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

Interim Condensed Consolidated Financial Statements and Interim Consolidated Directors' Report for the nine-month period ended 30 September 2024, together with Report on Limited Review

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

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

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Interim Condensed Consolidated Financial Statements

Introduction

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

Scope of the Review

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

Conclusion

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

Emphasis of Matters

We draw attention to Note 1 to the accompanying interim financial statements, which describes, among other matters: i) the formulation by Helios RE, S.A. of a voluntary tender offer for all the shares of Lar España Real Estate SOCIMI, S.A. and the status thereof at the date of formal preparation of the interim financial statements; ii) the potential affect that, as the case may be, the approval of a tender offer that could lead to a change of control of the Parent could have on the maturities of the bond issues and bank financing arranged by the latter (see Note 10c); iii) the directors' consideration that the financial viability of the Parent would not be jeopardised since the refinancing agreed upon by the bidder in relation to the tender offer would be affordable for the Parent; and iv) other significant matters relating to the approval of the tender offer. Our conclusion is not modified in respect of this matter.

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

Report on Other Legal and Regulatory Requirements

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

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

Antonio Sánchez-Covisa Martín-González

20 November 2024

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

Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2024

(Prepared in accordance with International Financial Reporting Standards as adopted by the European Union)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

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(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

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

Condensed Consolidated Statement of Financial Position at 30 September 2024

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Assets	Note	30 September 2024 (*)	31 December 2023
Intangible assets		1	1
Investment property	5	1,305,291	1,312,956
Equity-accounted investees		1,458	1,458
Non-current financial assets	6	14,621	13,949
Non-current trade and other receivables	6	2,792	3,541
Total non-current assets		**1,324,163**	**1,331,905**
Current trade and other receivables	6	7.239	9,931
Other current financial assets	6	3	3
Other current assets		2,086	2,080
Cash and cash equivalents	7	224,292	244,218
Total current assets		**233,620**	**256,232**
Total assets		**1,557,783**	**1,588,137**

(*) Unaudited

Notes 1 to 20 form an integral part of the condensed consolidated statement of financial position at 30 September 2024.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Condensed Consolidated Statement of Financial Position at 30 September 2024
(Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Equity and Liabilities	Note	30 September 2024 (*)	31 December 2023
Capital	8a	167,386	167,386
Share premium	8b	410,910	415,303
Other reserves and other contributions	8c	241,541	266,441
Profit for the period		34,614	36,789
Own shares	8d	(403)	(371)
Total equity		**854,048**	**885,548**
Financial liabilities from issuing bonds and other marketable securities	10	578,344	577,542
Loans and borrowings	10	69,961	69,950
Deferred tax liabilities	14	12,990	12,990
Other non-current liabilities	10,11	21,149	19,784
Total non-current liabilities		**682,444**	**680,266**
Financial liabilities from issuing bonds and other marketable securities	10	5,654	3,113
Loans and borrowings	10	2,753	185
Other financial liabilities	10	63	107
Trade and other payables	10,12,14	12,821	18,918
Total current liabilities		**21,291**	**22,323**
Total equity and liabilities		**1,557,783**	**1,588,137**

(*) Unaudited

Notes 1 to 20 form an integral part of the condensed consolidated statement of financial position at 30 September 2024.

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

Condensed Consolidated Interim Statement of Comprehensive Income for the nine-month period ended 30 September 2024

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Condensed Consolidated Statement of Profit and Loss	Note	30 September 2024 (*)	30 September 2023 (**)
Revenues	4,15	68,524	69,496
Other income		2,389	2,696
Employee benefits expense		(656)	(601)
Other expenses	16	(19,564)	(21,913)
Changes in fair value of investment property	5	(10,047)	(12,078)
Gains/(losses) on disposal of investment property		-	(53)
Results from operating activities		**40,646**	**37,547**
Finance income	7	6,072	2,383
Finance costs	10	(12,104)	(11,086)
Impairment and gains/(losses) on disposal of financial instruments	10	-	20,458
Profit before tax from continuing operations		**34,614**	**49,302**
Income tax		-	1,088
Profit for the period		**34,614**	**50,390**
Basic earnings per share (in Euros)	9	0.41	0.60
Diluted earnings per share (in Euros)	9	0.41	0.60

Condensed Consolidated Statement of Comprehensive Income	30 September 2024 (*)	30 September 2023 (**)
Profit for the period (I)	**34,614**	**50,390**
Other comprehensive income recognised directly in equity (II)	-	-
Other amounts transferred to the income statement (III)	-	-
Total comprehensive income (I+II+III)	**34,614**	**50,390**

(*) Unaudited

(**) Unaudited and unreviewed

Notes 1 to 20 form an integral part of the condensed consolidated interim statement of comprehensive income for the nine-month period ended 30 September 2024.

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

Condensed Consolidated Statement of Changes in Equity for the nine-month period ended 30 September 2024

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Capital	Share premium	Other reserves	Other contributions	Profit for the period	Own shares	Total equity
Balance at 31 December 2023	167,386	415,303	266,201	240	36,789	(371)	885,548
Total income and expenses recognised in the period	-	-	-	-	34,614	-	34,614
Transactions with shareholders or owners							
Distribution of profit							
Reserves	-	-	(24,963)	-	24,963	-	-
Dividends (notes 8b and e)	-	(4,393)	-	-	(61,752)	-	(66,145)
Own shares (note 8d)	-	-	63	-	-	(32)	31
Other changes	-	-	-	-	-	-	-
Balance at 30 September 2024 (*)	167,386	410,910	241,301	240	34,614	(403)	854,048

(*) Unaudited

Notes 1 to 20 form an integral part of the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2024.

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

Condensed Consolidated Statement of Changes in Equity for the nine-month period ended 30 September 2023

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Capital	Share premium	Other reserves	Other contributions	Profit for the period	Own shares	Total equity
Balance at 31 December 2022	167,386	452,924	205,533	240	72,921	(250)	898,754
Total income and expenses recognised in the period	-	-	-	-	50,390	-	50,390
Transactions with shareholders or owners							
Distribution of profit							
Reserves	-	-	60,587	-	(60,587)	-	-
Dividends (notes 8b and e)	-	(37,621)	-	-	(12,334)	-	(49,955)
Own shares (note 8d)	-	-	59	-	-	(221)	(162)
Other changes	-	-	-	-	-	-	-
Balance at 30 September 2023 (*)	167,386	415,303	266,179	240	50,390	(471)	899,027

(*) Unaudited and unreviewed

Notes 1 to 20 form an integral part of the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2024.

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

Condensed Consolidated Statement of Cash Flows for the
nine-month period ended 30 September 2024
(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	30 September 2024 (*)	30 September 2023 (**)
A) Cash flows from operating activities	**48,570**	**55,065**
Profit for the period before tax	*34,614*	*49,269*
Adjustments to profit:	16,257	607
Change in fair value of investment property (note 5)	10,047	12,078
Impairment (note 6c)	178	338
Finance income	(6,072)	(2,383)
Finance costs	12,104	11,086
Impairment and (gains)/losses on disposal of financial instruments (note 10)	-	(20,458)
(Gains)/losses on disposal of investment property	-	(54)
Changes in operating assets and liabilities	*(2,497)*	*10,622*
Trade and other receivables	3,263	6,456
Other current assets	(6)	3,941
Trade and other payables	(6,403)	(296)
Other current liabilities	(44)	-
Other non-current assets and liabilities	693	521
Other cash flows from (used in) operating activities	*196*	*(5,433)*
Interest received (note 7)	6,072	1,359
Interest paid (note 10d)	(5,876)	(6,792)
B) Cash flows from (used in) investing activities	**(2,382)**	**123,496**
Payments for investments	*(2,382)*	*(4,842)*
Investment property (note 5)	(2,382)	(4,842)
Proceeds from divestments	-	*128,338*
Disposals of investment property (note 5)	-	128,338
C) Cash flows used in financing activities	**(66,114)**	**(148,659)**
Proceeds from and payments for equity instruments	*31*	*(150)*
Acquisition and sale of equity instruments	31	(150)
Proceeds from and payments for financial liability instruments	-	*(98,542)*
Issue		
Redemption and repayment of:		
Bonds and other marketable securities	-	(98,542)
Dividends and interest on other equity instruments paid	*(66,145)*	*(49,967)*
Dividend payments (note 8e)	(66,145)	(49,967)
E) Change in cash and cash equivalents of non-current assets held for sale	**-**	**6,322**
F) Net increase (decrease) in cash and cash equivalents	**(19,926)**	**36,224**
G) Cash and cash equivalents at beginning of period	244,218	197,141
H) Cash and cash equivalents at end of period	224,292	233,365

(*) Unaudited
(**) Unaudited and unreviewed

Notes 1 to 20 form an integral part of the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2024.

(1) NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

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

Its registered office, as well as that of all the companies in the Group, is located at calle María de Molina 39, 28006 Madrid (Spain).

The statutory activity of the Parent, as well as that of all the companies in the Group per their articles of association, is:

- The acquisition and development of urban properties for lease.
- The holding of investments in the capital of other SOCIMIs (listed corporations for investment in the real estate market - Spanish "REITs") or in other entities not resident in Spain that have an identical statutory activity and are subject to a regime similar to that applicable to SOCIMIs, insofar as they have a legal or statutory obligation to distribute profits.
- The holding of interests in the share capital of other resident or non-resident entities in Spain, the statutory activity of which is the acquisition of urban property for lease. These entities must be subject to the same regime established for the SOCIMIs insofar as they have a legal or statutory obligation to distribute profits and must also comply with the investment requirements stipulated in article 3 of the SOCIMI Law.
- The holding of shares or investments in property collective investment undertakings governed by Law 35/2003 of 4 November 2003 on collective investment undertakings, amended by Royal Decree 83/2015 of 13 February 2015 on collective investment undertakings.
- In addition to the economic activity derived from the principal statutory activity, SOCIMIs may carry out complementary activities. These are understood to be activities that do not amount to more than 20 percent of the total earnings of the Company in each tax period or those which can be considered complementary pursuant to prevailing legislation.

The principal activity of Lar España Real Estate SOCIMI, S.A., as well as that of its subsidiaries and associates (hereinafter the Group, detailed below), consists of the acquisition and management of shopping centres. However, it may invest on a smaller scale in other assets for rent or for direct sale (commercial premises, industrial bays, logistics centres, offices, or residential products).

Lar España Real Estate SOCIMI, S.A. has been listed on the Spanish Stock Exchanges and the Spanish automated quotation system since 5 March 2014 (see note 8).

The Parent and its investees (except for Inmobiliaria Juan Bravo 3, S.L. and Global Giste, S.L.U.) are regulated by Law 11/2009 of 26 October 2009, as amended by Law 16/2012 of 27 December 2012, and Law 11/2021 of 9 July 2021, which governs SOCIMIs. Note 1 to the consolidated annual accounts for 2023 describes the main investment requirements for such companies.

