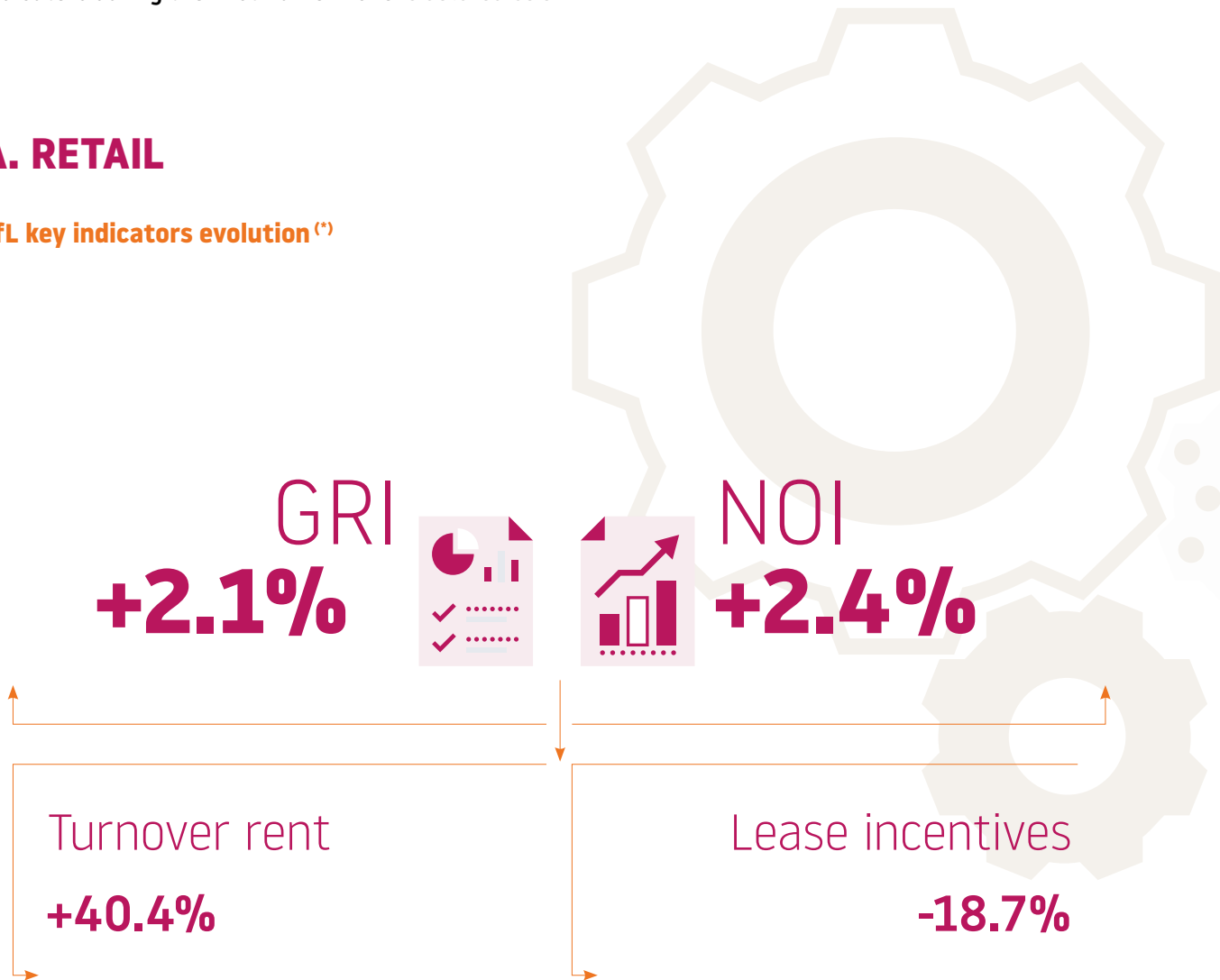
(\*) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project.

f. Main milestones

Lar España continued to implement its strategy to actively manage its portfolio. The **performance of the key indicators during the first half of 2019** is detailed below.

**A. RETAIL**

**LfL key indicators evolution (\*)**

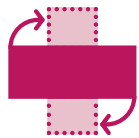


(\*) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and either Albacenter's data due to the division of the hypermarket into four retail units.

## Major operative milestones

During the first six months of 2019 Lar España continued to actively manage its retail portfolio. It closed **66 transactions** including renewals, relocations, relettings and new lettings, resulting in an annualised tenant rotation rate of **10%** for the portfolio.

	Renewals	Relocations and Relettings	New lettings	Total
<b>Number of operations</b>	24	30	12	<b>66</b>
<b>sqm</b>	12,092	7,958	3,287	<b>23,337</b>



**23,337 sqm**  
Rotated



**+10.6% (1)**  
Rent uplift



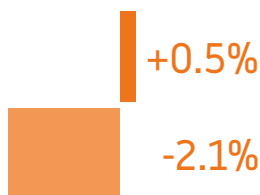
**4.1 million euros**  
Negotiated  
rent



**66**  
Operations

## H1 2019 Footfall

Footfall indicator in our shopping centres: **32.1 Million of visits.**



**+0.5% (2)**

vs. H1 2018

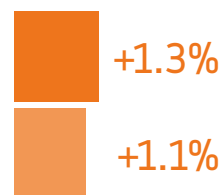
**-2.1%**

Average Spanish Footfall<sup>(3)</sup>

(1) Excluding non-comparable operations / (2) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and either Albacenter's data due to the division of the hypermarket into four retail units / (3) Shoppertrak Index | (4) Declared Sales | (5) National Statistics Institute (INE)

## H1 2019 Sales

Sales performance during the first half of 2019: **338.5 (4) million €.**



**+1.3% (2)**

vs. H1 2018

**+1.1%**

Big Surfaces Spain Sales Index<sup>(5)</sup>



## Retail Users Data (\*)

In order to **gain a better understanding of our customers' habits**, we are using the **Seeketing** tool in some of our main shopping centres (Albacenter, Anec Blau, As Termas, El Rosal and Portal de la Marina). This tool provides invaluable information, helping us to make more-informed management decisions for our properties.

Among the data we can extract from this tool, we would highlight the **average customer dwell time**, as

well as the **number of visits**. These two figures allow us to work out the total use of the shopping centre, by multiplying the average dwell time registered by the number of visits.

The results obtained in these shopping centres at 30 June 2019 were as follows:



**86 min.**  
average  
dwell time



**683,820,233 min.**  
of total  
use (\*\*)

The shopping centres analysed registered **86 minutes** of average customer dwell, remaining at the same level of the year before.

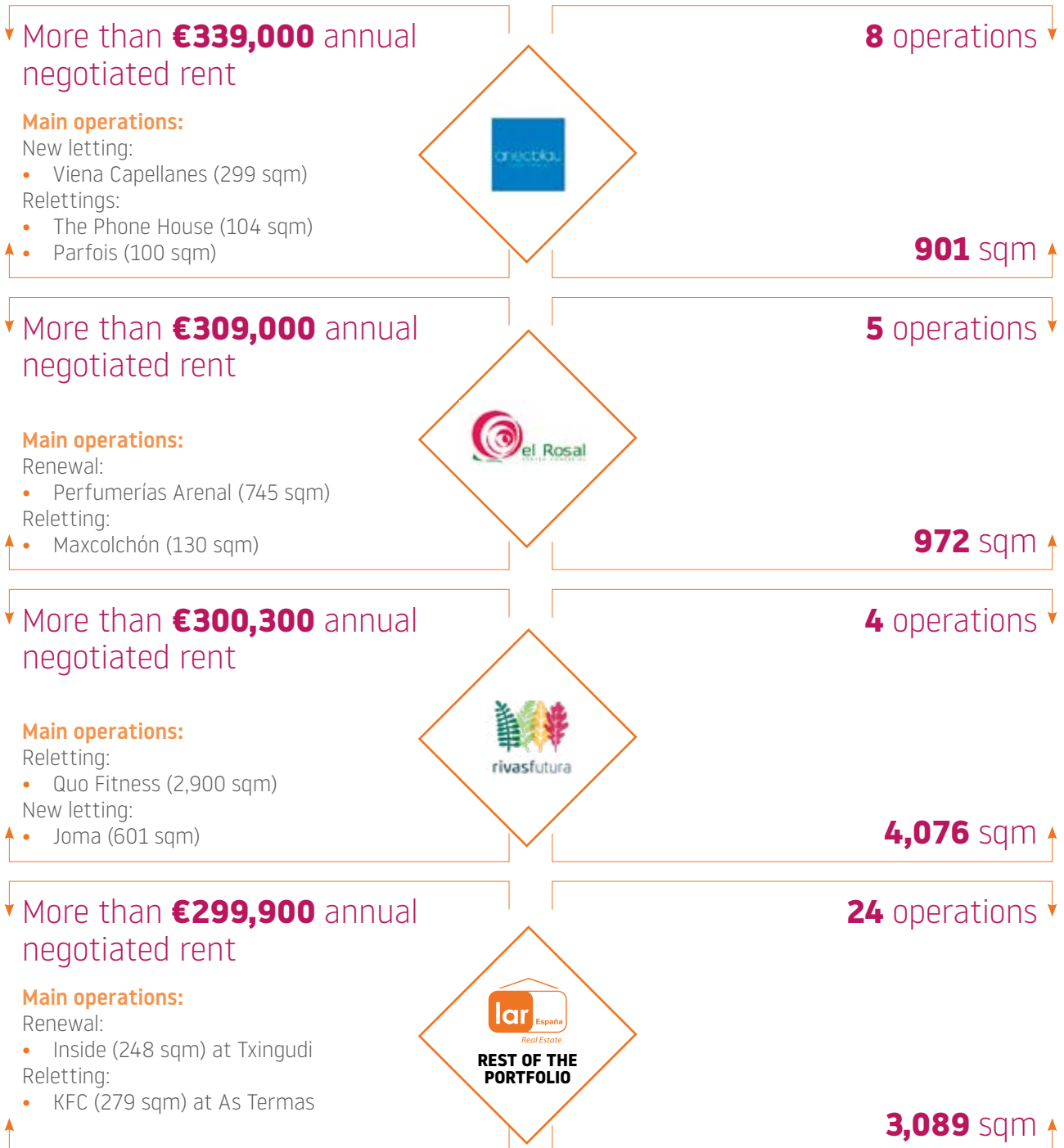
As well as the Seeketing tool, we are also introducing the "**Customer Journey**" project in our properties, a research programme that will allow us to map out the route customers take when they visit our centre, identifying profiles and how they spend their time during their visit.

These tools not only provide a better understanding of customer trends, but also about their biases, contributing with invaluable insights in terms of better managing our shopping centres, creating a unique and stand-out offering, and increasing overall customer satisfaction.

