



Full Year  
Report  
**FY 2019**

# INDEX



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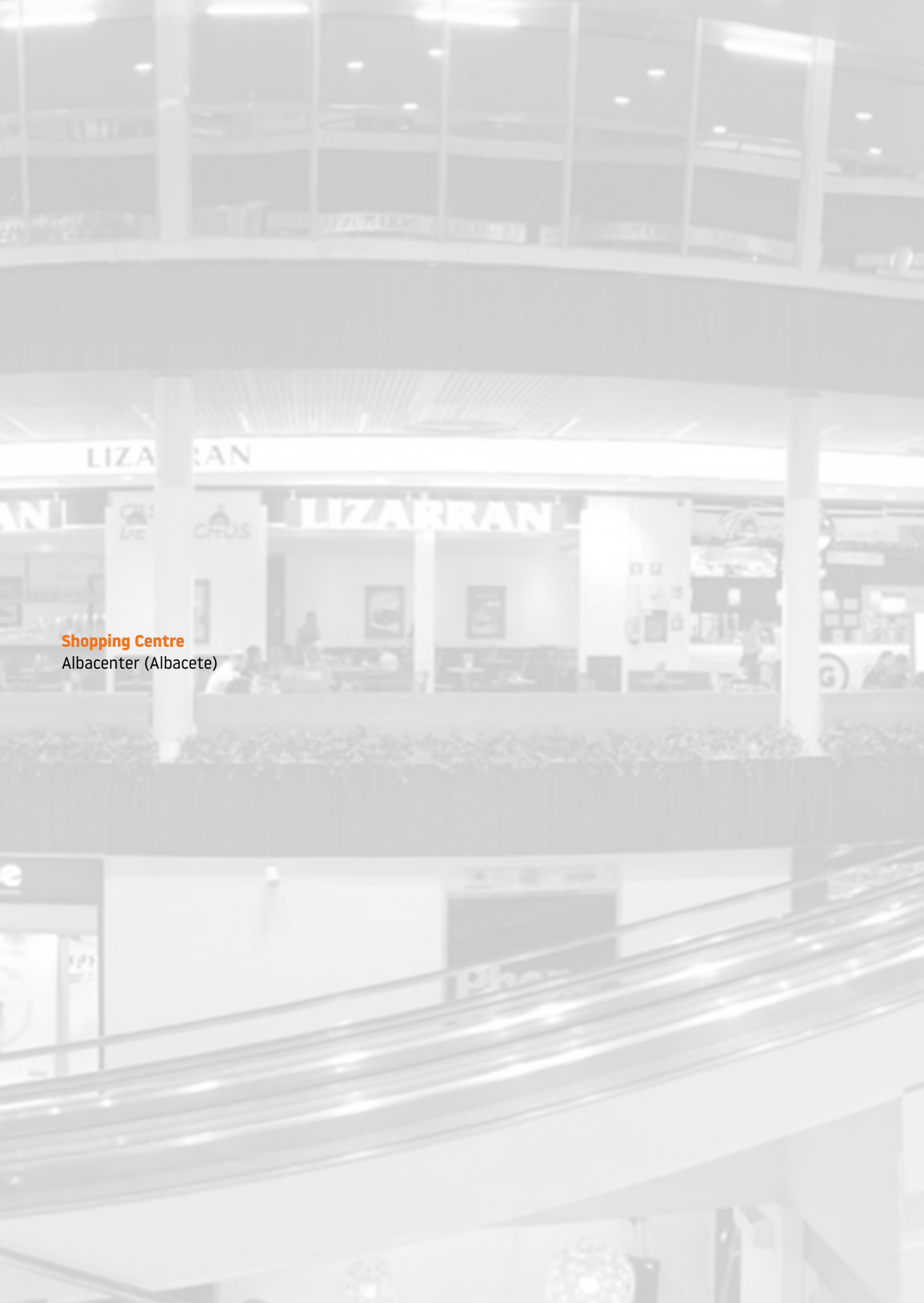
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**Shopping Centre**  
Albacenter (Albacete)

# 1

## Executive Summary

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# 1.1

## Highlights 2019

### Portfolio Information

**GAV**  
**1,552**  
Million €

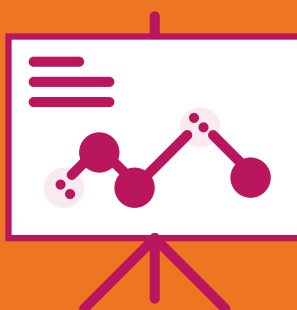
**Annualised Net Rent**  
**88.1**  
Million €

**WAULT**  
**3.5**  
years

**Assets**  
**15**

**GLA**  
**579,286**  
sqm

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



### Financial Information

**EPRA NAV**  
**1,003.8**  
Million €  
(11.47 €/share)<sup>(1)</sup>

**Net LTV**  
**34%**

**Financial Debt**  
**697.9**  
Million €

**Average Cost of Debt**  
**2.1%**



**Rental Income**  
**81.1**  
Million €

**EBITDA**  
**59.3**  
Million €

**Net Profit**  
**80.7**  
Million €

**Dividend**  
**55** Million €  
(0.63 €/share)

**ROE**  
**8.21%**

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

# Retail performance

## Operating results

EPRA NIY  
**5.6%**

EPRA topped-up NIY  
**5.9%**

Reversionary Yield  
**6.2%**

LfL GRI  
**+1.2%** <sup>(1)</sup>

LfL NOI  
**+1.6%** <sup>(1)</sup>

% Occupancy  
**96.5%** <sup>(2)</sup>

GAV (%)



Rental Income (%)



Shopping Centres. Retail Parks. Other Retail.