The composition of the Group at 30 September 2024 (all investees being directly owned by the Group's Parent, Lar España Real Estate SOCIMI, S.A.), and the method of consolidation in the condensed consolidated interim financial statements, are as follows:

Company name	Activity	% ownership	Method of consolidation
LE Retail Hiper Albacenter, S.A.U.	Leasing of real estate	100	Fully consolidated
LE Retail As Termas, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Hiper Ondara, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Vidanova Parc, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail El Rosal, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Lagoh, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Vistahermosa, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Sagunto II, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Anec Blau, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Albacenter, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Txingudi, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Las Huertas, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Gran Vía de Vigo, S.A.U.	Leasing of real estate	100	Fully consolidated
LE Retail Abadía, S.L.U.	Leasing of real estate	100	Fully consolidated
LE Retail Rivas, S.L.U.	Leasing of real estate	100	Fully consolidated
Global Giste, S.L.U.	Leasing of real estate	100	Fully consolidated
Inmobiliaria Juan Bravo 3, S.L.	Real estate development	50	Investment

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

Takeover bid

On 12 July 2024, a voluntary takeover bid for 100% of the share capital of Lar España Real Estate SOCIMI, S.A. was made public, which is subject to the mandatory authorisation of the Spanish Securities Market Commission (CNMV). According to public information, the company making the offer is Helios RE, S.A., a special-purpose vehicle set up for the purpose of formulating the offer, with 62.5% indirectly owned by Hines European Real Estate Partners III SCSp and 37.5% by Grupo Lar Retail Investments, S.L., the majority shareholder of which is Grupo Lar Inversiones Inmobiliarias, S.A. (hereinafter Grupo Lar, the entity that manages Lar España Real Estate SOCIMI, S.A.). This offer was admitted for processing by the CNMV on 30 July 2024 and is pending approval in accordance with the deadlines contained in article 21 of Royal Decree 1066/2007, of 27 July 2007, on the rules for takeover bids.

According to the terms of the takeover bid, which is voluntary, the offer is made for all the issued shares of the Parent, except for the ordinary shares held by the shareholders Grupo Lar and Mr Miguel Pereda Espeso, representing 10.15% of the share capital. The initial consideration offered was Euros 8.10 per share in the Parent to be paid in full in cash. The takeover is subject to the following conditions, inter alia: CNMV authorisation, a minimum level of acceptance that grants control to the company submitting the offer, no amendments being made to the articles of association of the Parent, the SOCIMI regime not being waived, net financial debt remaining the same as that published in the Business Update on 24 May 2024 issued by the Parent (except for increases arising from the ordinary course of business), and the Parent or its subsidiaries not having acquired any new real estate assets or sold or encumbered any assets in their portfolio.

On 2 October 2024 Helios RE, S.A. reached an agreement with Castellana Properties SOCIMI, S.A., a shareholder of the Parent, whereby it has irrevocably undertaken to accept the takeover bid in exchange for an increase in its price to Euros 8.30 per share. In light of this agreement, taking into account the initial support, the takeover bid would already have been accepted by more than 50% of Lar España Real Estate SOCIMI, S.A.'s shareholders.

Change of control clauses

Scenarios involving a change of control in the Parent, as well as the mere approval by the CNMV of a takeover bid that could lead to a change of control, are included in the clauses of the financing contracts described in note 10c as situations of early maturity, which allow the financial institution and the bondholders to request repayment of the full outstanding amounts of the financing.

At 30 September 2024, there was no situation in which any of the early maturity clauses were met and therefore the Parent of the Group would not be obliged to repay the borrowings early. Therefore, these borrowings are presented in the condensed consolidated interim financial statements in accordance with their respective repayment schedules.

In this context, the directors of the Parent have confirmed with the company making the bid that, should the CNMV approve the takeover, the financial viability of the Parent would not be compromised as the refinancing agreed by said company in relation to the takeover would be bearable by the Parent even in the event that the bid were unsuccessful (unless this is due to the success of a competing bid authorised by the CNMV, which is an unlikely scenario given that holders of over 50% of the Company’s share capital have undertaken to accept the bid).

Other aspects

In relation to the aforementioned takeover bid, the bidder has stated that if the bid is successful, an agreement is in place with Grupo Lar Inversiones Inmobiliarias, S.A. to terminate the current management contract (see note 17b), and the Parent would pay Grupo Lar Inversiones Inmobiliarias, S.A. Euros 8.3 million as compensation.

Also, in February 2022, the Parent Company entered into agreements with financial advisors to receive advice in connection with possible transactions involving changes in the Parent Company's shareholding control. These agreements include potential fees in certain circumstances. As of the closing date, given that none of these circumstances have materialized, no provision has been recorded for this concept.

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

(a) Regulatory framework

The financial reporting framework applicable to the Group is that set out in:

- The Spanish Code of Commerce and related commercial legislation.
- International Financial Reporting Standards as adopted by the European Union (IFRS-EU) through Regulation (EC) No 1606/2002 of the European Parliament and of the Council and through Law 62/2003 of 31 December 2003 on tax, administrative and social measures.
- Mandatory standards approved by the Spanish Accounting and Auditing Institute (ICAC) in drafting the Spanish General Chart of Accounts and its supplementary standards.
- Other applicable Spanish accounting legislation.
- Law 11/2009 of 26 October 2009, as amended by Law 16/2012 of 27 December 2012, and Law 11/2021 of 9 July 2021, which governs SOCIMIs.

The consolidated annual accounts for 2023 were prepared in accordance with the financial reporting framework indicated above to give a true and fair view of the consolidated equity and consolidated financial position of the Group at 31 December 2023, as well as the consolidated results of its operations, changes in consolidated equity and consolidated cash flows for the year then ended.

The Group's consolidated financial statements for 2023 were approved by the shareholders of Lar España Real Estate SOCIMI, S.A. at their general meeting held on 25 April 2024.

These condensed consolidated interim financial statements are presented in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, and were authorised for issue by the directors of the Parent on 19 November 2024.

Pursuant to IAS 34, the interim financial reporting is only intended to provide an update on the content of the latest consolidated annual accounts drawn up by the Group, focusing on new activities, events and circumstances occurring during the period, without repeating the information previously published in the consolidated annual accounts for 2023. Therefore, the condensed consolidated interim financial statements at 30 September 2024 do not include all the information that would be required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards and should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023.

The consolidated results and the determination of consolidated equity are sensitive to the accounting principles and policies, measurement criteria and estimates used by the directors of the Parent in preparing the condensed consolidated interim financial statements. In this respect, the main accounting policies and principles and measurement criteria used are the same as those applied in the consolidated financial statements for 2023, except for the standards and interpretations that came into force during the first nine months of 2024.

During the first nine months of 2024 the following standards, amendments to standards and interpretations became effective and, where applicable, have been used by the Group in the preparation of the condensed consolidated interim financial statements:

Mandatory application for annual periods beginning on or after 1 January 2024.

– Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback: This amendment clarifies the subsequent accounting of lease liabilities arising from sale and leaseback transactions.

– Amendments to IAS 1 - Non-current Liabilities with Covenants. Classification as Current or Non-current: Clarifications regarding the presentation of liabilities as current or non-current, particularly with settlement subject to compliance with covenants.

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

All mandatory accounting principles and measurement criteria with a significant effect on the condensed consolidated interim financial statements have been applied.

Similarly, the following standards, amendments to standards and interpretations were not in force during the first nine months of 2024, having not been approved for use in the EU:

– IFRS 18 - Presentation and Disclosure in Financial Statements: This sets out the presentation and disclosure requirements for financial statements, thereby replacing IAS 1, which is currently in force.

– IFRS 19 - Subsidiaries without Public Accountability Disclosures: This details the disclosures that a subsidiary may optionally apply in issuing its financial statements.

– Amendments to IAS 21 - Lack of Exchangeability: This amendment establishes an approach that specifies when one currency can be exchanged for another, and if not, the determination of the exchange rate to be used.

– Amendments to IFRS 7 and IFRS 9 - Classification and Measurement of Financial Instruments: Clarification of the criteria for the classification of certain financial assets, as well as the criteria for the derecognition of liquid financial liabilities settled using an electronic payment system. Moreover, it introduces additional disclosure requirements.

(b) Functional and presentation currency

The figures disclosed in the condensed consolidated interim financial statements at 30 September 2024 are expressed in thousands of Euros, the Parent’s functional and presentation currency.

(c) Comparative information

As required by International Financial Reporting Standards as adopted by the European Union, the accompanying condensed consolidated interim financial statements for the nine-month period ended 30 September 2024 include comparative figures for the nine months ended 30 September 2023 (for the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows) and at 31 December 2023 (for the condensed consolidated statement of financial position).

The accounting criteria have been applied on a consistent basis in 2024 and 2023, and therefore no operations or transactions have been recognised applying different criteria that could give rise to interpretation discrepancies when comparing the figures for the two accounting periods.

(d) Estimates

Estimates made by the Parent's directors have occasionally been used to quantify certain assets, liabilities, income, expenses and commitments in the preparation of the accompanying condensed consolidated interim financial statements. These estimates mainly comprise:

- Calculation of fair value of investment property, applying valuation models (see note 5).
- Assessment of compliance with SOCIMI requirements (see notes 1 and 13a.v).
- Valuation allowance for bad debts (see note 6).
- Assessment of provisions and contingencies (see notes 6 and 14).
- Financial risk management (see note 13).

These estimates are made by the Parent’s directors on the basis of the best information available at the time on the items analysed. However, future events could require changes to these estimates in future years, which would be made in accordance with IAS 8.

(e) Correction of errors

During the first nine months of 2024 no errors have come to light with respect to the previous year-end that would require correction.

(f) Seasonality of Group transactions

Given the activities in which the Group companies are engaged, the Group's transactions are not particularly cyclical or seasonal. Consequently, no specific disclosures in this regard are included in these notes to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2024.

(g) Materiality

When determining the disclosures required in the notes regarding the different items in the financial statements and other matters, the Group, in accordance with IAS 34, has considered their materiality with respect to the condensed consolidated interim financial statements for the nine-month period ended 30 September 2024.

(h) Condensed consolidated statement of cash flows

The following terms are used in the condensed consolidated statement of cash flows with the meanings specified:

- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.
- Investing activities comprise the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities are those that result in changes in the size and composition of the entity's equity and borrowings.

For the purpose of preparing the condensed consolidated statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits at banks and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are not subject to significant risk of changes in value.

(3) CHANGES IN GROUP COMPOSITION

Note 4e and Appendix I to the consolidated annual accounts for the year ended 31 December 2023 include relevant information on the consolidated Group companies and equity-accounted investees at that date.

On 21 December 2023, the following companies were dissolved and wound up: LE Logistic Alovera I y II, S.A.U., LE Logistic Alovera III y IV, S.A.U., LE Logistic Almussafes, S.L.U., LE Offices Joan Miró 21, S.L.U., LE Retail Galaria, S.L.U., LE Retail Villaverde, S.L.U., LE Retail Alisal, S.L.U., LE Offices Eloy Gonzalo 27, S.A.U., Lar España Inversión Logística IV, S.L.U., LE Offices Marcelo Spinola 42, S.L.U., and LE Retail Córdoba Sur, S.L.U., having been idle since the real estate assets they owned had been disposed of in prior years.

During the nine-month period ended 30 September 2024, Global Giste S.L.U. was acquired on 10 July 2024. The company is currently idle as it does not have any real estate assets. Details of the acquired company and the consideration transferred are as follows:

Company	Principal activity	Acquisition date	Percentage ownership (voting rights) acquired	Consideration transferred (thousands of Euros)
Global Giste, S.L.U.	Leasing of real estate	10/07/2024	100%	4

	Thousands of Euros	
	Carrying amount	Fair value
Cash and cash equivalents	1	1
Trade and other payables	0	0
Total net assets	**1**	**1**
Consideration transferred for 100%		**4**
Expenditure incurred in the acquisition of the company		**(3)**

(4) SEGMENT REPORTING

(a) Operating segments

The Group's investment policy and operations focus on shopping centres and business parks (retail). Therefore, at 30 September 2024, it has only one operating segment as this is the classification used to measure performance and that considered most relevant for evaluating the results of the segments compared to other groups that operate in the same line of business.