(\*) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project

(\*\*) Figure calculated by multiplying the average dwell by the number of visitors in the period.

Some of the **main operations** during the period between 1 April and 30 June 2019 are detailed below:



## Key openings in H1 2019

### Adidas and Reebok open new store at Megapark Fashion Outlet

On 27 June, Megapark Barakaldo welcomed a new **landmark Adidas and Reebok** outlet store, which with close to 1,250 sqm is now the Basque Country's **largest outlet**. This opening completes the shopping centre's sports offering, which already included top brands such as Nike and Joma.

A number of activities and marketing promotions were organised to mark the opening, and proved very successful in attracting shoppers at the centre – with the sports store exceeding all expectations for both visitor numbers and sales on its first day of trading.



### Zara extends its store in Anec Blau Shopping Centre

Renowned fashion brand **Zara** continues investing in the Anec Blau shopping centre, **taking up more floor space** following the closure of C&A, and taking its total space let to almost 3,200 sqm – the largest store by sales space in a Catalan shopping centre.

The opening of the new store, the only complete Zara offering in the catchment area, unveiled a new-look façade renovated to allow for its increased height and three wide-front entrances, one accessed via the shopping centre's central plaza.



### Guess opens new store in Anec Blau Shopping Centre

On 4 May **Guess** further extended the Anec Blau Shopping Centre's already comprehensive fashion and accessories offering in order to satisfy its client base with a high purchasing power.

With 250 sqm and fronting onto the centre's central plaza, the store has been refurbished and fitted with high façades and wide-front entrances, offering yet another reason to visit the leading shopping centre in the catchment area.

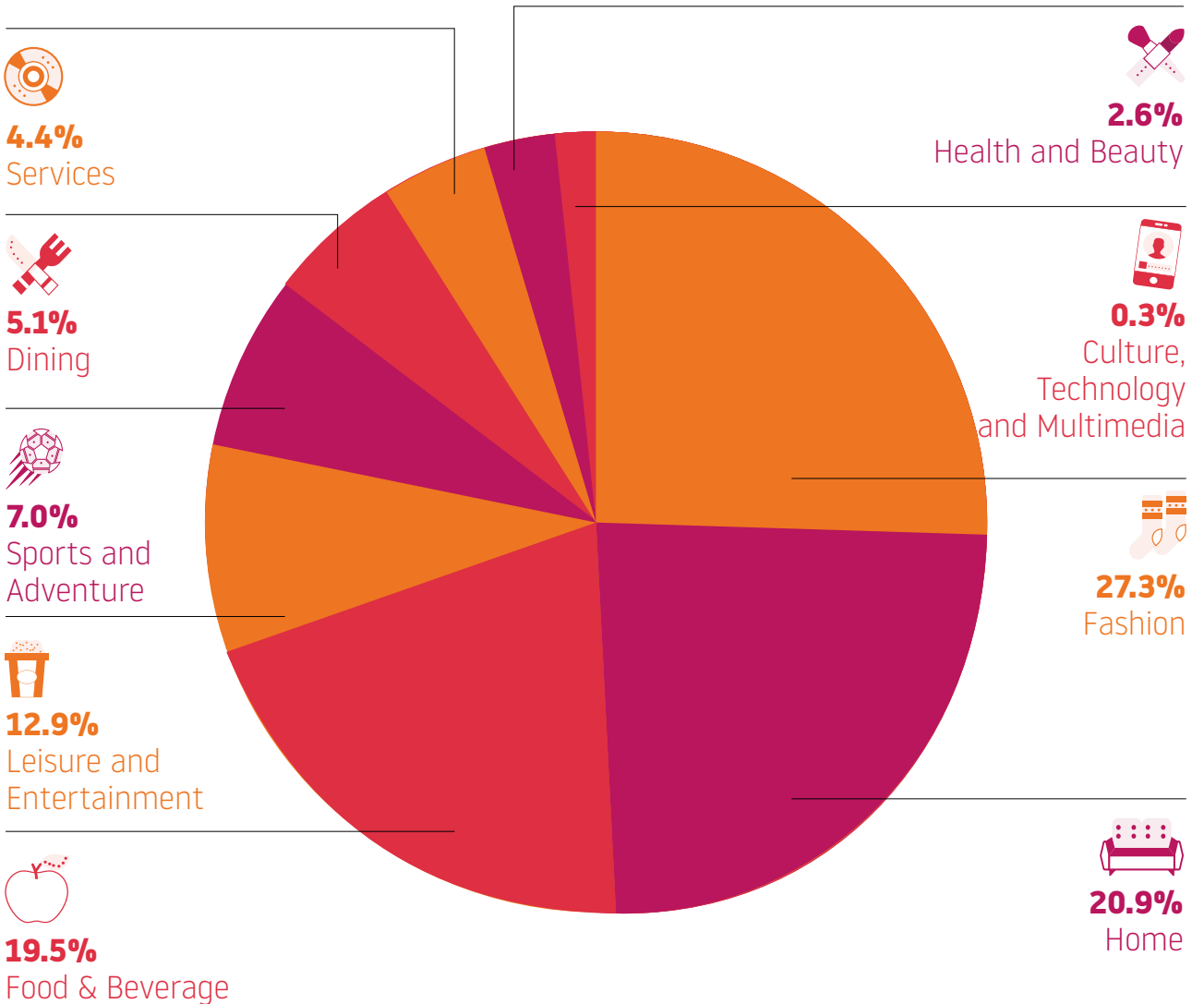




Effort Rate  
**9.5%**

**Retail Tenant Mix (%)**

Below we display the **tenant mix** of Lar España's retail portfolio at 30 June 2019 by space let. The fashion, food & beverage, home and leisure and entertainment sectors account for 81% of the retail offering in Lar España's shopping centres.







## Innovation, differentiation and events

### Partners&Friends

On 17 June, Lar España hosted the third edition of the Partners&Friends event at the NuBel restaurant, in Madrid's Reina Sofía Museum. This annual event, organised for **retailers and professionals from the sector**, brings together the various operators from our shopping centres, and explains to them the new projects underway across our different properties, as well as highlights the importance of retailers within Lar España's business model.

Those in attendance were able to network as they tested out an **innovation showroom**, linked to Lar España's strategy of implementing a variety of technological initiatives across our shopping centres, in order to take our **customer experience to the next level**.

There are many examples of these projects that are already in place, such as smart labelling, interactive screens, facial recognition, product customisation, as well as an appealing range of innovative ideas with relation to corporate social responsibility.

Participants included several members of the company's management team, who gave a range of presentations on current topics, such as **transforming properties and innovation in the shopping centre segment**.

Those attending the event enjoyed a relaxed day, with **over 80 big brands** such as Grupo Restalia, Grupo Vips, Leroy Merlin, Carrefour, Yelmo Cines, Urban Planet, Kiabi, MediaMarkt, IKEA and Decathlon also taking part.



## Wonderful Summit

The Wonderful project – which is organised by Lar España and was launched in April for a third consecutive year – aims to drive **innovative entrepreneurship**.

A total of more than **150 startups and entrepreneurs** took part in the competition, with **18 winning projects**, one for each of the locations where Lar España operates: Albacete, Alicante, Barcelona, León, Lugo, Pontevedra, Toledo, Madrid, Bizkaia and Valencia. This edition also featured seven projects within the national categories, which formed part of the final event at the Wonderful Summit.

The final phase of the Wonderful Summit took place on 9 July, where the finalists and winning projects for the third edition were announced. The event took place at the Auditorium of the initiative's partner – Banco Sabadell – and brought together more than 100 professionals from the real estate sector. They also analysed and discussed **current trends in the retail sector and its adaptation to new technology**.

The final phase included presentations from the seven winners: three from the **innovative retail solutions** category – Nukula, Recircup and Proppos – and four from the **innovative retail business** category – What the Food, The Global Esports Academy, Sepiia and Timpers.

Shortly before the end of the event, the winner of the first overall 'Wonderful' award was announced as **Timpers**. The new brand designs footwear for blind people, and received €5,000 from Lar España for finishing in first place. The second prize – awarded by El Economista – was given to **The Global Esports Academy**, who will be interviewed to outline the details of its innovative project. Lastly, Banco Sabadell's Bstartup accelerator offered the potential of financing or investment for **Sepiia**.

Once again, **Lar España demonstrated its support for innovation within the retail sector**. Lar España actively works towards the **transformation of the real estate sector** by raising awareness and fostering the exchange of experiences and new innovative solutions that help to boost credibility and create value.



## Food trucks at As Termas Shopping Centre

On 20, 21 and 22 June, we hosted eight **food trucks** in the outdoor area of the top floor at our As Termas shopping centre. The event, which was accompanied by children's activities and live music, was warmly welcomed by the people of Lugo. Footfall at the shopping centre rose by 11% compared to the same event held last year.



## “Tardes para 60 y más” at El Rosal Shopping Centre

During the first two weeks of June, El Rosal shopping centre hosted **special events aimed at people over the age of 60**. Seniors enjoyed a wide range of workshops, notably including Pilates workouts, pastry lessons, and drone flying classes. Our visitors were also able to take part in volunteering talks, a ham-cutting masterclass and a workshop on using a mobile phone and social media. A customer journey study at the shopping centre had previously indicated a lack of retail and leisure options aimed at senior citizens. The workshops and events proved to be a great success.





## “Gran Vía Trend College” at Gran Vía de Vigo Shopping Centre

For three days in April, May and June, Gran Vía de Vigo shopping centre hosted a range of **free fashion training sessions**, with masterclasses from experts who taught the ins and outs of the clothing sector.

The first masterclass, held on 27 April and titled “Catwalk & Flash”, offered our guests **modelling and catwalk tips** from the presenter Paloma Lago. Visitors also took part in a photoshoot, making them feel like models for the day.

On 25 May, we hosted a second masterclass titled “Fashion & Stylish”, featuring international designer María Barros, where visitors learnt about **style and communication in the fashion sector**.

The third session, held on 22 June, was hosted by a **youtuber**. We learnt the secrets of youtubing, with entertainment including DJs, fruit cocktails and prize draws.

These fun events attracted a high level of footfall and boosted social media interaction.