## Commercial activity

Negotiated rent  
**9.5**  
Million €

Operations  
**135**

Rotated area  
**52,961**  
sqm

Rent uplift  
**+9%**

2019 Footfall  
**64.5**  
Million of visits



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



**+1.9%** <sup>(1)</sup>  
vs. 2018

**-1.9%**  
Average Spanish Footfall <sup>(3)</sup>

**+4.4%** <sup>(1)(5)</sup> / **+2.1%** <sup>(1)(6)</sup>  
vs 2018

**+2.1%**  
Big Surfaces Spain Sales Index <sup>(7)</sup>

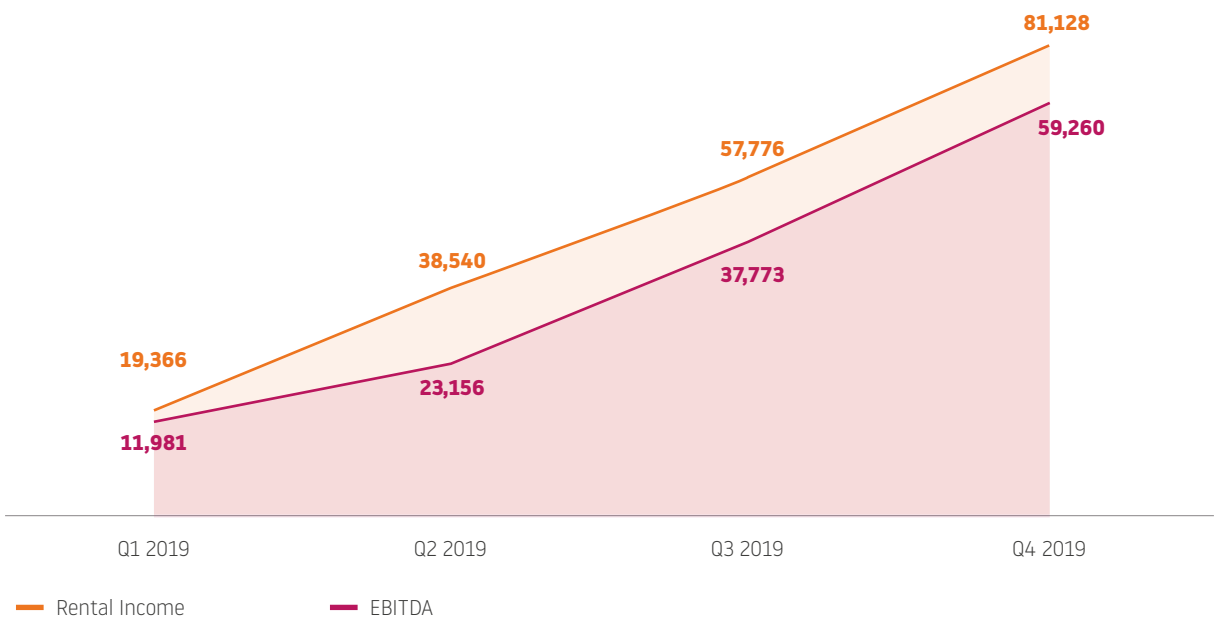
(1) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and either Albacenter's data due to the division of the hypermarket into four retail units | (2) Ratio calculated according to EPRA recommendations | (3) Shoppertrak Index | (4) Declared Sales | (5) Total Sales | (6) Comparable Sales | (7) National Statistics Institute (INE)

## 1.2 Key Indicators Performance

### A. Performance of main economic and financial result

Rental income obtained at the close of the financial year was **81,128 thousand Euros**, whilst EBITDA amounted to **59,260 thousand Euros** and the net profit reached **80,730 thousand Euros**.

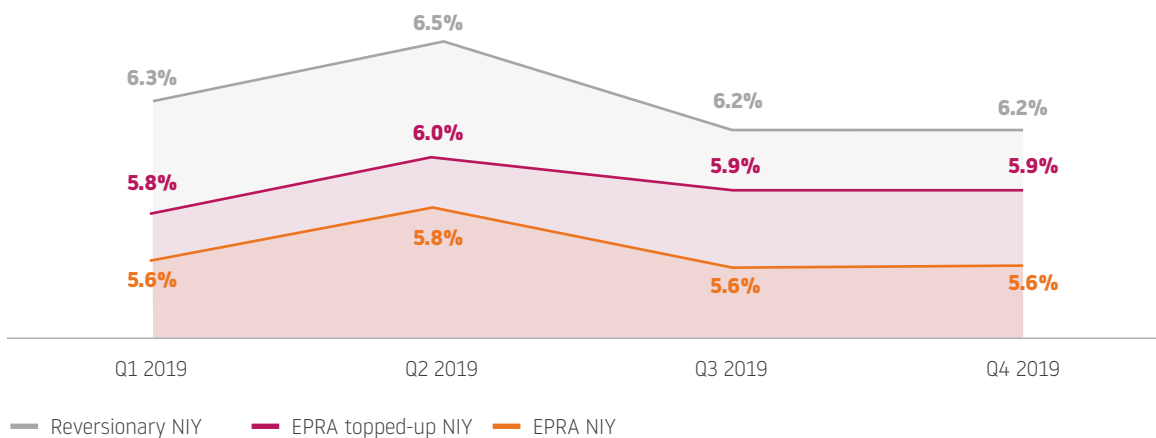
Performance throughout the course of 2019 is shown in the following figure (amounts shown in thousands of euros):