(b) Geographical segments

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

The following table summarises revenue by geographical area at 30 September 2024 and 2023:

	Thousands of Euros 30.09.2024		Thousands of Euros 30.09.2023 (*)	
	Revenues	%	Revenues	%
Andalusia	13,878	20.25	12,998	18.70
Basque Country	13,268	19.36	12,839	18.47
Galicia	11,371	16.59	11,869	17.08
Valencia autonomous region	10,152	14.82	10,833	15.59
Castilla-La Mancha	8,110	11.84	7,677	11.05
Castilla y León	6,399	9.34	5,936	8.54
Catalonia	5,346	7.80	4,835	6.96
Madrid autonomous region	-	-	2,509	3.61
	68,524	100.00	69,496	100.00

(*) Unaudited and unreviewed

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

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

(c) Main customers

Presented below are details of the tenants that contributed the most rental revenues during the period ended 30 September 2024, as well as the main characteristics of each one:

Ranking	Trade name	Project	% of total revenue	% Accumulated	Expiry date*	Sector
1	Inditex	Anec Blau/Albacenter/El Rosal/As Termas/Portal de la Marina/Gran Vía de Vigo/Lagoh	11.00%	11.00%	2025-2039	Retail fashion
2	Carrefour	El Rosal/Gran Vía de Vigo/ Hyper Portal de la Marina	4.32%	15.32%	2028-2060	Distribution/Hypermarket
3	Media Markt	Megapark/Parque Abadía/As Termas/Lagoh	2.64%	17.96%	2029-2044	Technology
4	Decathlon	Megapark/Parque Abadía/Vidanova Parc	2.57%	20.53%	2036-2043	Distribution
5	Yelmo	Lagoh/Anec Blau/Vidanova Parc/As Termas/Megapark	2.54%	23.07%	2031-2045	Leisure
6	Cortefiel/Tendam	Albacenter/AnecBlau/As Termas/Megapark/Galeria Abadía/El Rosal/Portal de la Marina/Txingudi/Vidanova Parc/Lagoh	2.38%	25.45%	2025-2033	Retail fashion
7	Mercadona	Lagoh, Hyper Albacenter, Anec Blau and Megapark	2.24%	27.69%	2040-2049	Distribution/Hypermarket
8	C&A Modas	Portal Marina/Parque Abadía/Megapark,/As Termas/Vidanova/Gran Vía de Vigo	2.07%	29.76%	2026-2038	Retail fashion
9	Corte Inglés	Lagoh/Parque Abadía/ Gran Via de Vigo/ Megapark/ As Termas	1.69%	31.45%	2025-2039	Retail fashion
10	Druni	Portal Marina/Albacenter/Anec Blau/Megapark/Galería Abadía/Galería Abadía/Huertas/Lagoh/EL Rosal/Gran Via de Vigo	1.62%	33.07%	2026-2044	Cosmetics

* Information on contract expiry refers to the end date of the contract, although there are cases where there are options for earlier terminations.

(5) INVESTMENT PROPERTY

At 30 September 2024 and 31 December 2023 the investment property owned by the Group comprises nine shopping centres and three retail parks, and the land on which these are located, which are held to obtain rental income and are not occupied by the Group.

Investment property is presented at fair value.

Details and movement during the first nine months of 2024 are as follows:

	Thousands of Euros
	Completed investment property
Fair value at 31 December 2023	1,312,956
Additions for the period	2,382
Change in fair value of investment property	(10,047)
Balance at 30 September 2024	1,305,291
Fair value at 30 September 2024	1,305,291

Additions and changes in the scope

Additions for the nine-month period ended 30 September 2024 relate to the following items:

Type of asset	Name	Thousands of Euros Additions
Shopping centre	Gran Vía de Vigo (a)	502
Shopping centre	Anec Blau (a)	330
Shopping centre	As Termas (a)	306
Shopping centre	Txingudi (a)	252
-	Improvements to other assets and fit outs	992
		2,382

(a) Amounts corresponding mainly to refurbishments and fit outs in the Gran Vía de Vigo, Anec Blau, Txingudi and As Termas shopping centres.

At 30 September 2024, additions to investment property pending payment amount to Euros 320 thousand and are recorded under trade and other payables in the condensed consolidated statement of financial position (Euros 2,323 thousand at 31 December 2023).

The investment commitments relating to investment property amount to Euros 2,926 thousand at 30 September 2024 (Euros 1,377 thousand at 31 December 2023).

Fair value of investment property

The fair value of investment property at 30 September 2024 amounts to Euros 1,305,291 thousand (Euros 1,312,956 thousand at 31 December 2023), which are considered level 3 valuations, with no transfers between levels during the first nine months of 2024. These are all shopping centres and retail parks.

Details of the gross lettable area and occupancy rate at 30 September 2024 and 31 December 2023, by line of business, are as follows:

	Square metres			
	30 September 2024		31 December 2023	
	Gross lettable area	Occupancy rate	Gross lettable area	Occupancy rate
Shopping centres and retail parks	479,487	96.82%	480,226	97.09%

All investment property leased or expected to be leased out under an effective lease is classified as investment property. In accordance with IAS 40, the fair value of the investment property was determined by professionally accredited external independent appraisal companies with recent experience in the locations and categories of the properties being appraised. Independent appraisal companies provide the fair value of the Group's investment property portfolio every six months (June and December), and quarterly in the case of assets under construction or comprehensive refurbishment.

Therefore, the fair value of the investment property at 30 September 2024 in these condensed consolidated interim financial statements has been obtained by taking into account the appraisals of independent experts at 30 June 2024 and incorporating the additions made during the period, considering these additions as an increase in the value of the assets. The directors of the Parent consider this interpretation to be reasonable in view of the stability of prime yields in the retail market during the third quarter of 2024.

The appraisals are conducted in accordance with the RICS Valuation - Professional Standards published by The Royal Institution of Chartered Surveyors (“Red Book”), based in the United Kingdom.

The methodology used to calculate the market value of investment assets consists of updating 10-year projections of income and expense for each asset, which will be updated at the reporting date using a market discount rate. The residual value at the end of year 11 is calculated applying a rate of return (“exit yield” or “cap rate”) to the estimated net income projections for year 11. The market values thus obtained are analysed by calculating and analysing the yield capitalisation implicit in these values. The projections are intended to reflect the Group's best estimate, as reviewed by the valuer, of future income, taking into account, inter alia, CPI updates, scheduled rent revisions and the expiry of property asset contracts and expenses.

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

In relation to projected rents, each of the lease contracts in force at the end of the period is taken into consideration, which generally include annual increases based on the CPI. The CPI percentages used in the valuations are estimated by the valuers on the basis of generally accepted forecasts. Also, since valuers do not know with certainty whether periods of vacancy will occur in the future, nor how long they might last, they perform their structural forecast for each asset based on the quality and location of the property.

The exit yield and discount rate are determined on the basis of the valuers' knowledge of market conditions, the specific conditions of each asset and, where appropriate, the comparable transactions carried out.

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

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

	Thousands of Euros	
	30.09.2024	30.09.2023 (*)
Appraisal services	38	30
	38	30

(*) Unaudited and unreviewed.

Assumptions used in the appraisals

In relation to the determination of the fair value of investment property, the significant unobservable inputs used in the fair value measurement are the rent amounts, exit yields and the rate used for the discounted cash flow projections. Quantitative information about the significant unobservable inputs used in the fair value measurement is shown below:

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

With regard to rents, the amounts per square metre used in the appraisals for the first half of 2024 ranged from Euros 8.51 to Euros 23.79 per month (Euros 8.2 to Euros 22.8 per month at 31 December 2023), depending on the type of asset and location. The rent growth rates used in the projections are mainly based on the CPI.

Sensitivity analysis on the assumptions used

The effect of a quarter point, half point and one point change in the discount rate, rents and exit yield on condensed consolidated assets and condensed consolidated comprehensive income in respect of investment property would be as follows:

Variation in the discount rate

	Thousands of Euros					
	30.06.2024					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in the discount rate	(21,876)	(42,364)	(81,239)	(21,876)	(42,364)	(81,239)
Decrease in the discount rate	18,604	40,531	84,303	18,604	40,531	84,303

	Thousands of Euros					
	31.12.2023					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in the discount rate	(19,377)	(40,677)	(80,248)	(19,377)	(40,677)	(80,248)
Decrease in the discount rate	21,580	43,670	89,113	21,580	43,670	89,113

Variation in rents

	Thousands of Euros					
	30.06.2024					
	Assets			Consolidated comprehensive income		
	2.50%	5%	10%	2.50%	5%	10%
Increase in rents	15,803	33,524	67,210	15,803	33,524	67,210
Decrease in rents	(23,379)	(46,162)	(88,589)	(23,379)	(46,162)	(88,589)

	Thousands of Euros					
	31.12.2023					
	Assets			Consolidated comprehensive income		
	2.5%	5%	10%	2.5%	5%	10%
Increase in rents	19,521	38,854	77,242	19,521	38,854	77,242
Decrease in rents	(26,957)	(47,676)	(92,029)	(26,957)	(47,676)	(92,029)

Variation in the exit yield

	Thousands of Euros					
	30.06.2024					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in the exit yield	(24,853)	(46,288)	(84,603)	(24,853)	(46,288)	(84,603)
Decrease in the exit yield	22,860	49,697	109,914	22,860	49,697	109,914

	Thousands of Euros					
	31.12.2023					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in the exit yield	(24,190)	(47,403)	(88,926)	(24,190)	(47,403)	(88,926)
Decrease in the exit yield	27,363	56,859	123,545	27,363	56,859	123,545

Details of changes in the fair value of investment property in the consolidated statement of comprehensive income at 30 September 2024 and 2023 are as follows:

	Thousands of Euros		Thousands of Euros	
	30.09.2024		30.09.2023 (*)	
	Investment property	ANCMV	Investment property	ANCMV
Shopping centres and retail parks	(10,047)	-	(12,244)	166
	(10,047)	-	(12,244)	166

(*) Unaudited and unreviewed.

(6) FINANCIAL ASSETS BY CATEGORY

(a) Classification of financial assets by category

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

	Thousands of Euros			
	30 September 2024		31 December 2023	
	Non-current	Current	Non-current	Current
Non-current financial assets	14,621	-	13,949	-
Other financial assets	-	3	-	3
Operating lease receivables - pending invoices	-	2,955	-	2,775
Operating lease receivables - invoices issued	-	117	-	631
Operating lease receivables - rental income on a straight-line basis	2,792	1,188	3,541	1,863
Public entities, other	-	2,979	-	4,662
Total	17,413	7,242	17,490	9,934

At 30 September 2024 and 31 December 2023, other non-current financial assets mainly comprise the security deposits and other guarantees received from the tenants of the investment property mentioned in note 5, which the Group has deposited with the corresponding public bodies.

At 30 September 2024 and 31 December 2023, operating lease receivables - pending invoices in the above table mainly include expenses for property tax (IBI) that are yet to be rebilled to tenants, as well as variable rent income that is yet to be invoiced to tenants.

At 30 September 2024 and 31 December 2023, operating lease receivables - invoices issued mainly include rentals accrued and invoiced during the year to tenants, which are pending collection, net of impairment (see note 6c).

At 30 September 2024 and 31 December 2023, operating lease receivables - rental income on a straight-line basis include the amount yet to be taken to profit or loss in respect of payment holidays and/or concessions granted to certain tenants which, in accordance with the financial reporting framework applicable to the Group, are recognised in the condensed consolidated interim statement of comprehensive income on a straight-line basis between the agreement date and the minimum remaining contractual term of each lease arrangement. Of this amount, at 30 September 2024, Euros 1,994 thousand comprises concessions granted in relation to the COVID-19 pandemic (Euros 2,667 thousand at 31 December 2023), while the remaining balance mainly reflects payment holidays, step rents and fit outs (contributions to tenants) granted on the signing of new lease contracts.

In addition, at 30 September 2024 and 31 December 2023, public entities, other mainly includes value added tax to be refunded and withholdings on account of income tax, related to investments in the Group's real estate assets.