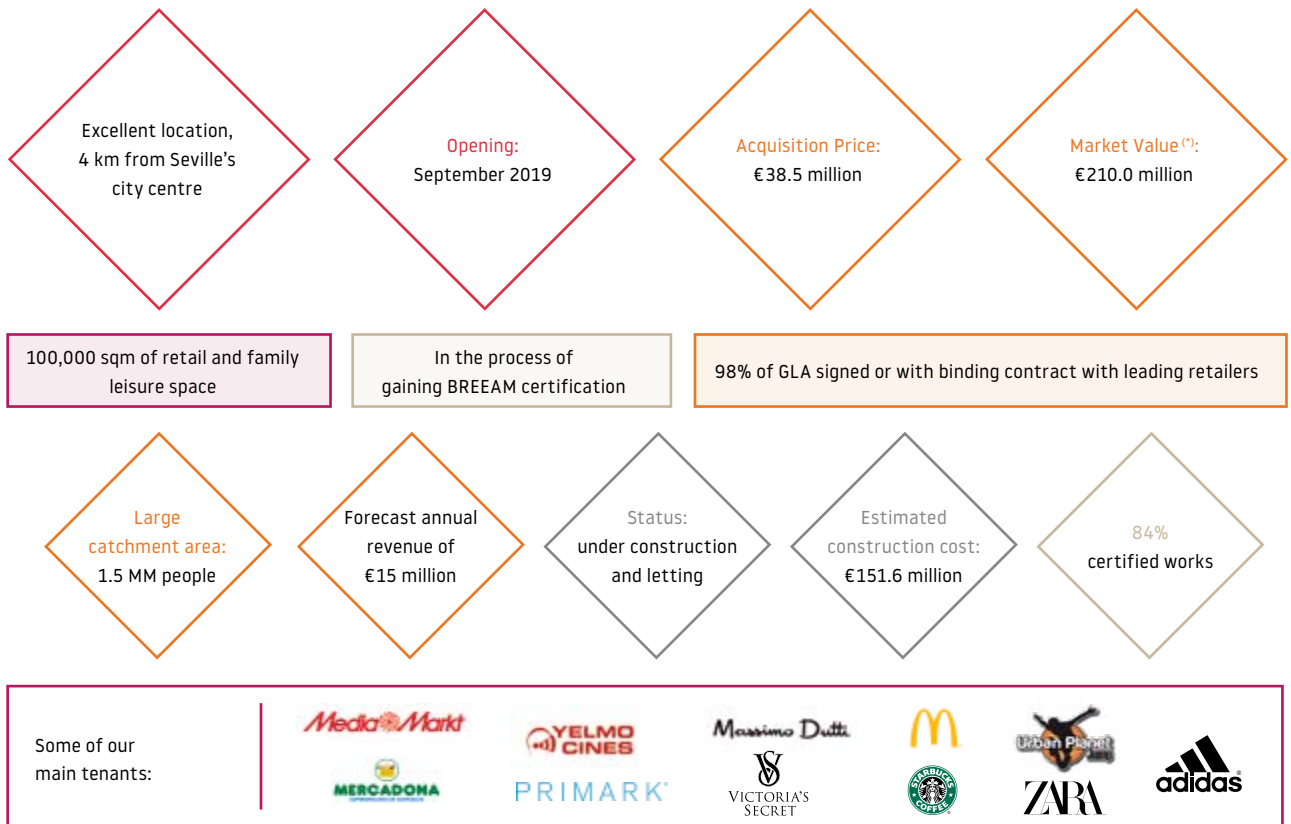
## B. DEVELOPMENT PROJECT

At 30 June 2019, the only project under construction in Lar España's portfolio was the **Lagoh leisure and entertainment complex**. The first half of 2019 brought the delivery of residential units in the new **Lagasca99 building**.

Lagoh  
Retail Development



Your retail and family space in Seville



(\*) The valuation has been made at 30 June 2019 by an external independent valuer (C&W)

**Delivery of retail units at Lagoh shopping centre continues at a good pace**

The delivery of units has continued during the first six months of 2019 at the Lagoh leisure and entertainment complex, a landmark addition to Seville's retail scene due to open in September 2019.

117 units have already been handed over to occupiers, including **MediaMarkt, H&M, Victoria's Secret and all Inditex units**. Lagoh will boast a gross lettable area in excess of 70,000 sqm, more than 200 retail units and 3,250 parking spaces.



Opening date:  
**26 September 2019**



**117**  
units have already  
been handed



3,360 sqm

With its new Digital Store concept

Media Markt will implement its latest updates in its new Digital Store concept, where customer interaction is key



2,800 sqm

Developing its new store concept

With a brand new design, focused on recycling and reusing clothing, featuring a new in-store online sales platform and self-checkout system



10,300 sqm

All of its brands are coming to Lagoh

One of the largest fashion distribution companies in the world will open stores in the shopping centre's central plaza, with all of its various formats and the latest in-store developments



460 sqm

First Full Store in Spain

The leading US lingerie and female cosmetics store is set to open its first store to include its entire range of products

**+200**  
retail units

**3,250**  
parking lots

Lake  
**6,500 sqm**  
surface

**4,800**  
new jobs

**Multi-adventure**

**Virtual reality**

**Food courts**





## Doing business better

### Lagoh, leading the way in Corporate Social Responsibility

Lar España is applying all of its expertise and technology to the development of the upcoming Lagoh shopping centre, in order to create a **sustainable building, which respects both the environment and local residents**. This project is also being designed and developed in line with the specifications required to obtain the prestigious **BREEAM®** quality and sustainability certification.

Herein are some of the sustainable measures adopted in the design and construction of Lagoh, which form part of the company's CSR strategy, focused on three core areas of this strategy: **Environment, Sustainability and Society**:

- **100% of the earthworks** (approximately 400,000 cubic metres) were **reused** in Seville, instead of going to landfill.
- The building is partly run on **geothermal energy**. A total of 100 wells, with a depth of 100 metres, allow us **to save 35% on heating costs** in the shopping centre.
- Lagoh features a **100 kW solar panel platform, for self-consumption**. Rainwater is collected in large tanks and used to water all the green spaces at the complex.
- The lake – which is the focal point at the leisure and entertainment centre – will comprise 6,500 cubic metres of water, equivalent to two Olympic-size swimming pools. It will be partly filled with rainwater and partly with water from a groundwater well, in line with Lar España's strategic plan to **reduce water consumption**.
- The shopping centre will feature 20,000 trees and an **11,000 sqm green roof** (equivalent to two football fields), which will help to boost **energy efficiency** at the building by **minimising its carbon emissions**. **Indoor and outdoor plants** will help to reduce our carbon footprint.
- The roof is specially designed to avoid direct light from the southeast and boost natural light from the northwest, minimising **heating and lighting consumption**.
- Lar España is firmly committed to promoting **social integration**. We strive to reach and maintain the **highest standards of accessibility** by designing our buildings with people in mind. As a result, Lagoh will benefit from **universal accessibility certification**, guaranteeing that anyone with reduced mobility can enjoy the centre.
- A **shared-use path** is being created from the Bermejales and Heliópolis neighbourhoods, with **barrier-free access**. Facilities and entrances are also being adapted to enable suitable and convenient access for everyone, considering all possible scenarios.
- The shopping centre car park will feature **electric vehicle charging points**.
- Lagoh will include a **recycling point**.
- In terms of the environment, Lar España is committed to innovation across its retail properties, and is developing in the areas of energy efficiency, water management, air quality, solar energy and sustainability certifications. Lagoh will boast **BREEAM "Very Good" building certification**, which verifies the wide range of sustainable measures carried out during its construction.



Corporate social responsibility permeates all of Lar España's operations and decision-making to ensure it goes about its business in an **ethical, responsible and sustainable** manner, making a positive contribution to society and the environment.

- Lar España has signed a **memorandum of understanding to drive stable and good quality employment in Seville**. Lar España therefore undertakes to utilise the various staff recruitment mechanisms offered by the Andalusia Employment Service (SAE), and to ensure that the future tenants and suppliers at the centre do the same. This agreement promotes the recruitment of staff qualified for the different operational areas at the centre, favouring stable employment, with priority given to **young people and women**.
- Once up and running, Lagoh will generate **1,500 direct jobs and 1,800 indirect jobs**, as well as the 1,500 jobs currently being carried out at the construction site.
- In October 2018, the European Investment **Bank (EIB) granted Lar España a €70 million loan**, financing which it provides to companies based on the **high sustainability criteria and general well-being improvements** envisioned by their projects. In accordance with the EIB's criteria, this project will help to develop the local economy and society, boosting the number of services and facilities available in this upcoming urban area of Seville. It will attract private investment, while fostering business development and job creation in a region aiming to meet the European Union's convergence objective.