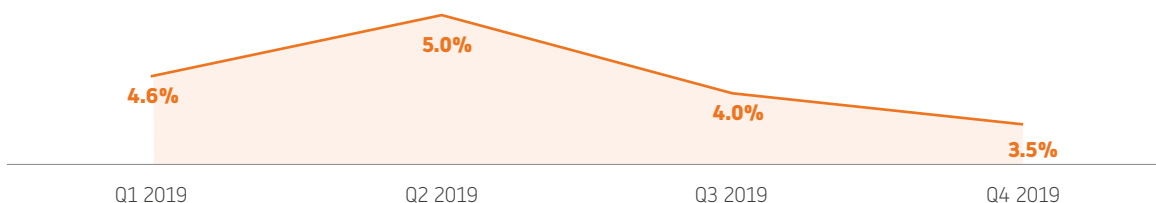
**B.**  
**Performance of main EPRA indicators**

As regards the performance of **EPRA Yields<sup>(\*)</sup>** during 2019 and their comparison with the Reversionary NIY, one can see the notable profitability of Lar España’s portfolio and the potential growth that the company could still obtain, thanks to the active management of the portfolio:



**5.9%**  
**EPRA topped-up NIY 31.12.19**

Although the **EPRA Vacancy rate<sup>(\*)</sup>** was affected throughout the year by refurbishment works being carried out at various properties, it fell considerably during 2019, closing at **3.5%**.



**3.5%**  
**EPRA Vacancy 31.12.19**

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

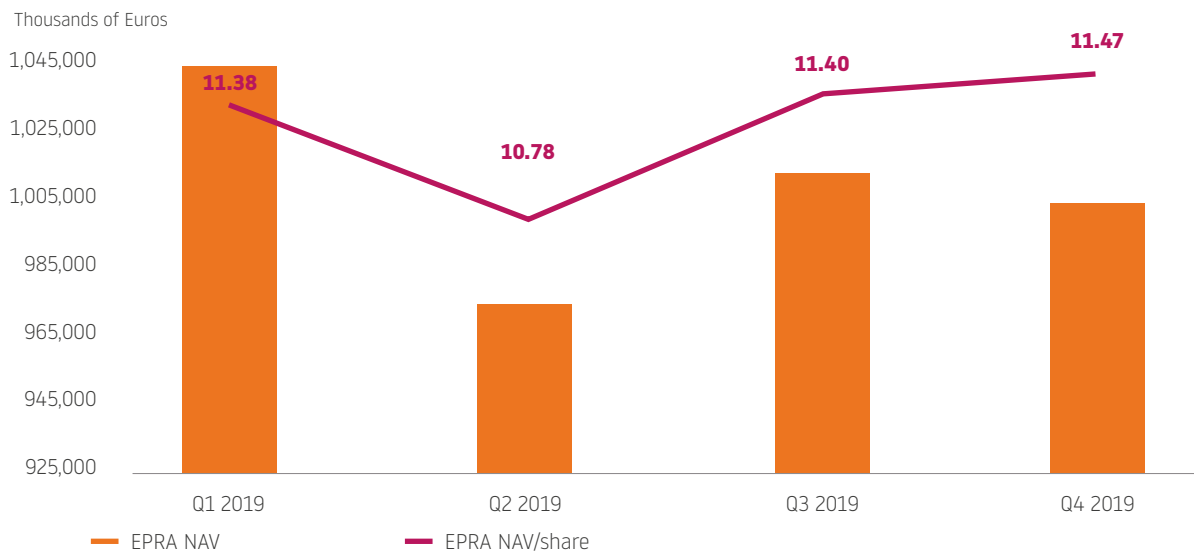


EPRA NAV per share  
31.12.19  
**11.47 €/share<sup>(\*)</sup>**  
+10.1% vs 31.12.18