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

(b) Classification of financial assets by maturity

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

	Thousands of Euros			
	30.09.2024			
	Less than 1 year	1-5 years	More than 5 years	Total
Non-current financial assets	-	-	14,621	14,621
Other financial assets	3	-	-	3
Operating lease receivables - pending invoices	2,955	-	-	2,955
Operating lease receivables - invoices issued	117	-	-	117
Operating lease receivables - rental income on a straight-line basis	1,188	2,364	428	3,980
Public entities, other (note 14)	2,979	-	-	2,979
	7,242	2,364	15,049	24,655

	Thousands of Euros			
	31.12.2023			
	Less than 1 year	1-5 years	More than 5 years	Total
Non-current financial assets	-	-	13,949	13,949
Other financial assets	3	-	-	3
Operating lease receivables - pending invoices	2,775	-	-	2,775
Operating lease receivables - invoices issued	631	-	-	631
Operating lease receivables - rental income on a straight-line basis	1,863	2,395	1,146	5,404
Public entities, other (note 14)	4,662	-	-	4,662
	9,934	2,395	15,095	27,424

(c) Impairment of trade receivables

Movement in impairment of amounts payable to the Group by the tenants at 30 September 2024 is as follows:

	Thousands of Euros
Balance at 31 December 2023	3,698
Impairment (note 16)	1,158
Impairment reversals (note 16)	(2,342)
Balance at 30 September 2024	2,514

Impairment and reversals of impairment on trade receivables are recognised under other “operating expenses” in the accompanying condensed consolidated interim statement of comprehensive income (see note 16). Also, at 30 September 2024, bad debt losses of Euros 1,362 thousand (Euros 1,237 thousand at 30 September 2023) were recognised under other operating expenses in the accompanying condensed consolidated interim statement of comprehensive income (see note 16).

(7) CASH AND CASH EQUIVALENTS

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

	Thousands of Euros	
	30.09.2024	31.12.2023
Banks	224,292	244,218
Total	224,292	244,218

At 31 December 2023, this balance included Euros 115,000 of readily available deposits with a maturity of less than three months managed and arranged by BNP and Credit Agricole, which had been cancelled at 30 September 2024. At 30 September 2024, this included a balance of Euros 199,000 thousand, with immediate availability in respect of two interest-bearing accounts arranged and managed by Barclays and Credit Agricole. During the first nine months of 2024, Euros 6,072 thousand of finance income (Euros 2,383 thousand at 30 September 2023) was recorded, comprising the interest accrued on deposits and the interest-bearing account, which earn interest at an average rate of 3.86% (4.15% at 30 September 2023).

In addition, at 30 September 2024 and 31 December 2023 the cash and cash equivalents held by the Group are unrestricted.

(8) EQUITY

(a) Capital

At 30 September 2024 and 31 December 2023 the share capital of Lar España Real Estate SOCIMI, S.A. amounts to Euros 167,386 thousand represented by 83,692,969 registered shares, through book entries, with a par value of Euros 2 each, subscribed and fully paid, all granting the same rights.

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

The share price at 30 September 2024 was Euros 8.05 per share (Euros 6.15 per share at 31 December 2023) and the average share price for the first nine months of 2024 was Euros 7.19 per share (Euros 5.39 per share at 31 December 2023).

At 30 September 2024 and 31 December 2023 the Parent's main shareholders are as follows:

	%	
	30.09.2024	31.12.2023
Castellana Properties SOCIMI, S.A.	25.5%	25.5%
Grupo Lar Inversiones Inmobiliarias, S.A.	10.0%	10.0%
Adamsville, S.L.	5.2%	5.2%
Brandes Investment Partners, L.P.	5.0%	5.0%
Blackrock Inc.	4.3%	3.7%
Sand Grove Capital Management	3.4%	-
Utah State Retirement Systems	3.1%	3.1%
Other shareholders with an interest of less than 3%	43.5%	47.5%
	100.0%	100.0%

(b) Share premium

The Revised Spanish Companies Act expressly provides for the use of the share premium to increase share capital and does not establish any specific restrictions on the availability thereof, provided that the use of the premium for this purpose does not reduce equity to an amount lower than share capital.

On 25 April 2024, the distribution of dividends for 2023 against share premium was approved in the amount of Euros 4,393 thousand, considering all the shares issued (see note 8e).

At 30 September 2024 the share premium of the Group amounts to Euros 410,910 thousand (Euros 415,303 thousand at 31 December 2023).

(c) <u>Other reserves</u>

Details at 30 September 2024 and 31 December 2023 are as follows:

	Thousands of Euros	
	30.09.2024	31.12.2023
Legal reserve	29,106	22,242
Redeemed capital reserve	23,384	23,384
Parent reserves	(59,014)	(63,819)
Consolidated reserves	247,825	284,394
Other shareholder contributions	240	240
	241,541	266,441

(i) *<u>Legal reserve</u>*

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

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

At 30 September 2024 the legal reserve of the Company amounts to Euros 29,106 thousand (Euros 22,242 thousand at 31 December 2023). Therefore, the legal reserve has not been fully appropriated at 30 September 2024.

Pursuant to Law 11/2009 which governs SOCIMIs, the legal reserve of companies that have opted to avail themselves of the special tax regime provided by this Law may not exceed 20% of their share capital. The articles of association of these companies may not stipulate any restricted reserve other than the legal reserve.

(ii) *<u>Redeemed capital reserve</u>*

This reserve includes the nominal amount of own shares redeemed in the share capital reductions carried out on 18 November 2021, 20 December 2019, 10 June 2019 and 28 December 2018, for a total amount of Euros 23,384 thousand. Charges to and the availability of this reserve shall be in accordance with the same requirements as for capital reductions, in application of the provisions of article 335 c) of the Revised Spanish Companies Act, which was approved by Royal Legislative Decree 1/2010, of 2 July 2010.

(d) Treasury Shares

At 30 September 2024 the Parent holds own shares amounting to Euros 403 thousand. Movement during the nine-month period was as follows:

	Number of shares	Thousands of Euros
31 December 2023	62,545	371
Additions	361,474	2,476
Disposals	(365,889)	(2,444)
30 September 2024	58,130	403

The average selling price of own shares sold during the first nine months of 2024 was Euros 6.80 per share. In addition, the profit from these sales amounted to Euros 63 thousand, which was recorded under other reserves in the condensed consolidated statement of financial position.

On 5 February 2014, the sole shareholder of the Parent authorised the Board of Directors to acquire shares in the Parent, up to a maximum of 10% of the share capital. The Parent has entered into a liquidity contract with a financial intermediary in accordance with the Spanish Securities Market Commission (CNMV) Circular 3/2007 of 19 December 2007 on liquidity contracts for their acceptance as market practice, and other applicable legislation. In 2023, the Parent terminated its liquidity contract with JB Capital Markets and entered into a liquidity contract with GVC Gaesco Valores. Since 11 July 2024 and after the Grupo Lar takeover bid was announced, the Parent has not carried out any additional transactions relating to the Company's own shares.

(e) Dividends paid and repayment of share premium

At their general meeting on 25 April 2024, the shareholders of the Parent approved the distribution of a Euros 66,167 thousand dividend, of which Euros 61,771 thousand was charged against profit for 2023 (Euros 0.7381 per share) and Euros 4,396 thousand against share premium (Euros 0.0525 per share). This dividend was paid on 24 May 2024. The amount distributed amounted to Euros 66,145 thousand (Euros 61,752 thousand charged against profit for 2023 and Euros 4,393 thousand against share premium), after deducting the amount corresponding to own shares, which does not come out of the Parent's equity, considering the amount per share approved and the outstanding shares at the date of approval at the general shareholders’ meeting.

(9) EARNINGS PER SHARE

(a) Basic

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

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

	Thousands of Euros	
	30.09.2024	30.09.2023(*)
Profit for the period attributable to equity holders of the Parent	34,614	50,390
Weighted average number of ordinary shares outstanding (number of shares)	83,642,371	83,628,992
Basic earnings per share (Euros)	0.41	0.60

(*) Unaudited and unreviewed

The weighted average number of ordinary shares outstanding is determined as follows:

	30.09.2024	30.09.2023 (*)
Ordinary shares	83,692,969	83,692,969
Average effect of own shares, capital increases and reductions	(50,598)	(64,977)
Weighted average number of ordinary shares outstanding at 30 September (number of shares)	83,642,371	83,628,992

(*) Unaudited and unreviewed

(b) Diluted

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

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

(10) FINANCIAL LIABILITIES BY CATEGORY

(a) Classification of financial liabilities by category

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

	Thousands of Euros	
	30.09.2024	
	Non-current	Current
	Carrying amount	Carrying amount
At amortised cost:		
Financial liabilities from issuing bonds and other marketable securities	578,344	5,654
Loans and borrowings	69,961	2,753
Other financial liabilities	21,149	63
Trade and other payables:		
Trade payables	-	11,081
Public entities, other	-	1,734
Current tax liabilities	-	6
Total financial liabilities	669,454	21,291

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

At 30 September 2024 and 31 December 2023 the fair value of the bonds is equal to their quoted price. The bonds issued in July 2021, with a nominal value of Euros 293 million at 30 September 2024 (Euros 293 million at 31 December 2023), are trading at 97.88% of their nominal value (90.11% at 31 December 2023), and the bonds issued in November 2021, with a nominal value of Euros 288 million at 30 September 2024 (Euros 288 million at 31 December 2023), are trading at 96.29% of their nominal value (81.63% at 31 December 2023).

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

(b) <u>Classification of financial liabilities by maturity</u>

Details of financial liabilities at 30 September 2024 and 31 December 2023, by maturity, are as follows:

	30.09.2024			
	Thousands of Euros			
	Less than 1 year	1-5 years	More than 5 years	Total
Bonds issued (a)	5,654	581,000	-	586,654
Loans and borrowings (a)	2,753	70,000	-	72,753
Other financial liabilities	63	-	21,149	21,212
Trade and other payables	12,821	-	-	12,821
	21,291	651,000	21,149	693,440

(a) The effect of measuring bonds and loans and borrowings at amortised cost is a decrease in the nominal amount of these financial liabilities of Euros 2,656 thousand and Euros 39 thousand, respectively, at 30 September 2024.

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

(a) The effect of measuring bonds and loans and borrowings at amortised cost is a decrease in the nominal amount of these financial liabilities of Euros 3,458 thousand and Euros 50 thousand, respectively, at 31 December 2023.

(c) Main characteristics of financial liabilities from bonds issued and loans and borrowings

Loans and borrowings

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

				Thousands of Euros	
Entity	Currency	Effective rate	Maturity	Amount extended	Amortised cost and interest payable at 30 September 2024
Banco Sabadell	Euro	3-month Euribor + 0.45%	19-Jun-2025	30,000	-
European Investment Bank	Euro	1.67%	4-May-2027	70,000	70,439
J.P Morgan SE	Euro	-	-		2,275
					72,714

In the context of the takeover bid announced by Helios RE, S.A. and taking into account the potential effects thereof on the loan from the European Investment Bank and the senior unsecured bonds (see note 1), the Parent entered into an agreement with J.P. Morgan SE to, if appropriate, take on new financing for a total amount of Euros 650 million, which would allow said debt to be refinanced, providing an alternative to the financing proposed by Helios RE, S.A. in the takeover bid. In October 2024, following the favourable progress with the shareholders who have agreed to the takeover bid, the Parent opted not to formalise the financing agreed with J.P. Morgan SE. The fee agreed with said financial institution, amounting to Euros 2,275 thousand, was pending settlement at 30 September 2024 and was settled on 12 November 2024.

In June 2024, the Group's Parent did not renew the Euros 30 million credit facility with Bankinter, which had an interest rate of three-month Euribor plus 1.60%, having arranged a new credit facility with Banco Sabadell for a maximum amount of Euros 30 million, with annual maturity and an interest rate of three-month Euribor plus 0.45%.