**Shopping Centre**  
Lagoh (Sevilla)





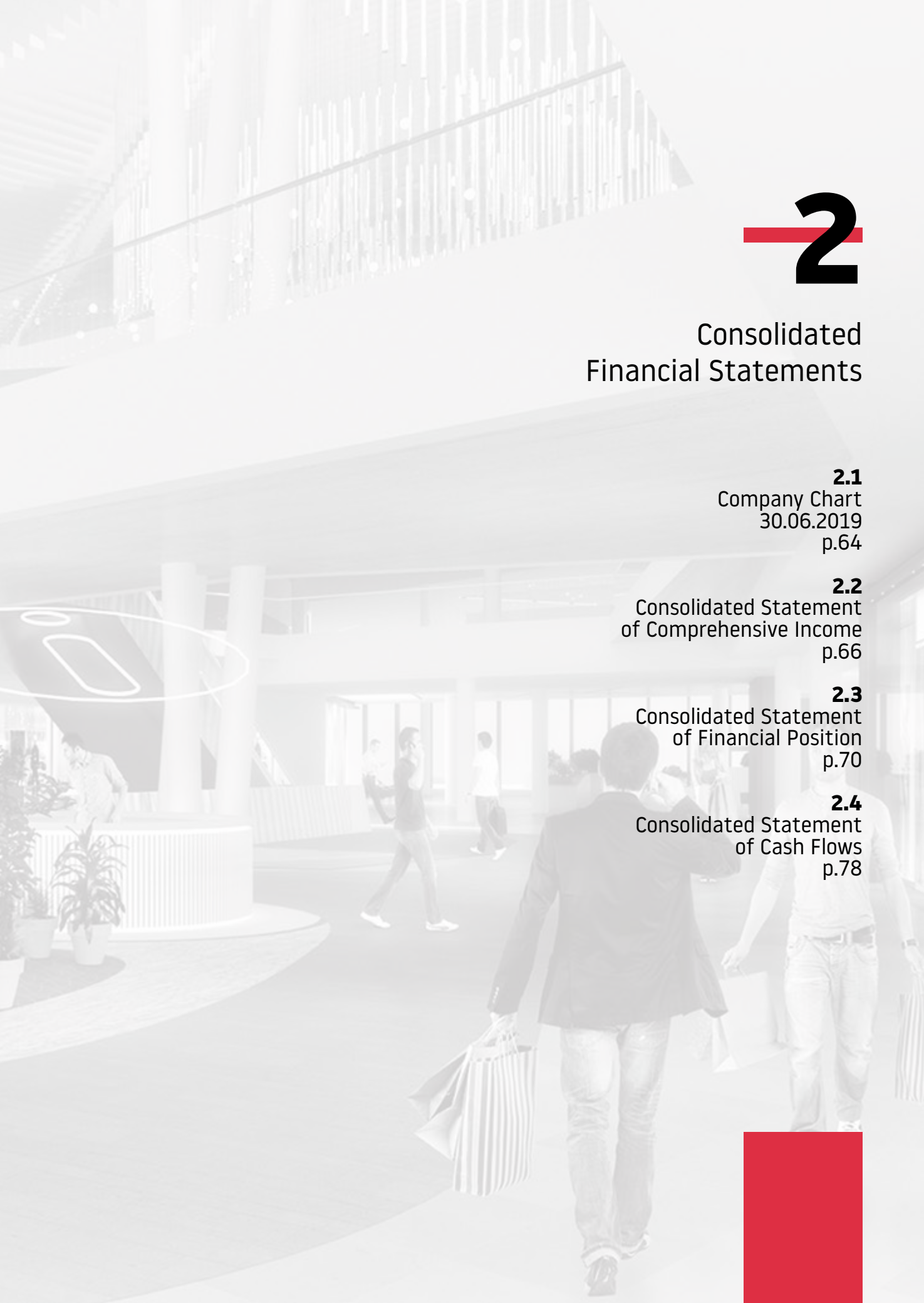
# Consolidated Financial Statements

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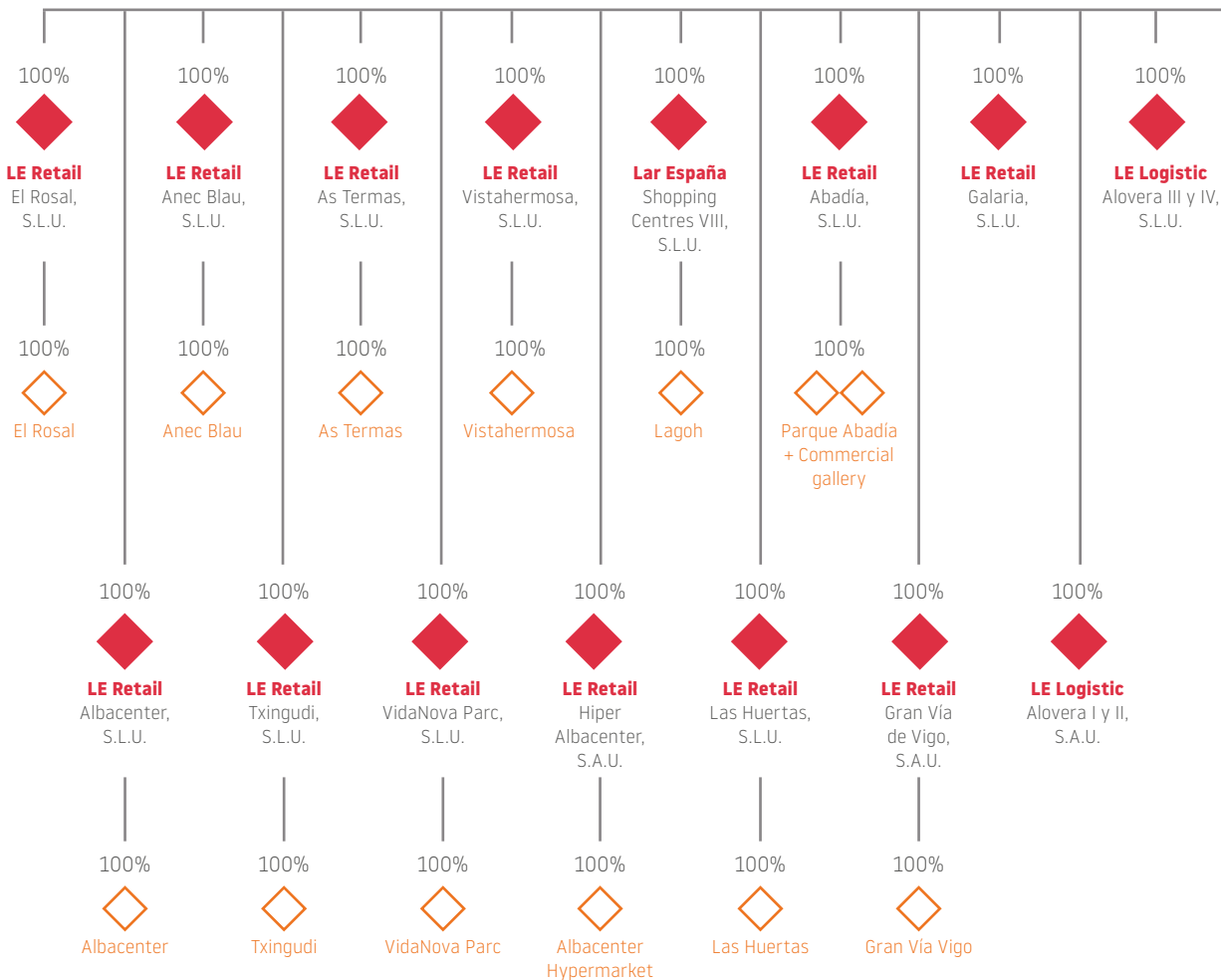




## 2.1 Company Chart 30.06.2019

At 30 June 2019, the consolidated financial statements of the Group were presented in accordance with the accounting principles established in the International Financial Reporting Standards adopted by the European Parliament (EU-IFRS) up until this date.

The **scope of the Group's consolidation** is as follows:

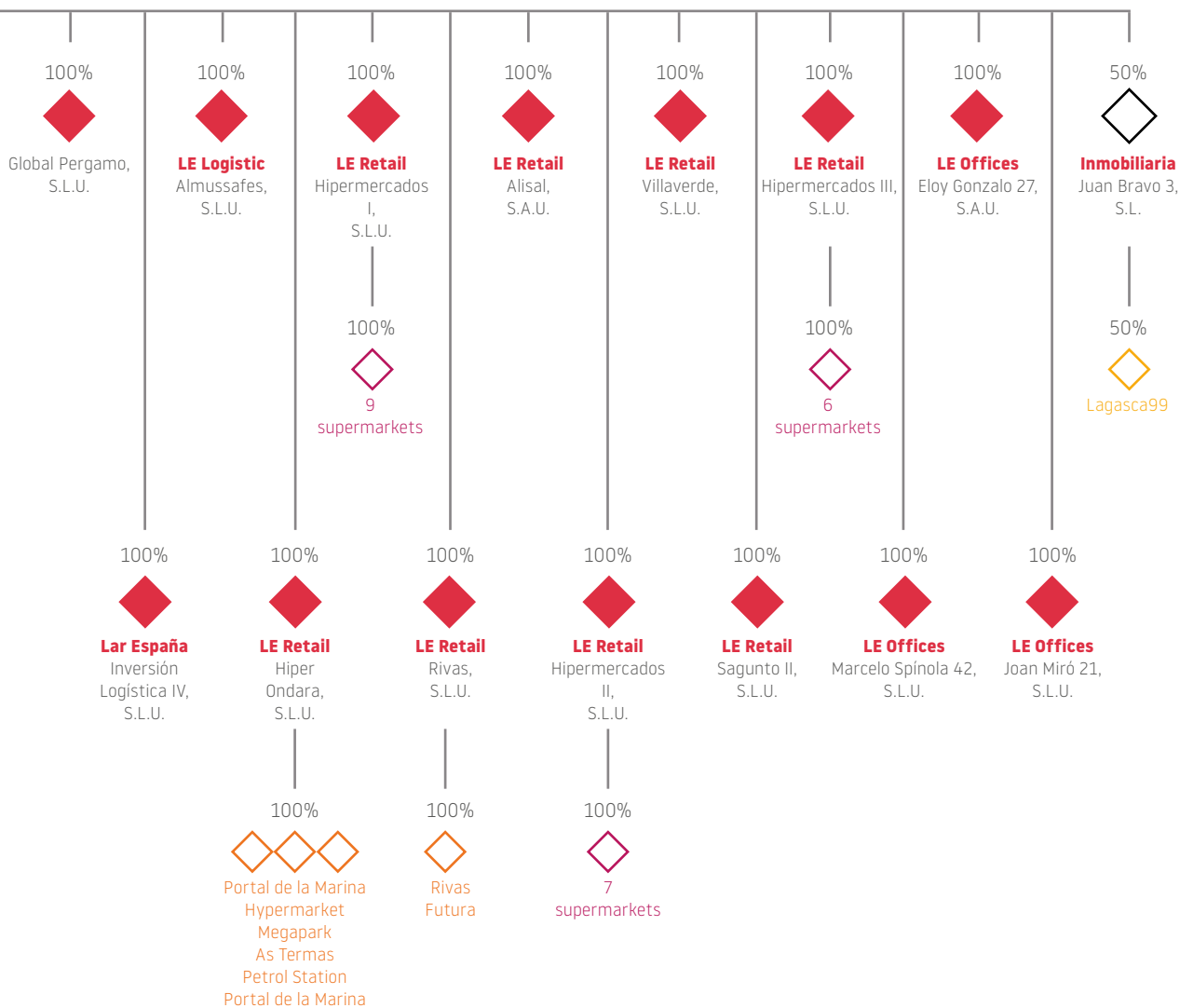


### Company.

◆ Full Consolidation    ◇ Equity Method



For comparative purposes, the balances of the Consolidated Comprehensive Income Statement are shown together with those for the same period the year before, whilst for the Consolidated Statement of Financial Position they are shown together with those corresponding to 31 December 2018.



**Asset Class.**

- Shopping Centres and Retail Parks
- Retail Units
- Residential



## 2.2

## Consolidated Statement of Comprehensive Income

(Thousands of euros)	H1 2019	H1 2018
Revenues	38,540	39,814
Other income	1,154	2,450
Personnel expenses	(194)	(270)
Amortisation expenses	-	(76)
Other expenses	(16,375)	(36,642)
Changes in the fair value of investment properties	14,038	42,697
Results of disposals of investments properties	31	3,301
<b>RESULTS FROM OPERATIONS</b>	<b>37,194</b>	<b>51,274</b>
Financial income	1	631
Financial expenses	(9,745)	(7,600)
Share in profit (loss) for the period of equity-accounted companies	1,170	(450)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>28,620</b>	<b>43,855</b>
Income tax	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>28,620</b>	<b>43,855</b>



## Result from operating activities

At 30 June 2019, the Group presented a **positive operating results** amounting to **37,194 thousand Euros** (positive results from operations of 51,274 thousand Euros at 30 June 2018).

### Revenues

**Revenues** during the first half of 2019 amounted to **38,540 thousand Euros** (revenue of 39,814 thousand Euros during the first half of 2018), 99% of which was rental income from retail assets (90% during the first half of 2018).