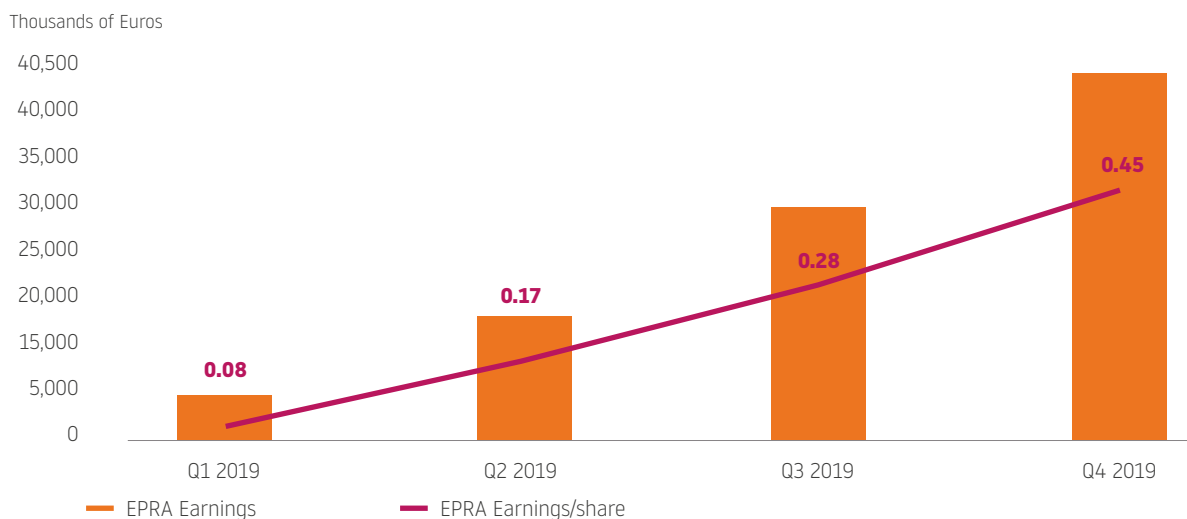


**Adjusted EPRA  
Earnings  
per share +45%**  
vs. 2018

The following figure shows the performance of the company's **EPRA NAV**. At 31 December 2019, the EPRA NAV stood at **1,003,760 thousand Euros (11.47€/share)<sup>(\*)</sup>**, an increase of **10.1%** on the previous year.

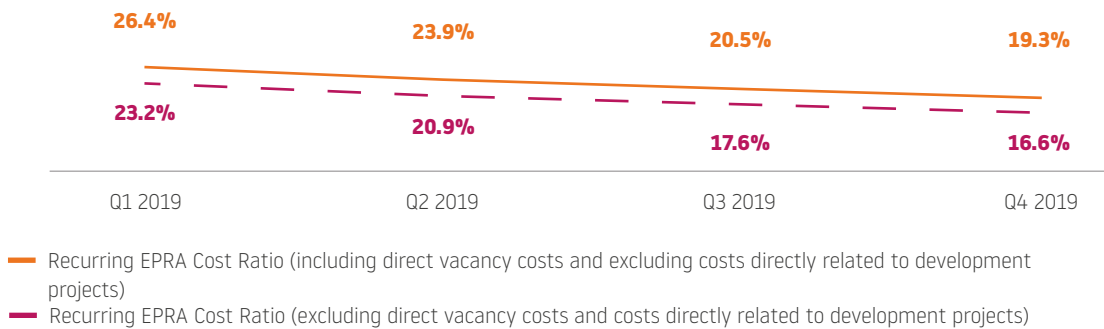


The following graph shows the change in the operating income figure (**EPRA Earnings**), which at the close of 2019 stood at **40,419 thousand Euros**, an **increase of 38%** on the previous year. This is mainly due to the efficient management of the assets held in the portfolio, along with some excellent sales and letting work.



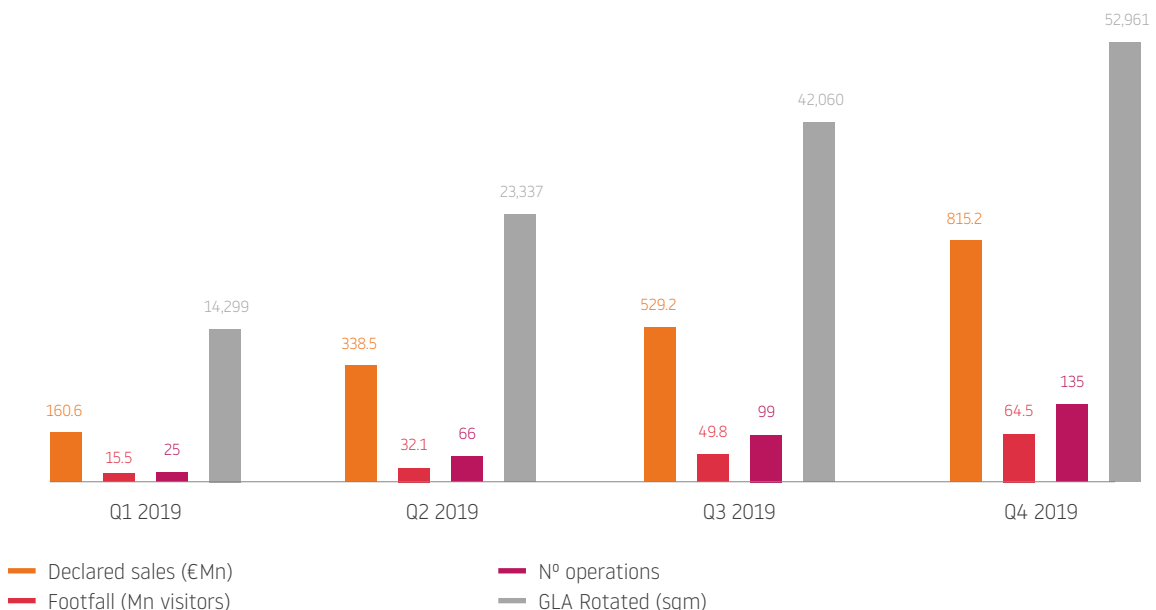
(\*) When analyzing this measure it is important to take into account the dividend paid in Q2 2019 (0.80€/share).