Finance costs accrued on the loans in the nine-month period ended 30 September 2024 amounted to Euros 884 thousand (Euros 920 thousand at 30 September 2024).The amortised cost effect of the loans was Euros 11 thousand (Euros 11 thousand at 30 September 2023). In addition, during the nine-month period ended 30 September 2024, the Euros 2,275 thousand relating to the financing agreed with J.P. Morgan SE, described above, was recognised as a finance cost. Accrued interest payable amounts to Euros 478 thousand at 30 September 2024 (Euros 185 thousand at 31 December 2023).

Covenants associated with the loan arranged with the EIB

The Parent of the Group undertakes to maintain, at all times, on the basis of the consolidated financial statements, a Loan to Value Ratio of less than 50% (taking into account net financial debt), a Debt Service Coverage Ratio greater than or equal to 2.5x and a Net Financial Debt/Equity Ratio of less than 1.0x. Failure to comply with these ratios is grounds for early maturity. In the opinion of the directors, these ratios were met at the date these condensed consolidated interim financial statements were authorised for issue and are expected to be met over the next 12 months.

Also, in certain scenarios, the loan entered arranged by the Parent of the Group with the European Investment Bank may be subject to early repayment. In particular, in the event of a change of control, the bank may cancel the undrawn portion of the loan and request early repayment of the outstanding amount, together with accrued interest and any other amounts due (see note 1).

Financial liabilities from bonds issued

In 2021 the Group restructured its debt by issuing two unsecured green bonds in the amount of Euros 400 million in July 2021 and Euros 300 million in November 2021, maturing on 22 July 2026 and 3 November 2028, respectively. They accrue interest at rates of 1.75% and 1.84%, respectively.

Green bond buybacks

On 19 January 2023, the Parent completed a buyback process for the two bond issues in 2021, for a total nominal amount of Euros 98 million in respect of the bonds issued on 22 July 2021 and Euros 12 million in respect of the bonds issued on 3 November 2021, with an average discount of 18%, equivalent to a final total price of Euros 90.5 million.

In addition, in the first half of 2023, the Parent completed bond buybacks on the open market, corresponding to the issue on 22 July 2021, for a total nominal amount of Euros 9 million, with an average discount of 16%, equivalent to a final price of Euros 7.5 million.

The Parent therefore recorded a gain of Euros 20.5 million (net of transaction costs) on the aforementioned buybacks under impairment and gains/losses on disposal of financial instruments in the consolidated statement of comprehensive income at 30 September 2023.

In this regard, the bonds acquired in January 2023 were redeemed once their buyback had been settled, with the bonds acquired in May and June 2023 yet to be redeemed. Thus, after the aforementioned buybacks, at 30 September 2024 and 31 December 2023 the nominal amount of the bonds issued on 22 July 2021 was Euros 293 million and that of the bonds issued on 3 November 2021 was Euros 288 million.

Finance income/cost associated with corporate bonds

Finance costs accrued on the bonds in the nine-month period ended 30 September 2024 amounted to Euros 8,628 thousand. The amortised cost effect was Euros 802 thousand (taking into account the finance costs of the amortised cost effect corresponding to the proportional part of the buybacks carried out during the first nine months of 2024, which have been recorded in the consolidated condensed interim statement of comprehensive income) (Euros 9,813 thousand at 30 September 2023, with an amortised cost effect of Euros 1,823 thousand). Accrued interest payable amounts to Euros 5,654 thousand at 30 September 2024 (Euros 3,113 thousand at 31 December 2023).

Covenants associated with corporate bonds and early maturity scenarios

The two bond issues of the Group in 2021 and outstanding at 30 September 2024 have covenants requiring compliance with certain financial ratios, calculated based on the Group's consolidated financial statements at each pertinent date (half-yearly).

- The Financial Debt-to-Equity Ratio must not exceed 60%, calculated as consolidated financial debt over total consolidated assets.

- The Secured Financial Debt-to-Equity Ratio must not exceed 40%, calculated as consolidated secured financial debt over total consolidated assets.

- The Interest Coverage Ratio must be greater than 2.1, calculated as EBITDA over finance costs for the period.

- The Total Unencumbered Asset Ratio must be less than 1.25.

Failure to comply with these ratios is cause for early maturity and may be remedied within 30 days of notification of the non-compliance by the fiscal agent or by any bondholder. In the opinion of the directors, these ratios were met at the date these condensed consolidated interim financial statements were authorised for issue. They also estimate that they will met during the next 12 months.

Early redemption of these financial instruments is also possible in certain scenarios. In particular, bondholders would have the option to request early redemption of their respective bonds provided that certain requirements are met: (i) if there is a change of control and there is either a downgrade of the rating below investment grade or a failure to rate the Company; or (ii) if a takeover bid is launched that could result in a change of control of the Company and is approved by the Spanish Securities Market Commission (CNMV) (see note 1). In such a scenario, the Parent would repay 101% of the outstanding principal amount.

(d) Cash movements in financial liabilities from debts

The cash movement in the Group's financial liabilities during the first nine months of 2024 is as follows:

	Thousands of Euros						
	Opening balance	New debt	Amortised cost effect	Repayment of principal	Interest paid	Accrued interest	Closing balance
		Cash flow		Cash flow	Cash flow		
Bonds issued	580,655	-	802	-	(5,285)	7,826	583,998
Loans and borrowings	70,135	-	11	-	(591)	3,159	72,714
	650,790	-	813	-	(5,876)	10,985	656,712

(11) OTHER NON-CURRENT FINANCIAL LIABILITIES

The Group’s other non-current financial liabilities at 30 September 2024 include Euros 21,149 thousand (Euros 19,784 thousand at 31 December 2023) of security deposits delivered to the Group by the various tenants of the commercial premises located in its real estate assets. This amount generally represents two months' rent, which is returned at the end of the contract term.

(12) TRADE AND OTHER PAYABLES

Details of trade and other payables at 30 September 2024 and 31 December 2023 are as follows:

	Thousands of Euros	
	30.09.2024	31.12.2023
Trade payables (a)	7,098	8,269
Trade payables, related parties (note 17a)	3,626	4,311
Salaries payable (note 17c)	357	291
Public entities, other (note 14)	1,734	4,580
Current tax liabilities (note 14)	6	1,467
	12,821	18,918

(a) Trade payables at 30 September 2024 include Euros 320 thousand (Euros 2,323 thousand at 31 December 2023) payable for investment property (see note 5).

(13) RISK MANAGEMENT POLICY

(a) Financial risk factors

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

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

(i) *Market risk*

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

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

- The economic environment in which the Company carries out its activity: The design of various economic scenarios with different key variables that can affect the Group (interest rates, share price, occupancy rates of investment property, etc.).
- The identification of variables that are interconnected and their degree of connection.
- The time frame within which the assessment is made: The time period for the analysis and potential deviations should be taken into account.

(ii) *Credit risk*

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

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

(iii) *Liquidity risk*

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

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

In this regard, the directors and management of the Parent took the decision in 2021 to carry out two issues of unsecured green bonds in the amount of Euros 400 million and Euros 300 million, in order to strengthen its liquidity position and repay a large portion of the Group's financial debt early. These green bond issues were successfully completed in July and October 2021, enabling the Group to pay off financial debt and move the maturity of its main financial obligations to 2026 and beyond.

In addition, the Group's subsidiaries have posted guarantees amounting to Euros 715 thousand at 30 September 2024 (Euros 4,481 thousand at 31 December 2023), the largest amount corresponding to two guarantees deposited in June 2023 and February 2024 by the Group company LE Retail Hiper Ondara, S. L.U. in amounts of Euros 351 thousand and Euros 356 thousand, respectively, provided to the provincial government of Vizcaya in respect of tax proceedings initiated in 2023 (see note 14b).

The bank guarantee deposited until 31 December 2023 by the Group company LE Retail Vistahermosa, S.L.U. in the amount of Euros 3,957 thousand, provided to the Valencian tax agency in respect of tax proceedings that ended on 19 June 2023, has been recovered.

Lastly, the Group's Parent, Lar España Real Estate SOCIMI, S.A. arranged a bank guarantee facility for Euros 42,126 thousand with Credite Agricole to cover the amount of the provisional settlement, as well as late-payment interest, issued by the Technical Office of the Madrid Regional Inspection Unit in relation to the VAT inspection for the periods covered in 2015 and 2016 (see note 14b). Moreover, on 29 July 2024, an additional guarantee in the amount of Euros 14,010 thousand was requested and granted before the Spanish High Court to stay the provisional tax assessment issued by the taxation authorities.

(iv) *Cash flow interest rate risk*

The Group manages interest rate risk by distributing the financing received between fixed and floating rates. The Group's policy is to maintain non-current loans and borrowings at a fixed rate.

At 30 September 2024 and 31 December 2023 the Company holds current fixed-rate financial assets (deposits) to generate a return on cash surpluses not invested in investment property. Fixed-rate financial assets are for the most part independent of market interest rate fluctuations.

At 30 September 2024 and 31 December 2023 income and cash flows from the Group's operating activities are not significantly affected by fluctuations in market interest rates.

(v) *Tax risk*

As mentioned in note 1 to the consolidated annual accounts for 2023, the Parent and some of its subsidiaries have availed of the special tax regime for SOCIMIs.

The requirements that must be met by the Parent include certain obligations of a more formal nature, such as incorporating the term SOCIMI into the corporate name, disclosing certain information in the notes to the individual annual accounts, the requirement to be quoted on a stock market, etc.; and others that, in addition, require management to make estimates and use judgement (determining taxable income, tests of income and assets, etc.). In the latter case, this could be somewhat complex, especially considering that the regime for SOCIMIs is relatively new and has essentially been developed on the basis of the response of the Spanish Directorate-General of Taxes to queries raised by different companies.

With the support of its tax advisors, Group management has assessed its compliance with the requirements of the regime, concluding that all the requirements were met at 31 December 2023 and 30 September 2024. Accordingly, the Group will continue to avail of the SOCIMI regime, a situation which has been taken into account in the preparation of these condensed consolidated interim financial statements.

(vi) *Environmental issues*

Lar España is aware that integrating sustainability into the business model is essential in order to create value for stakeholders. Consequently, in recent years appropriate measures based on various international standards have been implemented.
As part of the risk assessment performed annually, the Company studies the main climate risks that could affect the continuity of its business, as well as the different controls in place to mitigate these risks. This analysis is detailed in the Group's consolidated annual accounts for the year ended 31 December 2023, and has not changed significantly during the first nine months of 2024.

(14) PUBLIC ENTITIES AND TAXATION

(a) Balances with public entities

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

	Thousands of Euros	
Receivables	30.09.2024	31.12.2023
Taxation authorities, VAT recoverable	2,141	3,927
Taxation authorities, other withholdings	838	735
	2,979	4,662

	Thousands of Euros	
Payables	30.09.2024	31.12.2023
Taxation authorities, VAT payable	1,661	4,493
Taxation authorities, personal income tax withholdings payable	66	80
Social Security contributions payable	7	7
Current tax liabilities	6	1,467
Deferred tax liabilities	12,990	12,990
	14,730	19,037

(b) Periods pending verification and inspections

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or before the inspection period of four years has elapsed. At 30 September 2024, the Group has the last four financial years open to inspection.