### Other expenses

At 30 June 2019, the Group incurred other expenses amounting to **16,375 thousand Euros**, mainly related to:

- Recurrent services that are directly linked to the ordinary management of the assets (supplies, IBI -property tax-, etc.) in the amount of 7,188 thousand Euros.
- Management fees (fixed fee included) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") totals 4,928 thousand Euros, discounting indirect fees paid in subsidiary companies (118 thousand Euros) and other expenses incurred by Grupo Lar and paid by Lar España (92 thousand Euros).

### Change in the fair value of investment properties

On 30 June 2019, the amount in this entry, **14,038 thousand Euros**, is made up of the difference in the fair value of investment properties following the latest valuations conducted by independent experts (C&W and JLL).

### Results of disposals of investment properties

On 30 June 2019, this heading includes the net gain of **31 thousand Euros** from the sale of the Marcelo Spínola and Eloy Gonzalo offices buildings, which were owned by the subsidiaries Marcelo Spínola 42, S.L.U. and LE Office Eloy Gonzalo 27, S.A.U (See significant events 3 and 6).



## Net Financial Result

The **financial result** was a negative balance of 9,744 thousand Euros at 30 June 2019 (negative balance of 6,969 thousand Euros at 30 June 2018).

**Financial expenses** amounting to 9,745 thousand Euros mainly comprises the interest accrued on loans taken out by the Group with financial institutions and the bonds issued by the Group in February 2015.

### Consolidated Statement of Comprehensive Income by business line

The income and expenses recorded by the Group at 30 June 2019 broken down by business line are as follows:

(Thousands of euros)	Retail	Offices and Logistics	Residential	LRE(*)	Total
Revenues	38,312	228	-	-	38,540
Other income	1,106	48	-	-	1,154
Personnel expenses	-	-	-	(194)	(194)
Other expenses	(12,178)	(584)	-	(3,613)	(16,375)
Changes in the fair value of investment properties	14,038	-	-	-	14,038
Results of disposals of investments properties	-	31	-	-	31
<b>RESULTS FROM OPERATIONS</b>	<b>41,278</b>	<b>(277)</b>	<b>-</b>	<b>(3,807)</b>	<b>37,194</b>
Net financial result	(9,607)	-	-	(137)	(9,744)
Share in profit (loss) for the period of equity-accounted companies	-	-	1,170	-	1,170
<b>RESULTS FOR THE PERIOD</b>	<b>31,671</b>	<b>(277)</b>	<b>1,170</b>	<b>(3,944)</b>	<b>28,620</b>

(\*) The amounts included in LRE column are corporate expenses not re-invoiced to the business lines.

At 30 June 2019 retail assets presented an operating profit of 31,671 thousand Euros; and offices and logistics a negative operating result of 277 thousand Euros.







**Shopping Centre**  
Portal de la Marina (Alicante)



## 2.3

## Consolidated Statement of Financial Position

Assets (Thousands of euros)	TOTAL	
	30/06/2019	31/12/2018
Intangible assets	2	8,556
Investment properties	1,440,487	1,363,646
Equity-accounted investees	5,797	4,627
Non-current financial assets	13,287	11,426
Trade and other receivables non-current	2,687	2,733
<b>NON-CURRENT ASSETS</b>	<b>1,462,260</b>	<b>1,390,988</b>
Non-current assets held for sale	12,090	78,081
Trade and other receivables	14,719	13,762
Other current financial assets	7,171	3,268
Other current assets	1,771	4,176
Cash and cash equivalents	156,971	191,328
<b>CURRENT ASSETS</b>	<b>192,722</b>	<b>290,615</b>

<b>TOTAL ASSETS</b>	<b>1,654,982</b>	<b>1,681,603</b>
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Equity and liabilities (Thousands of euros)	TOTAL	
	30/06/2019	31/12/2018
Capital	181,175	186,438
Share premium	475,130	476,301
Other reserves	270,202	220,289
Retained earnings	28,620	129,308
Treasury shares	(4,889)	(1,228)
Valuation adjustments	(3,637)	(2,610)
<b>EQUITY</b>	<b>946,601</b>	<b>1,008,498</b>
Financial liabilities from issue of bonds and other marketable securities	139,224	139,077
Loans and borrowings	445,627	428,400
Deferred tax liabilities	17,201	19,405
Derivatives	3,822	1,892
Other non-current liabilities	18,943	17,240
<b>NON-CURRENT LIABILITIES</b>	<b>624,817</b>	<b>606,014</b>
Liabilities related to assets held for sale	250	810
Financial liabilities from issue of bonds and other marketable securities	1,435	3,482
Loans and borrowings	43,176	6,461
Derivatives	2,383	2,179
Other financial liabilities	3,122	-
Trade and other payables	33,198	54,159
<b>CURRENT LIABILITIES</b>	<b>83,564</b>	<b>67,091</b>

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,654,982</b>	<b>1,681,603</b>
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## Non-current assets

### Investment properties

At 30 June 2019, **investments properties** are classified as non-current assets, at a fair value of **1,440,487 thousand Euros** (1,363,646 thousand Euros at 31 December 2018), except for the shopping centre Las Huertas amounting to 11,910 thousands Euros which is classified under “Non-current assets held for sale” (see assets and liabilities held for sale).

The Group’s investment properties, including the assets classified under “Non-current assets held for sale”, consist of ten shopping centres, four retail parks and twenty-two retail units. Of particular significance is the investment in retail amounting to 1,241,090 thousand Euros (1,230,399 thousand Euros

at 31 December 2018), with revenue from leases representing 99% of the Group’s total revenues during 2019.

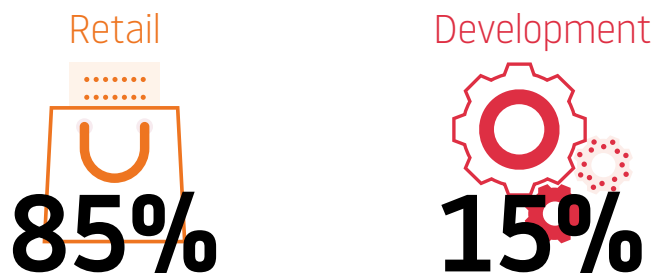
During the first six months of 2019, the Group has sold Marcelo Spínola and Eloy Gonzalo office buildings, whose fair values at the transaction dates amounted to 37,000 and 39,944 thousand Euros (see notice of material facts 3 and 6).

<b>Net Investment</b> (Thousands of euros)	<b>30/06/2019</b>	<b>31/12/2018</b>
Retail (*)	1,241,090	1,230,399
Offices	-	76,400
Development (**)	211,307	133,307
<b>INVESTMENT PROPERTIES</b>	<b>1,452,397</b>	<b>1,440,106</b>

(\*) This amount includes Las Huertas investment properties for an amount of 11,910 thousand Euros, which has been reclassified to “Non-current assets held for sale”

(\*\*) At 30 June 2019, the amount included mainly corresponds to the fair value of Lagoh project in Sevilla.

### Net investment by asset class (%)





The **GLA**, the **fair value** and the **initial yield** per asset is as follows:

Asset	TOTAL		
	Total Gross Leasable Area (GLA) (sqm)	Fair Value (thousands of euros)	Net Initial Yield (NIY) <sup>(*)</sup>
Megapark + leisure area	83,148	222,540	
Gran Vía	41,444	172,830	
Portal de la Marina + hypermarket	40,332	128,060	
El Rosal	51,152	110,500	
Anec Blau	28,921	96,800	
As Termas + petrol station	35,127	87,620	
Parque Abadía + commercial gallery	43,110	84,200	
Rivas Futura	36,447	67,500	4.66%-7.48%
VidaNova Parc	45,568	58,670	
Albacenter + hypermarket	26,335	60,000	
Supermarkets portfolio	27,909	53,130	
Vistahermosa	33,763	50,000	
Txingudi	10,712	37,330	
Las Huertas	6,267	11,910	
<b>TOTAL RETAIL</b>	<b>510,235</b>	<b>1,241,090</b>	
Lagoh	(**)	210,000	
Others	N/A	1,307	N/A
<b>TOTAL DEVELOPMENTS</b>	<b>-</b>	<b>211,307</b>	
<b>TOTAL LAR ESPAÑA</b>	<b>510,235</b>	<b>1,452,397</b>	

<sup>(\*)</sup> Yields provided in the last valuations reports made by JLL and C&W.

<sup>(\*\*)</sup> 100,000 sqm of retail and family leisure space.



## Intangible assets

At 31 December 2018, intangible assets comprised the **right of use of the floor space where the Megapark Barakaldo leisure facilities are located** earning leasing income.

The leasehold, which expires in year 2056, was acquired on 27 October 2017 for EUR 8,686 thousand. Once the right of use expires, the assets contained on leased floor space will be delivered to the Barakaldo City Council.

In the first six months of 2019, the Group **has reclassified the right of use corresponding to the land on which the Megapark leisure area** stands to real estate investments; therefore, from now on this leisure area will be measured at its fair value pursuant to IAS 40, coming to **13,660 thousand Euros** based on the most recent appraisal performed on 30 June 2019 by independent experts (13,700 thousand Euros based on the appraisal performed on 31 December 2018).

The difference between the carrying value of the right of use at 31 December 2018 and its fair value has been recognised in "Other reserves" (see Net Equity).

## Equity-accounted investees

At 30 June 2019 and 31 December 2018, the amount reflects investment of 50% held by the Group in Inmobiliaria Juan Bravo 3, S.L. that is accounted for using the equity method.

## Non-current financial assets

At 30 June 2019 and 31 December 2018, the Group has recognised as non-current financial assets mainly security deposits received from tenants, which the Group has deposited at relevant public entities.

## Current assets

### Assets and liabilities held for sale

At 31 December 2018, this heading included the assets and liabilities of the companies **LE Offices Eloy Gonzalo 27, S.A.U.** and **LE Offices Marcelo Spínola 42, S.L.U.**, which had been classified as held for sale. The investment properties that were owned by these companies were sold during the first half of 2019 (see notice of material facts 3 and 6).

At 30 June 2019, this heading includes the assets and liabilities of the company **LE Retail Las Huertas, S.L.U.**, which were classified as held for sale as per IFRS 5. (\*)

At 30 June 2019 assets and liabilities held for sale are as follows:

### Non current assets held for sale

(Thousands of euros)	30/06/2019
Investment properties	11,910
Non-current financial assets	180
<b>Total assets held for sale</b>	<b>12,090</b>

### Liabilities related to assets held for sale

(Thousands of euros)	30/06/2019
Other non-current liabilities	250
<b>Total liabilities held for sale</b>	<b>250</b>

### Trade and other receivables

As of 30 June 2019 and 31 December 2018, this heading principally reflects other public administration credits in the amount of 9,219 thousand Euros and 10,019 thousand Euros, respectively.