The performance of the **EPRA Cost Ratio** over the course of the year demonstrates Lar España's efficiency in reducing the costs associated with operational management



**C. Major operative milestones evolution**

The performance of the **key retail indicators** in 2019 is detailed below. Lar España booked **total sales** in the shopping centres of **815.2 million Euros**, driven by the growing **number of people visiting** our shopping centres (**64.5 million visits**). A total of **52,961 sqm** has been rotated.



## 1.3 Main Events

JANUARY			
16.01.2019	Valuation reports as at 31 December 2018	01	
29.01.2019	Share capital decrease registration	02	
31.01.2019	Cardenal Marcelo Spínola office building divestment	03	
MARCH			
01.03.2019	Completion of the first Share Buy-Back Program	04	
25.03.2019	New Share Buy-Back Program	05	
APRIL			
24.04.2019	Eloy Gonzalo office building divestment	06	
25.04.2019	Announcements and agreements of Shareholders General Meeting	07	
JUNE			
10.06.2019	Share capital increase to reinvest the performance fee	08	
21.06.2019	Share capital increase and decrease registration	09	
DECEMBER			
18.12.2019	Completion of the second Share Buy-Back Program	10	
20.12.2019	Notarial deed of the share capital reduction	11	
20.12.2019	Rivas Futura retail park and VidaNova Parc retail park financings	12	

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

### JANUARY.

01

16.01.2019

#### Valuation reports as at 31 December 2018

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

02

29.01.2019

#### Share capital decrease registration

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

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

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

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

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



31.01.2019

## Cardenal Marcelo Spínola office building divestment

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



## MARCH.

04

01.03.2019

### Completion of the Share Buy-Back Program

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

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

05

25.03.2019

### New Share Buy-Back Program

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

The Buy-back Program is subject to Regulation (EU) N° 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("Regulation 596/2014"), and to Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) N° 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilisation measures ("Delegated Regulation 2016/1052"), and all other applicable legislation. The purpose of the Buy-Back Program is, according to article 5.2.c) of the Regulation 596/2014, is the share capital reduction of Lar España.



The Buy-Back Program has the following features:

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

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

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

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



**APRIL.**

06

24.04.2019

**Eloy Gonzalo office building divestment**

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

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



07

25.04.2019

**Announcements and agreements of Shareholders General Meeting**

**The ordinary shareholders' meeting of Lar España** announced on 22 March 2019 on "El Economista" and the Company's corporate web page —copy of which was submitted to the CNMV by means of a relevant fact with registration number 276,332— and which took place on second call today, **25 April 2019, has approved the resolutions submitted to its consideration and vote**, as stated in the voting results report.







## JUNE.

08

10.06.2019

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

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

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

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

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

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

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



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

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

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

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

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

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



09

21.06.2019

## Share capital increase and decrease registration

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

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

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

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

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

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

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

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

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

## DECEMBER.

10

18.12.2019

### Completion of the second Share Buy-Back Program

Lar España reports that yesterday, the maximum number of shares under the BuyBack Programme as authorised by the General Shareholders Meeting held on 29 May 2017 were acquired and, therefore, it is terminated. **The Company has acquired, under the Buy-Back Programme, a total amount of 4,660,000 own shares.**

The acquisition of own shares under the Buy-Back Programme has been periodically disclosed to the market, pursuant to article 2.2 and 2.3 of the Delegated Regulation (EU) N° 2016/1052, and has been carried out in accordance with the terms and conditions established in such Regulation. The Buy-Back Programme **has been implemented by JB Capital Markets, S.V., S.A.U.**

Additionally, it is reported that, once the Buy-Back Programme is finished, the Company will retake the Liquidity Agreement, which was suspended on 25 March 2019 (register number 276399), according to the terms notified by means of material fact with number 254421, on 10 July 2017, pursuant to Circular 1/2017, of 26 April, by the Comisión Nacional del Mercado de Valores, on liquidity contracts. Finally, Lar España reports that the shares from the Buy-Back Programme acquired until 17 December 2019 that have not been amortized yet **will be amortized shortly (in total, 2,953,831 ordinary shares of the Company).**



11

20.12.2019

## Notarial deed of the share capital reduction

In connection with the Material Facts published on 25 March 2019 and 18 December 2019 (registry numbers 276399 and 284815 respectively), Lar España informs that, on this date, **the Company executed the notarial deed regarding the share capital reduction through the redemption of treasury shares** approved yesterday by the Board of Directors, pursuant to the delegation granted by the General Shareholders Meeting held on 29 May 2017, that agreed, under item eleven of the agenda, to authorise the Board of Directors for the derivative acquisition of own shares, in accordance with the terms and conditions established in the abovementioned resolution of the General Shareholders Meeting, expressly authorising it to reduce share capital on one or more occasions in order to redeem the acquired own shares.