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

VAT inspection

On 11 December 2019, a partial inspection of Lar España Real Estate SOCIMI, S.A. commenced in relation to the following items and periods:

Item	Periods
Income tax	2015 to 2018
Value added tax	2015 to 2018
Withholdings/payments on account of employment	09/2015 to 12/2018
Withholdings/payments on account for capital gains tax	09/2015 to 12/2018
Withholdings/payments on account of non-resident tax	09/2015 to 12/2018

At the outset, the inspectors announced that the scope of the proceedings would be limited to verifying the correct declaration of the State-Provincial taxation percentages for the aforementioned items. However, notice was received on 16 July 2021 that the inspection was to be extended to the verification of VAT for the periods covered in 2015 and 2016 on real estate transfers carried out under any title.

On 7 February 2022, following the completion of the inspection proceedings, five tax assessments were signed on an uncontested basis, resulting in tax payable of Euros 0 for all taxes and periods. However, a sixth assessment was signed on a contested basis in relation to the verification of VAT for the periods covered in 2015 and 2016. Said assessment proposed that a total amount of Euros 41,683 thousand be settled; Euros 34,313 thousand of tax due and Euros 7,370 thousand of late payment interest.

This proposed adjustment derived, according to the inspectors' understanding, from not having adjusted, in accordance with the provisions of article 110 of Value Added Tax Law 37/1992, of 28 December 1992, the amount of input tax in 2014 resulting from the acquisition of various investment properties that were transferred by the Parent in 2015 and 2016 to the following subsidiaries:

- Office building located at C/ Arturo Soria 366 in Madrid, contributed to LE Offices Arturo Soria, S.L.U. upon the incorporation of the latter on 21 September 2015.
- Parque de Medianas de Villaverde commercial building, contributed to LE Retail Villaverde, S.L.U. upon the incorporation of the latter on 21 September 2015.
- *Pro indiviso* properties and shares located in the Albacenter shopping centre in Albacete, contributed to LE Retail Albacenter, S.L.U. upon its incorporation on 29 April 2016.
- Office building and car park at Calle Cardenal Marcelo Spínola 42 in Madrid, contributed to LE Offices Marcelo Spínola 42. S.L.U. upon its incorporation on 29 April 2016.
- Commercial building called L'Anec Blau Centro Comercial y Ocio located in Castelldefels, Barcelona, contributed to LE Retail Anec Blau, S.L.U. upon its incorporation on 29 April 2016.
- Commercial premises located in the Huertas shopping centre at Avenida Madrid in Palencia, contributed to LE Retail las Huertas, S.L.U. upon its incorporation on 29 April 2016.
- Commercial premises located in Parque Comercial de Txingudi, located in Irún, contributed to LE Retail Txingudi, S.L.U. upon its incorporation on 29 April 2016.

The Parent's directors, relying on the Group's tax advisors, considered that the proposed adjustment was not in accordance with the law. To this end, submissions in respect of the contested tax assessment were drafted and filed in due time and form.

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

This settlement was challenged in due time and form before the Central Economic-Administrative Tribunal. The execution of the settlement ordered by the taxation authorities was stayed in due time and form by means of the provision of a guarantee line in effect for an amount of Euros 42,126 thousand (see note 13a.iii).

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

In this regard, the Economic-Administrative Tribunal resolved said claims in a joinder on 4 April 2024, confirming the assessment decision in its entirety and partially confirming the penalty decision, as the administrative power to sanction had become partially time-barred. Consequently, the amount not annulled by the Economic-Administrative Tribunal was Euros 56,136 thousand, of which Euros 34,312 thousand is the tax due, Euros 7,814 thousand is interest, and Euros 14,010 thousand is the penalty.

Thus, considering that the decision of the Central Economic-Administrative Tribunal was contrary to law, on 21 May 2024, the directors of the Parent filed an appeal for judicial review with the Judicial Review Chamber of the Spanish High Court, requesting a stay of execution of the decision appealed against.

This appeal for judicial review was given leave to proceed on 3 June 2024, and on 10 June 2024 the Judicial Review Chamber of the Spanish High Court resolved, as a precautionary measure, to stay the decision of the Central Economic-Administrative Tribunal, subject to the provision of a certificate of the economic sufficiency, validity and extension, in the judicial review proceedings, of the bank guarantee held by the taxation authorities. On 29 July, the Parent of the Group provided the pertinent bank guarantee for an amount of Euros 14,010 thousand to the Spanish High Court (see notes 13a.iii and 19).

Lastly, on 19 July 2024 a claim was filed with the Spanish High Court (see note 19). No response to the claim or any other notice from the tribunal has been received at this stage.

On 3 September 2024, it was agreed to extend the stay of enforcement of the entire tax debt in the judicial review proceedings, after the Company had provided the documentation requested by the chamber.

Based on the opinion of their tax advisors, the directors of the Parent consider it likely that the claims will be upheld in the courts, and that no adjustment will ultimately have to be made. Consequently, no provision has been made in this respect in the accompanying condensed consolidated interim financial statements.

On 29 July 2024, a partial inspection in relation to the following items and periods of Lar España Real Estate SOCIMI, S.A. commenced:

Item	Periods
Income tax	2019 to 2022
Value added tax	2020 to 2023

At the date these condensed consolidated interim financial statements were authorised for issue, no assessment has been issued as a result of this inspection.

In addition, on 13 June 2023, the Group company LE Retail Hiper Ondara, S.L.U. received a resolution issued by the Treasury and Finance Department of the provincial government of Vizcaya, which brought to an end the limited inspection of value added tax for 2019. This resolution refers to income of Euros 351 thousand, of which Euros 313 thousand is the amount of tax and Euros 38 thousand is late payment interest. On 18 December 2023, the Group company filed an economic-administrative appeal with the Vizcaya Economic-Administrative Tribunal against the aforementioned assessment decision, and a deposit of Euros 351 thousand was placed with the provincial government of Vizcaya (see note 13a.iii) as guarantee.

On 20 November 2023, this Group company received a resolution issued by the Treasury and Finance Department of the provincial government of Vizcaya, which brought to an end the limited inspection of value added tax for 2020. This resolution refers to income of Euros 341 thousand, of which Euros 310 thousand is the amount of tax and Euros 31 thousand is late payment interest. In this respect, the Group company has placed a deposit of Euros 356 thousand with the provincial government of Vizcaya (see note 13a.iii) as guarantee.

Additionally, on 12 February 2024, this Group company received a notification from the general state administration regarding the extension of the inspection in relation to value added tax to the periods from January 2020 to December 2023.

Finally, on July 5, 2024, the AEAT's acts of conformity were signed with respect to the 2018 to 2023 procedures, having reviewed the volumes of operations carried out by LE retail Hiper Ondara S.L.U. and recalculating the volumes of operations corresponding to each administration. This implies the nullity of the settlements issued to date by the Provincial Council of Vizcaya, obtaining a net refund of 61 thousand euros.

During the months of May and June 2024, economic-administrative claims have been filed before the Foral Economic-Administrative Court of Vizcaya with respect to the procedures relating to VAT for the years 2020 and 2021, reserving the right to make complementary allegations as soon as the procedure carried out by the General State Administration is completed. With the result of the procedure of the State Agency of Tax Administration, on August 2, the presentation of complementary allegations has been made in order to request the nullity of the liquidations issued by the Provincial Council of Vizcaya.

Transfer tax and stamp duty inspection

On 20 May 2020, an inspection commenced in respect of transfer tax and stamp duty paid in 2016 in relation to the property owned by the Group company LE Retail Vistahermosa, S.L.U. On 28 January 2021 this company filed an economic-administrative appeal against this assessment decision, and in February 2021 the company placed a deposit of Euros 3,957 thousand with the Valencian tax agency as guarantee. In this regard, on 19 June 2023, the Central Economic-Administrative Tribunal fully upheld the economic-administrative appeal filed by the company, annulling the assessment, which is why the company has recovered the guarantee deposited with Banco Sabadell (see note 13a.iii).

Inspection of tax on buildings, installations and construction work

With regard to the Group company LE Retail Lagoh, S.L.U., following the completion of the inspection in relation to the tax on buildings, installations and construction work in the Lagoh shopping centre, located in the municipality of Seville, which commenced on 8 June 2022, four tax assessments were signed on an uncontested basis on 30 January 2023, resulting in tax payable of Euros 486 thousand. This was paid on 20 April 2023.

(15) REVENUE

Details of revenue are presented in note 4, in conjunction with segment reporting.

(16) OTHER EXPENSES

Details of other operating expenses at 30 September 2024 and 2023 are as follows:

	Thousands of Euros	
	30.09.2024	30.09.2023 (**)
Independent professional services	12,409	14,493
Insurance premiums	258	300
Bank fees and commissions	90	22
Advertising and publicity	953	931
Utilities	14	13
Taxes	2,238	2,450
Impairment losses and uncollectibility of trade and other receivables (note 6c)	178	338
Remuneration of the Board of Directors (*)	441	468
Other expenses	2,983	2,898
	19,564	21,913

(*) Includes remuneration of the non-executive secretary.
(**) Unaudited and unreviewed.

Independent professional services mainly include the amount of remuneration paid to Grupo Lar Inversiones Inmobiliarias, S.A., the Group's asset manager (see note 17b).

Invoices issued to tenants include Euros 19,340 thousand for shared expenses (owners' association, services, etc.) passed on to them (Euros 19,183 thousand at 30 September 2023). This amount is presented by nature and is offset by the corresponding costs under other expenses in the accompanying condensed consolidated interim statement of comprehensive income for the nine-month period ended 30 September 2024.

In addition, impairment losses and uncollectibility of trade and other receivables include the movement in the provision for impairment of trade and other receivables for the period.

(17) RELATED PARTY BALANCES AND TRANSACTIONS

(a) Balances with associates and related parties

Details of balances with associates and related parties at 30 September 2024 and 31 December 2023 are as follows:

	Thousands of Euros		
	30.09.2024		
	Other related parties		
	Grupo Lar Inversiones Inmobiliarias, S.A.	Gentalia 2006, S.L.	Total
Trade and other payables (note 12)	2,932	694	3,626

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

(b) Transactions with associates and related parties

Management contract with Grupo Lar

On 29 December 2021 the Parent entered into an agreement with its management company, Grupo Lar Inversiones Inmobiliarias, S.A. (the "management company"), in order to amend the terms of the investment management agreement (“IMA”) arranged in prior years. Pursuant to this novation, the IMA shall remain in force for a period of five years from 1 January 2022. The structure of fees and commissions payable to the management company (base fee and performance fee) has also been amended.

The base fee payable to the management company shall be calculated as 0.62% of the EPRA NTA (EPRA net tangible assets) (excluding net cash) at 31 December of the previous year.

The base fee accrued by the management company amounted to Euros 3,835 thousand during the first nine months of 2024 (Euros 4,252 thousand at 30 September 2023), recorded under other expenses in the condensed consolidated interim statement of comprehensive income (see note 16). At 30 September 2024, is pending to be paid an amount of Euros 121 thousand (Euros 472 thousand at 31 December 2023) (see note 17a).

Similarly, the performance fee payable to the management company shall be the lower of: (i) the sum of 8% of the amount exceeding 8.5% of the increase in EPRA NTA of the Group (net of capital increases and reductions and dividend payments) plus 2% of the amount exceeding 8.5% of the annual increase in market capitalisation (net of capital increases and reductions and dividend payments); and (ii) 10% of the high water mark outperformance, subject to an overall limit equal to 1.5 times the amount of the annual base fee. Pursuant to clause 7.2.2 of the management contract, the Parent has the choice of paying the performance fee in cash or in own shares.

In relation to this performance fee and in view of the first nine months, at 30 September 2024 an amount of Euros 2,811 thousand (Euros 1,961 thousand at 30 September 2023) has been provisioned and is payable (see note 17a).

Other contracts with related parties

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

At 30 September 2024 the related expense amounts to Euros 2,593 thousand (Euros 2,250 thousand at 30 September 2023), of which Euros 694 thousand is payable (Euros 570 thousand at 31 December 2023).