### Other current financial assets

As of 30 June 2019, this heading primarily corresponded to the amount of 6,975 thousand euros to be received as a result of the sale of the Marcelo Spínola office building.

### Cash and cash equivalents

As of 30 June 2019 and 31 December 2018, this heading includes 1,725 thousand Euros and 16,606 thousand Euros respectively, related to the share buy-back programme. This amount would not be considered available Company funds.

## Net Equity

At 30 June 2019, the **Company's share capital** consisted of **90,587,561 registered shares** represented by book entries with a par value of 2 Euros each, fully subscribed and paid up, giving their holders equal rights.

During the first half of the year, the most important milestones have been the following:

- On 25 April 2019, the General Shareholders' Meeting approved the **distribution of a maximum dividend** of EUR 68,353 thousand or EUR 0.73 per share (considering all outstanding shares) with a charge to 2018 profit, and a dividend of EUR 6,647 thousand or EUR 0.07 per share (considering all outstanding shares) with a charge to the share premium.

The total pay-out was **EUR 72,600 thousand** (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company's equity and totals EUR 2,227 thousand in dividends charged to profit and EUR 173 thousand in dividends charged to the share premium), given the amount per share approved and shares outstanding at the time of approval by the General Shareholders' Meeting on 25 April 2019. The dividend pay-out was settled in full on 24 May 2019.



- On 25 April 2019, the Board of Directors resolved to **increase capital** by a nominal amount of EUR 1,243 thousand by issuing shares (621,337 ordinary shares with a par value of EUR 2 each) and with a share premium of EUR 5,182 thousand. **This capital increase was subscribed by Grupo Lar Inversiones Inmobiliarias, S.A. in accordance with the Investment Management Agreement**, which stipulates that the management company invest the performance fees received, net of taxes, in subscribing the capital increase performed by the Parent Company as per the terms of said agreement. This capital increase was performed without a pre-emptive subscription right and by delegating powers to execute the agreement to the Board of Directors. At the date of the accompanying interim condensed consolidated financial statements, the capital increase had been recorded in the Madrid Companies Register (see significant event 9).
- On 10 June 2019, pursuant to the Board of Directors' resolution in 29 May 2019, the Parent Company **reduced capital by EUR 6,506 thousand**, corresponding to 3,252,820 shares of EUR 2 par value each and representing 3.5% of share capital. The capital reduction was charged against unrestricted reserves by appropriating to a capital redemption reserve an amount equal to the par value of the redeemed shares. This reserve will be restricted. The shares were redeemed using treasury shares, the value of which at the capital reduction date was EUR 24,743 thousand (see significant event 9).

During the first half of the year, the Company has carried out its own share sale and purchase transactions, as described below:

	Number of shares	Thousands of euros
<b>31 December 2018</b>	<b>164,925</b>	<b>1,228</b>
Additions	3,884,744	29,162
Disposals	(3,347,815)	(25,501)
<b>30 June 2019</b>	<b>701,854</b>	<b>4,889</b>















The negative balance arising from the sale of own shares during the first half of 2019 amounted to 17 thousand Euros, recorded under "Other reserves".

Furthermore, an increase of 5,146 thousand euros has been recognised under other reserves corresponding to the difference between the carrying value of the right of use corresponding to the land on which the Megapark leisure area stands at 31 December 2018 and the fair value based on the appraisal performed by the independent experts at year-end 2018 (see intangible assets).

## Financial liabilities

## Loans &amp; Borrowings

The characteristics of the Loans & Borrowings at 30 June 2019 are as follows:

Type	Project	Entity	Interest rate (*)	Maturity date	Nominal amount (Thousands of euros)	Current (Thousands of euros)	Non-Current (Thousands of euros)
Mortgage Loan	As Termas		EUR 3M + 1.8%	25/06/2020	37,345	37,148	-
Mortgage Loan	El Rosal		EUR 3M + 1.75%	07/07/2030	50,000	291	49,071
Mortgage Loan	VidaNova Parc		EUR 3M + 2.10%	14/09/2020	24,000	5,119	16,789
Mortgage Loan	Megapark + Megapark leisure area	  	EUR 3M + 1.70%	24/02/2023	105,250	233	100,726
Mortgage Loan	Portal de la Marina	  	EUR 3M + 1.70%	24/02/2023	60,000	145	58,285
Mortgage Loan	Vistahermosa		EUR 3M + 1.85%	02/03/2022	21,550	32	21,245
Mortgage Loan	Parque Abadia + commercial gallery		1.80% and 1.93%	23/05/2024	42,060	79	41,172
Mortgage Loan	Gran Vía Vigo		EUR 3M + 1.75%	14/03/2022	82,400	-	81,024
Mortgage Loan	Rivas Futura		2.28%	09/09/2020	27,500	-	27,451
Developer's Loan	Lagoh	   	EUR 3M + 2.25%	29/06/2025	98,500	129	49,864
VAT Credit	Lagoh		EURIBOR 3M + 2.25%	-	-	-	-
Corporate Loan	LRE		EUR 12M + 1.20%	16/05/2020	25,000	-	-
Corporate Loan	LRE		1.25%	26/10/2025	70,000	-	-
<b>LOANS AND BORROWINGS</b>						<b>43,176</b>	<b>445,627</b>

(\*) The 71% of the principal is covered by derivatives

## Financial liabilities from the issue of bonds and other securities

Corresponds to the bonds issued by the Group amounting to 140,000 thousand Euros in 2015.

Below you will find the net Loan To Value calculation as at 30 June 2019:

(Thousands of euros)	30/06/2019
<b>GAV</b>	<b>1,461,742</b>
Full Consolidation Gross Debt	637,708
Equity Method Gross Debt	8,328
<b>Total gross debt</b>	<b>646,036</b>
Cash (Full Consolidation and Equity Method) (*)	158,441
<b>Total net debt</b>	<b>487,596</b>
<b>NET LTV (**)</b>	<b>33%</b>

(\*) Only available cash considered | (\*\*) Result of Total net debt/GAV



At 30 June 2019, Lar España's debt stood at **646,036 thousand Euros**, with an **average cost of 2.20%** and a **net LTV ratio of 33%**. The average debt maturity stood at 4.3 years.

The main debt indicators and the amortisation schedule is detailed below:



**€646.0 MM**  
Financial Debt



**33%**  
Net LTV



**2.20%**  
Average  
cost of debt

### Deferred tax liabilities

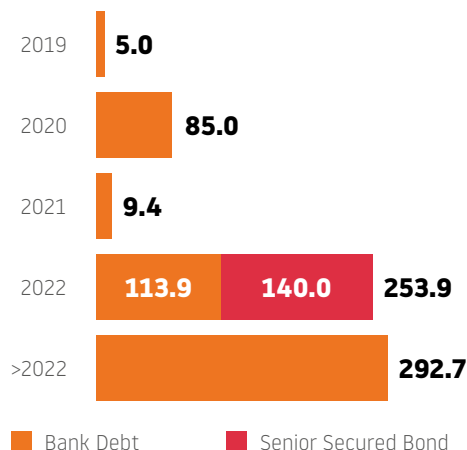
At 30 June 2019, this entry included deferred tax liabilities deriving from the business combination carried out by the acquisition of the subsidiary LE Retail Rivas, S.L.U. as well as the acquisitions of the subsidiaries LE Retail Abadía, S.A.U., LE Retail Hipermercados I, S.A.U., LE Retail Hipermercados II, S.A.U., LE Retail Hipermercados III, S.A.U. and LE Retail Gran Vía de Vigo, S.A.U. in 2017 and 2016. These amounts correspond to the tax effect derived from the difference between the fair value and the fiscal value of the acquired real estate investments.

This item also includes the deferred tax liability arising from the Marcelo Spínola offices building's divestment.

### Other non-current liabilities

Correspond to security deposits received by way of guarantee from the tenants of the company's assets.

### Back-Loaded Amortisation Profile (€ Million)



## 2.4 Consolidated Statement of Cash Flows

	30/06/2019 <sup>(*)</sup>	30/06/2018 <sup>(*)</sup>
<b>A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>(11,086)</b>	<b>(12,870)</b>
<b>1. Profit/(loss) for the period before tax</b>	<b>28,620</b>	<b>43,855</b>
<b>2. Adjustments for:</b>	<b>(5,421)</b>	<b>(38,532)</b>
Profit / (loss) from adjustments to fair value of investment properties (-)	(14,038)	(42,697)
Amortisation of intangible assets (+)	-	76
Impairment (+/-)	74	(29)
Financial income (-)	(1)	(607)
Financial expenses (+)	8,637	7,600
Changes in Fair value of financial instruments (+/-)	1,108	(24)
Share in profit (loss) for the period of equity-accounted companies	(1,170)	450
Results of disposal of investments properties	(31)	(3,301)
<b>3. Changes in operating assets and liabilities</b>	<b>(24,763)</b>	<b>(9,268)</b>
Trade and other receivables (+/-)	186	(5,108)
Other current assets and liabilities (+/-)	(996)	4,904
Trade and other payables (+/-)	(23,644)	(11,372)
Other current liabilities (+/-)	310	2,308
<b>4. Other cash flows used in operating activities</b>	<b>(9,522)</b>	<b>(8,925)</b>
Interest paid (-)	(9,522)	(8,925)
<b>B) CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>11,419</b>	<b>4,815</b>
<b>1. Payments for investments (-)</b>	<b>(61,581)</b>	<b>(82,992)</b>
Net cash outflow from acquisitions of businesses	-	(33,331)
Investment property	(61,581)	(49,661)
<b>2. Proceeds from divestments (+)</b>	<b>73,000</b>	<b>87,807</b>
Other assets	-	46,629
Associates	-	36,178
Group companies	-	5,000
Investment property	73,000	-
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(35,073)</b>	<b>(8,859)</b>
<b>1. Payments made and received for equity instruments</b>	<b>(21,996)</b>	<b>20,792</b>
Proceeds from issue of share capital (+)	6,425	-
Acquisition/disposal of treasury shares (- /+)	(28,421)	20,792
<b>2. Proceeds from and payments for financial liability instruments</b>	<b>59,523</b>	<b>15,315</b>
a) Issue of:	56,423	15,315
Bank borrowings (+)	56,423	29,818
Bonds and other marketable securities (+)	-	(14,503)
b) Redemption and repayment of:	3,100	-
Liabilities with associates (-)	3,100	-
<b>3. Payments for dividends and remuneration on other equity instruments</b>	<b>(72,600)</b>	<b>(44,966)</b>
Dividends (-)	(72,600)	(44,966)
<b>D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE</b>	<b>383</b>	<b>-</b>
<b>E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>(34,356)</b>	<b>(16,914)</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>191,328</b>	<b>45,617</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)</b>	<b>156,971</b>	<b>28,703</b>

<sup>(\*)</sup> Six months period.