Consequently, **the share capital of Lar España has been reduced in the amount of EUR 5,907,662**, through the cancellation of **2,953,831 own shares** with a face value of two euros each.

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

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

Once the resolution regarding the share capital reduction has been registered with the Commercial Registry of Madrid, the Company will request the **exclusion of the 2,953,831 cancelled shares** from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Stock Exchange Interconnection System (Continuous Market).

Finally, the Company informs that, after the execution of the capital reduction, **the share capital of the Company has been set at EUR 175,267,460, represented by 87,633,730 registered shares** of two euros per value each.

12

20.12.2019

## Rivas Futura retail park and VidaNova Parc retail park new financings

On 19 December 2019, Lar España has completed the refinancing of its existing bank loan corresponding to Parque Comercial Rivas Futura, through a **EUR 34.5 million new loan** (EUR 7 million more than the previous loan) **granted by BBVA, with a 5 years duration** and bullet repayment structure.

Likewise, Lar España has completed today the refinancing of its existing bank loan corresponding to

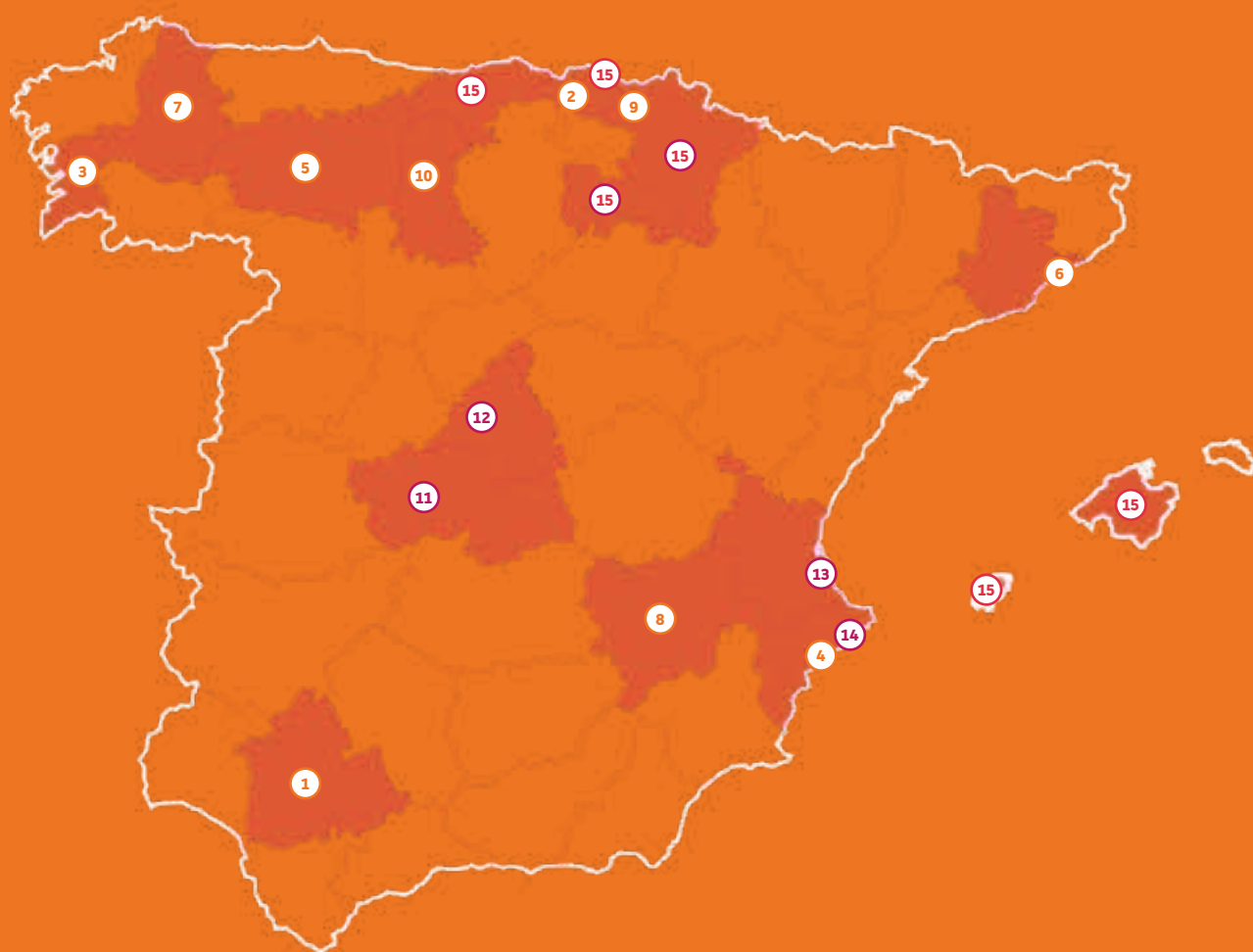
Parque Comercial Vidanova Parc, through a **EUR 28 million new loan** (EUR 11 million more than the previous loan) **granted by BBVA, with a 5 years duration** and bullet repayment structure.