(c) Information on the Parent's Board of Directors and senior management personnel of the Group

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

	Thousands of Euros			
	30.09.2024			
	Salaries	Other employee benefits expenses	Allowances	Insurance premiums
Board of Directors	-	-	441	153*
Senior management personnel	580	-	-	-

	Thousands of Euros			
	30.09.2023 (**)			
	Salaries	Other employee benefits expenses	Allowances	Insurance premiums
Board of Directors	-	-	468	137*
Senior management personnel	541	-	-	-

(**) Unaudited and unreviewed.

*The amount of public liability insurance premiums for damage or loss caused by actions or omissions in the performance of duties pertains to the Board of Directors and senior management of the Company.

Allowances for the Board of Directors include Euros 55 thousand at 30 September 2024 for the non-executive secretary of the Board of Directors (Euros 65 thousand at 30 September 2023).

At 30 September 2024 the Parent has five board members, three of whom are men and two of whom are women (at 31 December 2023 it had six board members; four men and two women).

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

The ILP approved by the Board of Directors in 2022 covers 2022-2024, so the long-term variable remuneration for those years will be paid, if the conditions are met, in the first four months of 2025. The amount shown for salaries in the above table includes Euros 63 thousand for the amount of the ILP accrued in the first nine months of 2024, which will be paid, if due, in 2025. In addition, Euros 80 thousand was accrued in 2023 in respect of the ILP.

At 30 September 2024 and 31 December 2023 there are commitments and agreements in place with members of senior management which stipulate the payment of termination benefits in the event of termination of employment under certain circumstances, following a change of control in the Parent or other scenarios. The contingent commitment does not in any case exceed two years' remuneration.

At 30 September 2024 and 31 December 2023, the Group has no pension, life insurance, stock options or compensation obligations with former or current members of the Board of Directors or senior management personnel of the Parent.

At 30 September 2024 and 31 December 2023 no advances or loans have been extended to members of the board or senior management.

(18) EMPLOYEE INFORMATION

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

	30.09.2024	31.12.2023
Professional category		
Senior management personnel	4	4
Total	4	4

The distribution of Group personnel by gender at 30 September 2024 and 31 December 2023 is as follows:

	30.09.2024		31.12.2023	
	Female	Male	Female	Male
Senior management	1	3	1	3
Total	1	3	1	3

In addition, at 30 September 2024 and 31 December 2023, the Group does not have any employees with a disability rating of 33% or more.

(19) SUBSEQUENT EVENTS

No events have occurred after closing that affect the Condensed Consolidated Interim Financial Statements corresponding to the nine months ended September 30, 2024.

(20) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

1 Situation of the Group

1.1 Organisational structure and operations

The Group, created in 2014, is comprised of a group of companies mostly under the tax regime governing Listed Real Estate Investment Companies ("SOCIMI"). It has designated Grupo Lar Inversiones Inmobiliarias, S.A. as exclusive manager, a company that has more than fifty years of experience in the property market and a long history of generating value through various property cycles in the last decades, and that has alliances with some of the most internationally renowned investors.

At Lar España, the highest governance body is the Board of Directors. The Board oversees the management of the Company with a view to promoting and protecting shareholders' interests. Strategic management, allocation of resources, risk management and corporate control, as well as accounting, financial and non-financial reports are among the main responsibilities of the Group's Board of Directors. The Board is the Company's chief management body, except as regards decisions that are reserved to the shareholders when constituted as a General Meeting.

During the first nine months of 2024 and the year 2023 the Group has carried out its activity with the rental of shopping centre and single-tenant commercial premises.

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

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

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

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

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

2 Evolution and result of the businesses

2.1 Introduction

As of 30 September 2024, the Group's ordinary revenue amounted to EUR 68,524 thousand, corresponding to the business in which the Group is engaged, the rental business.

During the first nine months of 2024, the Group incurred "Other operating expenses" amounting to EUR 19,564 thousand, corresponding essentially to the fees for management provided by Grupo Lar Inversiones Inmobiliarias, S.A. to the Group amounting EUR 6,646 thousand, recurrent services that are directly linked to the everyday management of the assets by the amount of EUR 8,500 thousand.

Earnings before interest, taxes, depreciation and amortization (EBITDA) is calculated as the result of the operations, net of the change in fair value of investment property, net of amortization expenses, stood at EUR 50,693 thousand.

The valuation in value during the first nine months of 2024 of the assets held by the Group at 30 September 2024, according to the independent valuation conducted by Cushman & Wakefield and JLL at 30 june 2024, supposed a negative effect in the Abridged Consolidated Interim Statement of Comprehensive Income of EUR 10,047 thousand.

The financial result was negative amount of EUR 6,032 thousand, including impairment and result from the disposals of financial instruments and changes in the fair value of financial instruments and without considering the share of profit (loss) for the year of investments accounted for using equity method.

The Group's profit for the period (after taxes) was EUR 34,614 thousand.

By area of activity, we should be emphasised:

- A significant percentage of the Group's revenue is the result of rent from shopping centres, representing a 70.9% of total revenue, as opposed to 29.1% from commercial parks.

- Around 39.9% of rental revenue is generated by the Lagoh, Puerta Marítima Ondara and Gran Vía de Vigo.

As of 30 September of 2024, the Group occupied across its whole business 96.8% the gross leasable area (GLA), the occupancy rate at shopping centres being 96.3% and retail parks occupancy stands at 97.8%.

As of 30 September of 2024, the Group has a portfolio of real estate rental projects covering shopping centres (309,832 sqm) and retail parks (169,655 sqm). The overall total gross leasable area of 479,487 sqm.

2.2 Other financial indicators

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

- Working capital (calculated as the difference between current assets and current liabilities) → EUR 212,329 thousand (EUR 233,909 thousand as of 31 December 2023).
- Liquidity ratio (calculated as the ratio of current assets to current liabilities) →11.0 (11.5 as of 31 December 2023).
- Solvency ratio (calculated as the quotient of the sum of net assets and non-current liabilities in the numerator and denominator, non-current assets) → 1.2 (1.2 as of 31 December 2023).

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

The ROE (Return on Equity), which measures the profitability obtained by the Group on its own shares, totals 2,41% (positive amount of 4.09% as of 31 December 2023). This is calculated as the quotient of the profit for the last 12 months and the Company's net equity, averaged over the last four quarters.

The ROA (Return on Assets), which measures the efficiency of the Group's total assets, regardless of the source of funding used, i.e. the capacity of a company's assets to generate profit, is 1,33% (positive amount of 2.29% as of 31 December 2023); This is calculated as the quotient of the profit for the last 12 months and the Company's total assets, averaged over the last four quarters.

2.3 Environment and staff issues

As of 30 September 2024, the Group has 4 employees (3 men and 1 woman). Said employees are classified as Senior Management. In the 2023 period the Company has had no employees with a 33% or greater disability.

2.4 Takeover bid

On July 12, 2024, a voluntary tender offer for 100% of the share capital of Lar España Real Estate SOCIMI, S.A. was made public, which is subject to the mandatory authorization of the Spanish National Securities Market Commission (CNMV). According to the public information, the offeror is Helios RE, S.A., a special purpose vehicle that has been incorporated for the purpose of formulating the offer and which is indirectly owned 62.5% by Hines European Real Estate Partners III SCSp and 37.5% by Grupo Lar Retail Investments, S.L., a company majority owned by Grupo Lar Inversiones Inmobiliarias, S.A. (hereinafter Grupo Lar, the entity that manages Lar España Real Estate SOCIMI, S.A.). This offer has been admitted for processing by the CNMV on July 30, 2024, pending approval in accordance with the deadlines contained in article 21 of Royal Decree 1066/2007, of July 27, on the regime of public offers for the acquisition of securities.

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

On October 2, 2024, Helios RE, S.A. reached an agreement with Castellana Properties SOCIMI, S.A., a shareholder of the Parent Company, by which it has irrevocably agreed to accept the takeover bid in exchange for an increase in its price to 8.30 euros per share. Following this agreement, taking into account the initial support, the takeover bid would already have been accepted by more than 50% of the shareholders of Lar España Real Estate SOCIMI, S.A.

Change of control clauses

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

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

In this context, the Directors of the Parent Company have confirmed with the offeror that, in the event of approval of the offer by the CNMV, the financial viability of the Parent Company would not be compromised since the refinancing agreed by the offeror in relation to the offer would be assumed by the Parent Company even in the event that the offer is not successful (unless this is due to the success of a competing offer authorized by the CNMV, a situation that is unlikely given that the offeror has commitments exceeding 50% of the Company's Share Capital).

Other aspects

On the other hand, and in relation to the takeover bid described above, the offeror has reported that in the event that it is successful, an agreement has been reached with Grupo Lar Inversiones Inmobiliarias, S.A. to terminate the current management contract (Note 17b), establishing that the Parent Company will pay Grupo Lar Inversiones Inmobiliarias, S.A. an amount of 8.3 million euros as compensation.

Also, in February 2022, the Parent Company entered into agreements with financial advisors to receive advice in connection with possible transactions involving changes in the Parent Company's shareholding control. These agreements include potential fees in certain circumstances. As of the closing date, given that none of these circumstances have materialized, no provision has been recorded for this concept.

3 Liquidity and capital resources

3.1 Liquidity and capital resources

On 30 September 2024, the Group's financial debt amounted to EUR 656,712 thousand. The level of debt is related basically to the two unsecured green bonds issuances, launched in July and November 2021. This also includes a credit line arranged by the Parent Company with European Investment Bank.

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

Subsequently, during 2023 partial buybacks of the first bond issued, which matures in 2026, continued, totalling Euros 9.0 million. The average discount rate recorded on these transactions was approximately 16%, with a positive impact on the Condensed Consolidated Interim Statement of Comprehensive Income for the first half of 2023 of Euros 0.5 million.

In this respect, from the average discount associated with these bonds repurchases, the Parent Company has recognised a profit of EUR 20.5 million (net of transaction costs) under "Impairment and gains or losses on disposal of financial instruments" in the Condensed Consolidated Interim Statement of Comprehensive Income at first half of 2023. As at 31 December 2023, this profit amounted to EUR 20.5 million.
In this regard, the bonds acquired in January 2023 have been redeemed once their repurchase has been settled, with the bonds acquired in May and June 2023 still to be redeemed. Thus, after the aforementioned repurchases, at 30 September 2024 and 31 December 2023 the nominal amount of the

bonds issued on 22 July 2021 was EUR 293 million and that of the bonds issued on 3 November 2021 was EUR 288 million.

As of 30 September 2024, the Group's short-term financial debt stands at EUR 8,407 thousand.

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

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

The financial expenses accrued on loans during the nine months ended 30 September 2024 amounted to EUR 884 thousand, and the effect of the amortised cost of these was EUR 11 thousand. Additionally, during the period, EUR 2,275 thousand have been recorded as financial expenses corresponding to the financing agreed with J.P. Morgan SE. The accrued, unpaid interest at 30 September 2024 amounts to EUR 478 thousand.

The financial expenses accrued on the bonds during the nine months ended 30 Septiembre 2024 amounted to EUR 8,628 thousand, and the effect of the amortised cost thereof was EUR 802 thousand (taking into account the financial expenses for the effect of the amortized cost corresponding to the proportional part of the repurchases that were made during the year 2023). The accrued, unpaid interest at 30 September 2024 amounts to EUR 5,654 thousand.

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

As of 30 September 2024, the Group presents investment commitments pertaining to investment property totalled EUR 2,926 thousand, in addition to the indications in section 3.1.

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

4 Main risks and uncertainties

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

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

5 Environmental information

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

For Lar España, corporate sustainability within its business model is a differentiating element in the context of its value creation, integrating all its stakeholders: from shareholders, regulators, tenants or customers, among others.