**Shopping Centre**  
Gran Via (Vigo)







**Shopping Centre**  
Gran Vía de Vigo (Vigo)





# 3

## EPRA Information

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## EPRA Awards

- In November 2016, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association<sup>(1)</sup>) updated its Best Practices Recommendations<sup>(2)</sup> guidelines in order to improve the presentation, transparency, comparability and relevance of the published results of listed real estate companies in Europe.
- Lar España fully supports and endorses the principle of standardising the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the financial information.
- For this purpose, we have included an specific chapter with our main economic indicators following EPRA guidances.
- In **September 2018**, Lar España was awarded for the fourth year running the **Gold Award** from the European Public Real Estate Association (EPRA) in recognition of the quality of the **financial information** provided by the company. Lar España was also awarded for the first time with the most prestigious recognition from EPRA, the **Gold Award**, related to the information about **Corporate Social Responsibility**.
- This highlights **the international recognition for the information reported by Lar España** and made available to its shareholders.

2015

2016



2017



2018



(1) Not-for-profit association founded in 1999 registered in Belgium which aims to make the financial statements of public real state companies clearer, more transparent and comparable across Europe.

(2) "Best Practices Recommendations - BPR" available at [www.epra.com](http://www.epra.com)



Key performance indicators described in the Best Practices Recommendations developed by EPRA are shown as follows:

Indicator	30/06/2019 (Thousands of euros)/%	30/06/2019 (Euros per share)
EPRA Earnings	15,659	0.17
EPRA NAV	968,547	10.78
EPRA NNNAV	946,601	10.53
EPRA Net Initial Yield (NIY)	5.8%	-
EPRA “topped-up” NIY	6.0%	-
EPRA Vacancy Rate	5.0%	-
EPRA Cost Ratio	25.9% (*)	-
EPRA Cost Ratio (excluding costs of direct vacancy)	22.8% (*)	-

(\*) Ratio calculated considering recurring expenses  
See terms definitions in Glossary, section 5.

## 3.1 EPRA Earnings

(Thousands of euros)	H1 2019	H1 2018
<b>EARNINGS PER IFRS INCOME STATEMENT</b>	<b>28,620</b>	<b>43,855</b>
Change in value of investment properties	(14,038)	(42,697)
Change in fair value of financial instruments	1,108	(24)
Companies divestments effect	(31)	(3,301)
Amortisation of intangible assets	-	76
<b>EPRA EARNINGS</b>	<b>15,659</b>	<b>(2,091)</b>
Weighted average number of shares (excluding treasury shares)	91,248,755	92,625,732
<b>EPRA EARNINGS PER SHARE (EUROS)</b>	<b>0.17</b>	<b>(0.02)</b>
Company specific adjustment <sup>(*)</sup>	-	17,385
<b>ADJUSTED EPRA EARNINGS</b>	<b>15,659</b>	<b>15,294</b>
<b>ADJUSTED EPRA EARNINGS PER SHARE (EUROS)</b>	<b>0.17</b>	<b>0.17</b>

<sup>(\*)</sup> Corresponds to the part of the performance/divestment fee that the Manager would be obliged to reinvest in Lar España, thus avoiding any real cash outflow from the company.

## 3.2

### EPRA NAV and EPRA NNNAV

#### EPRA NAV

(Thousands of euros)	30/06/2019	31/12/2018
<b>NET ASSET VALUE PER THE FINANCIAL STATEMENTS</b>	<b>946,601</b>	<b>1,008,498</b>
Change in fair value of non current assets	-	5,146
Fair value of financial instruments	4,745	3,634
Deferred tax liabilities	17,201	19,405
<b>EPRA NAV</b>	<b>968,547</b>	<b>1,036,683</b>
Number of shares (excluding treasury shares)	89,885,707	93,081,129
<b>EPRA NAV PER SHARE (EUROS)</b>	<b>10.78 <sup>(*)</sup></b>	<b>11.14</b>

<sup>(\*)</sup> When analyzing this measure it is important to take into account the dividend paid in Q2 2019 (0.80€/share).

#### EPRA NNNAV

(Thousands of euros)	30/06/2019	31/12/2018
<b>EPRA NAV</b>	<b>968,547</b>	<b>1,036,683</b>
Fair value of financial instruments	(4,745)	(3,634)
Deferred tax liabilities	(17,201)	(19,405)
<b>EPRA NNNAV</b>	<b>946,601</b>	<b>1,013,644</b>
Number of shares (excluding treasury shares)	89,885,707	93,081,129
<b>EPRA NNNAV PER SHARE (EUROS)</b>	<b>10.53 <sup>(*)</sup></b>	<b>10.89</b>

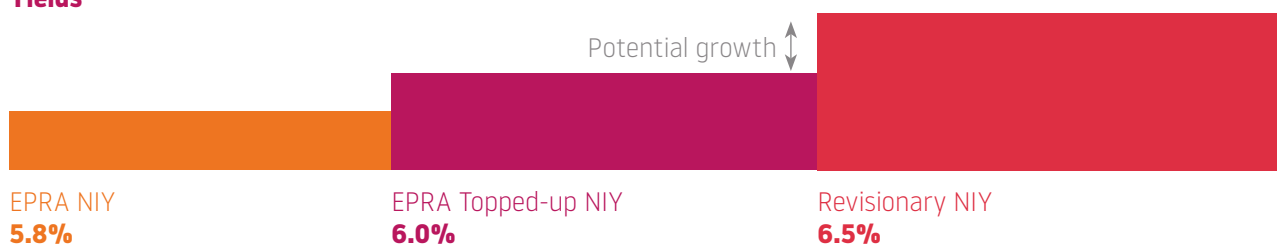
<sup>(\*)</sup> When analyzing this measure it is important to take into account the dividend paid in Q2 2019 (0.80€/share).

## 3.3

EPRA NIY and EPRA “topped-up” NIY (30/06/2019)<sup>(\*)</sup>

Assets (Thousands of euros)	"Completed Property Portfolio"	"Allowance for estimated purchasers costs"	"Gross up completed property portfolio valuation (A)"
Megapark + leisure area	222,540	2,223	224,763
Gran Vía Vigo	172,830	4,326	177,156
Portal de la Marina + hypermarket	128,060	3,205	131,265
El Rosal	110,500	2,928	113,428
Anec Blau	96,800	3,049	99,849
As Termas + petrol station	87,620	2,190	89,810
Albacenter + hypermarket	60,000	1,890	61,890
Txingudi	37,330	447	37,777
Las Huertas	11,910	293	12,203
<b>TOTAL SHOPPING CENTRES</b>	<b>927,590</b>	<b>20,551</b>	<b>948,141</b>
Parque Abadía + commercial gallery	84,200	2,652	86,852
Rivas Futura	67,500	1,451	68,951
VidaNova Parc	58,670	1,320	59,990
Vistahermosa	50,000	1,325	51,325
<b>TOTAL RETAIL PARKS</b>	<b>260,370</b>	<b>6,748</b>	<b>267,118</b>
Supermarkets portfolio	53,130	859	53,989
<b>TOTAL OTHERS</b>	<b>53,130</b>	<b>859</b>	<b>53,989</b>
<b>TOTAL LAR ESPAÑA</b>	<b>1,241,090</b>	<b>28,158</b>	<b>1,269,248</b>

## Yields



<sup>(\*)</sup> Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project.



"Annualised cash passing rental income"	"Property outgoings"	"Annualised net rents (B)"	"Notional rent expiration of rent free periods or other lease incentives"	"Topped-up net annualised rents (C)"	EPRA NET INITIAL YIELD (B/A)	EPRA TOPPED-UP NET INITIAL YIELD (C/A)
13,349	(1,322)	12,027	350	12,377	<b>5.4%</b>	<b>5.5%</b>
10,387	(589)	9,798	54	9,852	<b>5.5%</b>	<b>5.6%</b>
8,011	(561)	7,450	90	7,540	<b>5.7%</b>	<b>5.7%</b>
7,311	(952)	6,359	223	6,582	<b>5.6%</b>	<b>5.8%</b>
(*)	(*)	(*)	(*)	(*)	<b>(*)</b>	<b>(*)</b>
5,825	(352)	5,473	193	5,666	<b>6.1%</b>	<b>6.3%</b>
3,992	(674)	3,318	320	3,638	<b>5.4%</b>	<b>5.9%</b>
2,760	(163)	2,597	26	2,623	<b>6.9%</b>	<b>6.9%</b>
983	(111)	872	48	920	<b>7.1%</b>	<b>7.5%</b>
<b>52,618</b>	<b>(4,724)</b>	<b>47,894</b>	<b>1,304</b>	<b>49,198</b>	<b>5.6%</b>	<b>5.8%</b>
5,401	(278)	5,122	266	5,389	<b>5.9%</b>	<b>6.2%</b>
4,491	(217)	4,273	130	4,403	<b>6.2%</b>	<b>6.4%</b>
3,893	(457)	3,436	204	3,641	<b>5.7%</b>	<b>6.1%</b>
3,601	(668)	2,933	196	3,129	<b>5.7%</b>	<b>6.1%</b>
<b>17,386</b>	<b>(1,620)</b>	<b>15,764</b>	<b>796</b>	<b>16,562</b>	<b>5.9%</b>	<b>6.2%</b>
3,888	(14)	3,875	0	3,875	<b>7.2%</b>	<b>7.2%</b>
<b>3,888</b>	<b>(14)</b>	<b>3,875</b>	<b>0</b>	<b>3,875</b>	<b>7.2%</b>	<b>7.2%</b>
<b>73,892</b>	<b>(6,358)</b>	<b>67,533</b>	<b>2,100</b>	<b>69,635</b>	<b>5.8%</b>	<b>6.0%</b>



**5.8%**  
EPRA NIY



**6.0%**  
EPRA  
Topped-up  
NIY



**6.5%**  
Reversionary  
Yield

<sup>(\*)</sup> Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project.