**These transactions improve both the cost and the maturity of the Company's debt.**



## 1.4

## Portfolio at 31 December 2019



GAV  
**1.6**  
Billion €



## Shopping Centres

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



## Retail Parks

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



## Other Retail

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



**Lagoh**  
Sevilla

Location	Sevilla
GLA	69,720 sqm
Purchase Date	1 March 2016
Land Acquisition Price	€38.5 million
Market Value (31 December 2019)*	€312.0 million
WAULT	5.3 years
EPRA Net Initial Yield	5.1%
EPRA Vacancy Rate	1.3%

**Megapark**  
Bilbao

Location	Barakaldo (Bilbao)
GLA	82,341 sqm
Purchase Date	19 October 2015/ 27 October 2017
Acquisition Price	€178.7 million
Market Value (31 December 2019)*	€217.3 million
WAULT	3.1 years
EPRA Net Initial Yield	5.4%
EPRA Vacancy Rate	7.0% **

**Gran Vía**  
Vigo

Location	Vigo
GLA	41,453 sqm
Purchase Date	15 September 2016
Acquisition Price	€141.0 million
Market Value (31 December 2019)*	€166.9 million
WAULT	1.8 years
EPRA Net Initial Yield	5.4%
EPRA Vacancy Rate	1.5%

**Portal de la Marina +  
Hypermarket**  
Alicante

Location	Ondara (Alicante)
GLA	40,334 sqm
Purchase Date	30 October 2014/ 30 March 2016/ 9 June 2015
Acquisition Price	€89.2 million
Market Value (31 December 2019)*	€126.4 million
WAULT	2.2 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	4.4%

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

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

**El Rosal**  
León



Location	Ponferrada (León)
GLA	51,152 sqm
Purchase Date	7 July 2015
Acquisition Price	€87.5 million
Market Value (31 December 2019)*	€110.9 million
WAULT	2.5 years
EPRA Net Initial Yield	5.9%
EPRA Vacancy Rate	4.3%

**Anec Blau**  
Barcelona



Location	Casteldefels (Barcelona)
GLA	29,032 sqm
Purchase Date	31 July 2014
Acquisition Price	€80.0 million
Market Value (31 December 2019)*	€102.1 million
WAULT	4.2 years
EPRA Net Initial Yield	**
EPRA Vacancy Rate	**

**As Termas + Petrol Station**  
Lugo



Location	Lugo
GLA	35,127 sqm
Purchase Date	15 April 2015/ 28 July 2015
Acquisition Price	€68.8 million
Market Value (31 December 2019)*	€88.1 million
WAULT	2.2 years
EPRA Net Initial Yield	6.1%
EPRA Vacancy Rate	3.9%

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



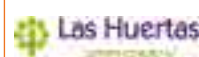
Location	Albacete
GLA	26,352 sqm
Purchase Date	30 July 2014/ 19 December 2014
Acquisition Price	€39.9 million
Market Value (31 December 2019)*	€63.7 million
WAULT	3.2 years
EPRA Net Initial Yield	5.5%
EPRA Vacancy Rate	6.1%

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

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

**Txingudi**  
Guipúzcoa

Location	Irún (Guipúzcoa)
GLA	10,712 sqm
Purchase Date	24 March 2014
Acquisition Price	€27.7 million
Market Value (31 December 2019)*	€36.5 million
WAULT	2.5 years
EPRA Net Initial Yield	6.9%
EPRA Vacancy Rate	1.6%

**Las Huertas**  
Palencia

Location	Palencia
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	€11.7 million
Market Value (31 December 2019)*	€11.6 million
WAULT	1.4 years
EPRA Net Initial Yield	7.0%
EPRA Vacancy Rate	11.0%

**Parque Abadía  
and Commercial Gallery**  
Toledo

Location	Toledo
GLA	43,109 sqm
Purchase Date	27 March 2017/ 20 February 2018
Acquisition Price	€77.1 million
Market Value (31 December 2019)*	€87.5 million
WAULT	1.7 years
EPRA Net Initial Yield	5.9%
EPRA Vacancy Rate	2.3%

**Rivas Futura**  
Madrid

Location	Madrid
GLA	36,447 sqm
Purchase Date	6 February 2018
Acquisition Price	€61.6 million
Market Value (31 December 2019)*	€67.5 million
WAULT	1.8 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	0.5%

**VidaNova Parc**  
Valencia



Location	Sagunto (Valencia)
GLA	45,568 sqm
Purchase Date	3 August 2015
Land Acquisition Price	€14.0 million
Market Value (31 December 2019)*	€55.4 million
WAULT	3.6 years
EPRA Net Initial Yield	5.9%
EPRA Vacancy Rate	3.7%

**Vistahermosa**  
Alicante



Location	Alicante
GLA	33,763 sqm
Purchase Date	16 June 2016
Acquisition Price	€42.5 million
Market Value (31 December 2019)*	€50.5 million
WAULT	6.2 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	6.0%