In January 2016, the Company approved its Sustainability Policy, which reflects Lar España's commitment to the sustainable development of the business and the creation of shared value in the long term. It also establishes that Lar España will carry out its activities in accordance with the principles of the OECD and the issues set out in the United Nations Universal Declaration of Human Rights, as well as in the Declaration of the International Labour Organisation (ILO).

Subsequently, in 2017 Lar España drafted its ESG Master Plan, with the aim of having a clear and defined roadmap at company level. This Plan is aligned with the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) of the United Nations, with the Paris Agreement (COP21). Following the drafting of this Plan, the company proceeded to work on more specific issues and focused on more concrete aspects, incorporating quantified measures and goals in accordance with different international standards at both corporate and sectoral level.

As evidence of the progress made in the different aspects of sustainability, Lar España has continued to improve the ratings obtained in independent assessment schemes such as GRESB, in which it has participated for the seventh consecutive year, as well as in the international MSCI index, in which it has upgraded its score from 'BBB' to 'A' in 2023. In addition, the Company remains on the international FTSE4Good index series following an assessment of its performance in 2023.

In terms of equality issues, it continues to form part of the IBEX Gender Equality Index as Spain's leading gender equality index.

Thus, during the first nine months of 2024 Lar España worked on the following projects, among others:

Certifications

The Company has continued its commitment to participate in assessment and certification schemes to ensure that all properties operate as sustainably as possible, having achieved that 100% of the assets in the portfolio are certified to the BREEAM standard, of which 98% (in terms of asset value) are rated as "Outstanding", "Excellent" and "Very Good".

In April Lagoh obtained BREEAM "in use" certification with an "Outstanding" rating in both part 1 (Building) and part 2 (Management), according to the most recent version of BREEAM (V06). Thus, Lagoh is currently the highest BREEAM-rated asset in Spain according to the latest version of the manual (V06). In addition, in October the shopping centre won the first prize for the best IN USE project at the first edition of the national BREEAM awards.

In addition, from 2023, 100% of the assets under operational control comply with the standards of the Environmental Management System and the Health and Safety Management System determined respectively by the ISO 14001 and 45001 standards, with the relevant certifications accrediting this.

Commitment to contribute to the fight against climate change

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

Waste management

- In terms of contributing to the principles of the Circular Economy, as a further step in the fight against climate change, in 2019 Lar España developed its Waste Management Plan with the aim of obtaining greater traceability of the waste generated in the assets. In the last two years, the company has made progress in identifying and collecting such data in order to establish improvement measures.

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

  The company's aim is to continue working on this issue with the intention of having greater control over the waste generated by its activity. This will provide more detail on the Company's indirect emissions (Scope 3) which will complete its Carbon Footprint calculation.

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

Responsible water consumption

Lar España has carried out an analysis of its water consumption and management in its operational phase, in accordance with the ISO 14064 standard. For this, the number of visitors to each asset, the annual consumption broken down according to the different uses of water, as well as the main environmental impacts derived, have been taken into account, identifying the risks and opportunities in the related activities and processes.

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

Sustainable Mobility

Sustainable mobility is a concept created to counteract the environmental and social problems associated with the urban mobility of citizens, something on which Lar España is focusing its efforts as it is considered an added value factor for the portfolio's assets. Thus, the options offered by the company include solutions such as vehicle charging points, parking for motorbikes, bicycles and scooters, development of new pedestrian access and public transport campaigns.

It should be noted that Lar España's twelve assets can be accessed by the main transport lines of the municipalities in which they are located.

Air quality

Lar España's spaces have once again been an example of health and well-being thanks to the control, monitoring and innovation due to specialised monitoring software. Through the information collected monthly in specific reports, Lar España is aware of the optimum air quality in its main indicators of: thermal comfort, CO_2 , suspended particles and organic compounds from decoration materials, renovations, cleaning and maintenance, among others.

Accessibility

Lar España has continued with its goal of guaranteeing an inclusive shopping and leisure experience that complies with Universal Accessibility criteria, in line with the requirements of the UNE 17001 standard as a guarantee of access and enjoyment. Thus, the company already has eight assets certified according to this standard: Parque Abadía, El Rosal, Vidanova, Lagoh, Megapark, Albacenter, As Termas and Portal de La Marina. Work is currently underway to extend it to the Gran Vía de Vigo and Ànec Blau assets.

Social impact

Other new developments include the creation of the Social Impact Committee to achieve greater synergies between teams responsible for this area, as well as the corresponding Impact Report which is expected to be launched in 2024 to strengthen the role of Lar España within the socio-economic context of its communities.

Tenants and users

In terms of the day-to-day running of its centres and parks, Lar España has continued to develop engagement initiatives through specific marketing actions such as satisfaction and accessibility campaigns and surveys, among others, as well as social action in conjunction with various NGOs, foundations and entities.

In addition, in July, Lar España publishes a half-yearly report, available on its corporate website, in which it sets out the progress made in first semester of 2024 in the different areas within the context of the development of its activity. The report contains more extensive information on environmental, social and governance issues than is contained in this document.

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

6 Information on the foreseeable evolution of the Group

In line with the company's business, the acquisition, operation and repositioning of assets, mainly focused on the retail sector (shopping centres and retail parks), active management capacity is key to ensure the creation of value for its shareholders.

At Lar España, we aware of the role we play with our activity, committing ourselves to contribute in an ethical, responsible and sustainable way with our operations and decision-making, generating positive impact for both society and the environment and obtaining, in turn, a profitable financial return for our investors.

We have set ourselves the goal of leading the retail property industry in terms of portfolio size, asset quality and management effectiveness. To achieve this, we work on our ongoing commitment to deliver maximum value to shareholders, tenants and end customers.

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

7 Market context

7.1 Management experience

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

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

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

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

The agreements were mostly reached under conditions that represent a great commitment on both sides, strengthening relations with retailers and reinforcing the duration and stability of the contracts, as well as that of all the shopping centres and retail parks. As a result, as of 30 September 2024 the Group continues to have a solid, well-established tenant base of proven quality, which has driven the growth in sales and visits recorded, for yet another year, in its assets.

7.2 Business model and operational structure

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

The company's shopping centres boast an occupancy rate of 96.8%, operating at close to full capacity.

During the year the Company has continued to position itself at the forefront of the retail sector, through the development of innovation projects that guarantee a differential and sustainable experience at our assets. Lar España has a high added value portfolio, which is demonstrated by the recurring profitability for its shareholders, something that has been particularly relevant this year thanks to the spectacular increase in the listed share price.

Ongoing dialogue with stakeholders continues to be one of the Company's priorities, with the aim of anticipating and adapting to the preferences and needs of each customer. Shopping centres have become spaces that offer much more than just shopping; they are spaces where leisure, culture, gastronomy and entertainment come together.

Once again, performance of the activity has been aligned with sustainability at all levels, having complied with the corporate agenda set at the beginning of the year by the Company. Thus, new environmental, social and good governance factors have been integrated throughout the year, enabling us to meet the objectives set and become a benchmark in the various aspects of sustainability.

The Company continues to have a solid and very consolidated tenant base that has proven quality, which, once again this year, has driven the growth in sales and footfall at our assets. Commercial relationships with tenants have been strengthened thanks to the contact maintained therewith, reinforcing the duration and stability of contracts in all shopping centres and retail parks.

The top ten tenants account for 33.07% of its rental income, and more than 65% of all the leases signed with retailers have a remaining term over 2027.

The company's properties have a clear competitive edge in their catchment areas, generally offering more than 479,487 sqm of retail space and located in regions with an above average per capita income for Spain.

7.3 Commitment to retailers

The company communicates openly and regularly with all of its tenants, across all its properties. All of its strategies share the clear objective of guaranteeing the safety of its customers and employees, to ensure that all the stores in the company's portfolio can carry on their activity, for example through the project to monitor the air quality of the assets to guarantee optimum indoor air quality in the shopping centres.

In addition, over the last few months the company has been analysing different ways to establish channels of dialogue with its tenants, responding to any possible needs that may arise.

7.4 Consolidated financial position

The company's strong liquidity levels and financial autonomy afford it considerable economic resilience. This stands it in excellent stead to face different scenarios, having carried out stress tests that have produced satisfactory results on its annual business model.

An example of this is the average cost of the company's financial debt, which stands at 1.8%, 100% at a fixed rate, and with no relevant maturities until 2026.

7.5 Financial and investment caution

The company has reactivated its CAPEX plan and all decisions will be made on the premise of achieving solid returns via effective management and value uplift across all of its assets, and taking into account the exposure to inflationary risk.

8 R&D&I activities

Due to the inherent characteristics of the companies that make up the Group, and their activities and structure, the Group does not usually conduct any research, development and innovation initiatives.

However, Lar España remains committed to becoming the leader of the transformation of the retail sector, by creating new, more efficient and digital methods of interacting with external and internal customers (Customer Journey Experience).

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

9 Acquisition and disposal of treasury stock

On 13 March 2023 and in accordance with the provisions of section 2 of Rule Four of CNMV Circular 1/2017 of 26 April 2017 on liquidity contracts ("Circular 1/2017"), Lar España announced the execution of a liquidity contract (the "Liquidity Contract") with GVC Gaesco Valores, Sociedad de Valores, S.A. (the "Financial Intermediary"), effective as of that day, following the termination of the contract previously held with JB Capital Markets.

Such Liquidity Contract is consistent with the contract template included in Circular 1/2017 and a copy thereof was sent to the CNMV for the purposes envisaged in section 3 of Rule Four of Circular 1/2017.

As of 30 September 2024, the share price was EUR 8.05.

As of 30 September 2024, the Company holds a total of 58,130 shares, representing 0.07% of total issued shares.

10 Other relevant information

10.1 Stock exchange information

The initial share price at the start of the year was EUR 6.15 and the nominal value at the reporting date was EUR 8.05. During the period, the average price per share was EUR 7.19.

In the context of the green bonds issuances made by the company in 2021, the rating agency Fitch assigned an investment grade rating or BBB rating to both Lar España and its green bond issuance, which has been ratified in 2024.

10.2 Dividend policy

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

The total pay-out was 61,752 thousand Euros charged to the Profit for the period 2023 (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company's equity and totals 20 thousand Euros in dividends charged to profit), and 4,393 thousand Euros (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company's equity and totals 1 thousand Euros), charged to share premium given the amount per share approved and shares outstanding at the time of approval by the General Shareholders' Meeting on 25 April 2024. The dividend pay-out was settled in full on 24 May 2024.

Authorisation for Issue of the Condensed Consolidated Interim Financial Statements and Consolidated Interim Directors' Report for the nine-month period ended 30 September 2024

At their meeting held on 19 November 2024, pursuant to the requirements of article 253 of the Revised Spanish Companies Act and article 37 of the Spanish Code of Commerce, the Board of Directors of Lar España Real Estate SOCIMI, S.A. authorised for issue the condensed consolidated interim financial statements and the consolidated interim directors' report for the nine-month period ended 30 September 2024. The condensed consolidated interim financial statements and consolidated interim directors' report comprise the accompanying documents that precede this certification.

Signed:

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

Madrid, 19 November 2024

Mr José Luis del Valle and Ms Susana Guerrero, as Chairman and Vice-secretary to the Board of Directors of the Parent, respectively, hereby certify:

(i) That the condensed consolidated interim financial statements together with the consolidated interim directors' report for the nine-month period ended 30 September 2024 have been approved, authorised for issue and signed by all the directors of the Parent at their meeting held on 19 November 2024.

(ii) That the attached copy of the consolidated interim financial statements and consolidated interim directors' report is an identical copy to that signed and authorised for issue by the Board of Directors.

Mr José Luis del Valle Doblado (Chairman)	Ms Susana Guerrero Trevijano (Non-executive vice-secretary to the Board)