## 3.4 EPRA Vacancy Rate<sup>(\*)</sup>

Asset	ERV (Thousands of euros)	ERV Vacancy (Thousands of euros)	EPRA VACANCY RATE %
Megapark + leisure area	14,591	1,617	11.1% <sup>(**)</sup>
Gran Vía Vigo	9,969	72	0.7%
Portal de la Marina + hypermarket	7,770	364	4.7%
El Rosal	7,986	310	3.9%
Anec Blau	(*)	(*)	(*)
As Termas + petrol station	5,786	273	4.7%
Albacenter + hypermarket	4,496	213	4.7%
Txingudi	2,773	37	1.3%
Las Huertas	1,102	98	8.9%
<b>TOTAL SHOPPING CENTRES</b>	<b>54,473</b>	<b>2,984</b>	<b>5.5%</b>
Parque Abadía + commercial gallery	5,616	378	6.7% <sup>(***)</sup>
Rivas Futura	4,322	40	0.9%
VidaNova Parc	4,415	156	3.5%
Vistahermosa	3,754	207	5.5%
<b>TOTAL RETAIL PARKS</b>	<b>18,107</b>	<b>781</b>	<b>4.3%</b>
Supermarkets portfolio	3,391	0	0.0%
<b>TOTAL OTHERS</b>	<b>3,391</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL LAR ESPAÑA</b>	<b>75,971</b>	<b>3,765</b>	<b>5.0%</b>



**5.0%**  
EPRA Vacancy Rate

(\*) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project.

(\*\*) The property is undergoing significant refurbishments meaning that some units are being vacated temporarily.

(\*\*\*) Large unit temporarily unoccupied. Negotiations with a replacement tenant are at an advanced stage.

## 3.5 EPRA Cost Ratios

(Thousands of euros)	Recurring		TOTAL	
	H1 2019	H1 2018	H1 2019	H1 2018
Administrative expenses	(194)	(270)	(194)	(270)
Operating costs net of recoverable income <sup>(*)</sup> ( <sup>**</sup> )	(9,065)	(8,498)	(12,679)	(32,727)
Administrative/operating expenses in associates	-	(230)	-	(230)
<b>EPRA Cost (including vacancy cost) (A)</b>	<b>(9,259)</b>	<b>(8,998)</b>	<b>(12,873)</b>	<b>(33,227)</b>
Direct vacancy costs	(1,086)	(1,090)	(1,086)	(1,090)
<b>EPRA Cost (excluding vacancy cost) (B)</b>	<b>(8,173)</b>	<b>(7,908)</b>	<b>(11,787)</b>	<b>(32,137)</b>
Gross Rental Income less ground rent costs-per IFRS	39,491	40,629	39,491	40,629
Net associated costs (net service charge)	(3,696)	(3,916)	(3,696)	(3,916)
<b>Gross Rental Income (C)</b>	<b>35,795</b>	<b>36,713</b>	<b>35,795</b>	<b>36,713</b>
<b>EPRA COST RATIO (including direct vacancy costs) A/C (<sup>***</sup>)</b>	<b>25.9%</b>	<b>24.5%</b>	<b>36.0%</b>	<b>90.5%</b>
<b>EPRA COST RATIO (excluding direct vacancy costs) B/C (<sup>***</sup>)</b>	<b>22.8%</b>	<b>21.5%</b>	<b>32.9%</b>	<b>87.5%</b>

<sup>(\*)</sup> Maintenance costs totalling 279 thousand Euros are included.

<sup>(\*\*)</sup> Fixed management fee included.

<sup>(\*\*\*)</sup> Excluding costs directly related to development projects, as of 30 June 2019, the ratios would be 23.9% and 20.9% respectively

**Retail Park**  
Vistahermosa (Alicante)

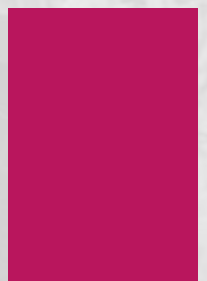


# 4

## Share Price Performance

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Share price information  
and performance  
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**4.2**  
Analyst  
Recommendations  
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## 4.1

## Share price information and performance

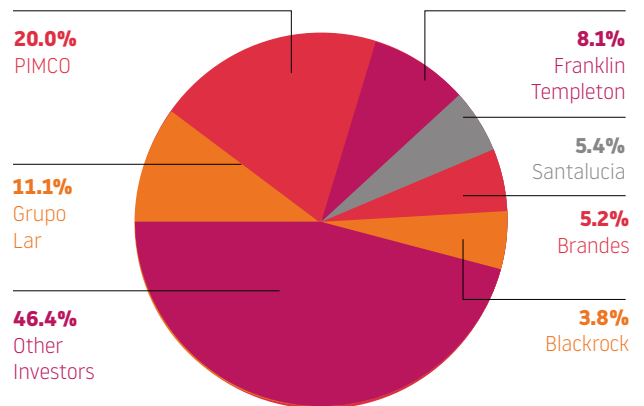
## Share Price Performance

## Detail of shares (€)

	Jan-June 2019
Price at the beginning of the period	7.45
Price at the end of the period	6.82
<b>PERFORMANCE DURING THE PERIOD</b>	<b>-8.5%</b>
Maximum price for the period	8.55
Minimum price for the period	6.66
<b>AVERAGE PRICE FOR THE PERIOD</b>	<b>7.50</b>
ADTV (*)	201,733
Market Cap (Euros) 30/06/2019	617,807,166
Number of shares 30/06/2019	90,587,561

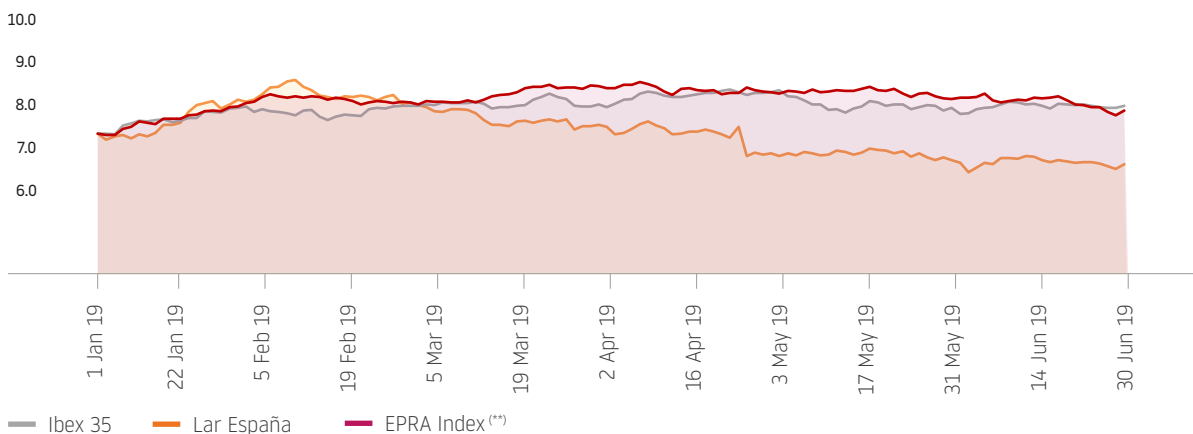
(\*) Average Daily Trading Volumen in number of shares

## Share distribution at 30 June 2019



The **share price performance** during the first six months of 2019 compared with the IBEX 35 and EPRA Index performance can be seen in the following graph:

## Lar España share price performance vs Ibex 35 and EPRA Index (January-June 2019)



(\*\*) Sectoral European reference Index.

## 4.2 Analyst Recommendations



**45.9% (\*)**  
Potential Return

As of the date of this report, Lar España has the coverage of 13 analysts, whose average target price is **€9.95**.

Broker	Recommendation	Analysis Date	Target Price (Euros)
Kepler Cheuvreux	Hold	21/03/2017	Under Revision
Sabadell	Buy	07/06/2018	10.95
MIRABAUD	Buy	27/02/2019	10.34
J.P.Morgan Asset Management	Hold	27/02/2019	9.00
KIMPEX & CO	Hold	06/05/2019	8.20
JBCapitalMarkets	Buy	13/05/2019	12.50
GVC Gaesco Beka	Buy	13/05/2019	11.41
Aborro Corporación	Buy	13/05/2019	10.70
bankinter.	Buy	13/05/2019	10.44
fidentiis	Buy	13/05/2019	10.30
Intermoney valores sv	Buy	13/05/2019	10.00
Santander	Hold	13/05/2019	8.10
ING	Hold	14/05/2019	7.50

Source: Bloomberg

**67%**  
Buy

**33%**  
Hold

**0%**  
Sell

(\*) Taken into account the average target price and the price at the end of the period.

**Shopping Centre**  
As Termas (Lugo)



as termas

MULTIMEDIA MÓVIL

ENTRADA

Market Market Market Market



# 5

## Glossary



# Glossary

**PBT**

Profit Before Tax.

**Profit/(Loss) for the period after tax.**

Net profit/(loss)

**Dividend Yield**

Profitability by dividend, that shows, in percentage, the shareholder performance by the dividends. Result of Dividend/ Average quarterly EPRA NAV of the last four quarters of the year and result of Dividend/Market capitalization.

**EBIT**

Earnings Before Interest and Tax.

**EBITDA**

Earnings Before Interest, Tax, Depreciation and Amortisation.

**EPRA**

European Public Real Estate Association.

**EPRA Earnings**

Earnings from operational activities.

**EPRA Cost Ratio**

Administrative & operating costs (including direct vacancy costs) divided by gross rental income.

**EPRA Cost Ratio (excluding direct vacancy costs)**

Administrative & operating costs (including & excluding direct vacancy costs) divided by gross rental income.

**EPRA NAV**

Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

**EPRA Net Initial Yield (NIY)**

Annualised rental income based on the cash rents passing at the balance sheet date, less non recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

**EPRA NNNAV**

EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

**EPRA "topped-up" NIY**

This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

**EPRA Vacancy Rate**

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

**GAV (Gross Asset Value)**

Gross Asset Value.

**GLA**

Gross Leasable Area in sqm.

**GRI (Gross Rental Income)**

Gross income for the period.

**Like for like (LfL)**

Comparison of one period, with that of the same period the year before, taking into consideration the same assets.

**Net LTV (Loan to Value)**

Ratio that measures the total amount of outstanding principal, discounted available cash, against the value of the assets. Net LTV = Net debt / GAV.



**IFRS**

International Financial Reporting Standards.

**NOI (Net Operating Income)**

Gross income discounting costs incurred during the period.

**Liquidity ratio**

The Company's capacity to meet its obligations with liquid assets, calculated as the ratio between the Company's current assets and current liabilities.

**Solvency ratio**

The Company's financial capacity to meet its payments obligations with all the assets and resources available. It is calculated by dividing equity plus non-current liabilities by non-current assets.

**Reversionary Yield**

Yield calculated as the ratio between the rental income that would be obtained from leasing the entire area at the market prices estimated by the independent valuers (ERV) and the gross asset value.

**ROA (Return on Assets)**

Return on assets, calculated by dividing profit for the last 12 months by the company's average assets of the last four quarters.

**ROE (Return on Equity)**

Return on equity, calculated by dividing profit for the last 12 months by the company's average equity of the last four quarters.

**WAULT**

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from the reference date, until the first break option, weighted by the gross rent of each individual lease contract.