**Supermarkets Portfolio**

(22 Units)



Location	Cantabria, País Vasco, La Rioja, Navarra and Baleares
GLA	27,909 sqm
Purchase Date	27 March 2017
Acquisition Price	€47.6 million
Market Value (31 December 2019)*	€54.1 million
WAULT	11.3 years
EPRA Net Initial Yield	7.1%
EPRA Vacancy Rate	0.0%

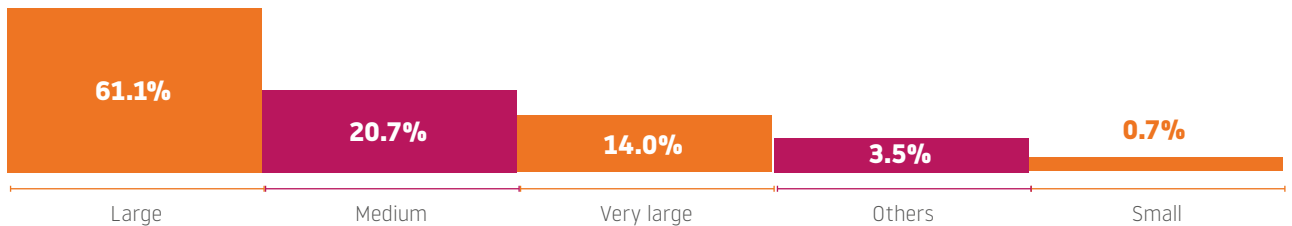
\* The valuations have been made by external independent valuers: JLL or C&W.

Our retail portfolio at a glance:

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

<b>15</b> #Assets	<b>579,286</b> GLA (sqm)	<b>96.2</b> Annualised Gross Rent (€M)	<b>1,552</b> GAV (€M)
<b>5.9%</b> EPRA “topped-up” NIY <sup>(1)</sup>	<b>96.5%</b> Occupancy <sup>(1)</sup>	<b>64.5</b> 2019 footfall (Million of visits)	

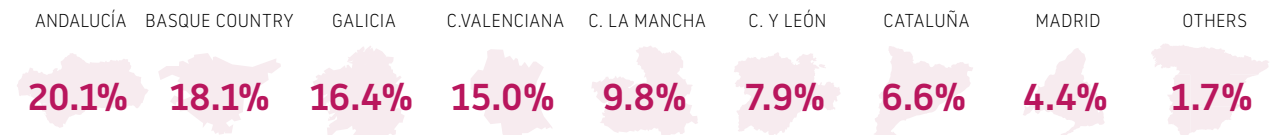
### By size<sup>(\*)</sup> (GAV)



<sup>(\*)</sup> According to Spanish Association of Shopping Centres (AECC):

Very Large (>79,999 sqm) | Large (40,000-79,999 sqm) | Medium (20,000-39,999 sqm) | Small (5,000-19,999 sqm)

### By geography (GAV)



OTHERS: Balears **0.8%** | Cantabria **0.4%** | Navarra **0.3%** | La Rioja **0.2%**

### By type (GAV)



**75.1%**

of our retail assets are classified as Large or Very Large



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

## 1.5 Key Indicators

During 2019 Lar España generated revenues of **81,128 thousand Euros** and a net profit of **80,730 thousand Euros**.

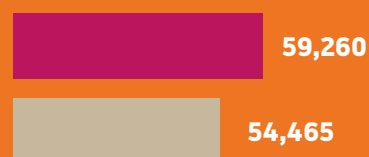
### Revenues

(Thousands of euros)



### EBITDA

(Thousands of euros)



### EBIT

(Thousands of euros)



### EBT

(Thousands of euros)



### Net profit

(Thousands of euros)



■ 2019  
■ 2018

**81,128**  
Thousands of euros  
**Revenues**

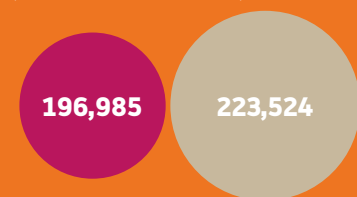
**59,260**  
Thousands of euros  
**EBITDA**

**+9%**  
EBITDA  
vs 2018



The Group presents the following financial indicators:

**Working capital**  
(Thousands of euros)



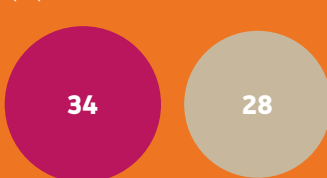
**Liquidity ratio**  
(%)



**Solvency ratio**  
(%)



**Net LTV**  
(%)



**ROE**  
(%)



**ROA**  
(%)



● 31/12/2019 ● 31/12/2018

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

At 31 December 2019, the **ROE (“Return on Equity”)**, which measures Group’s profitability as a percentage of shareholders equity, amounted to **8.21%** (13.42% at 31 December 2018) whilst the **ROA (“Return on Assets”)**, which measures the efficiency of Group’s total assets regardless of the sources of financing used, i.e. the ability of a company’s assets to generate income, was **4.70%** (8.03% at 31 December 2018).

## 1.6 Business Performance

### a. Income Distribution

#### Rental Income

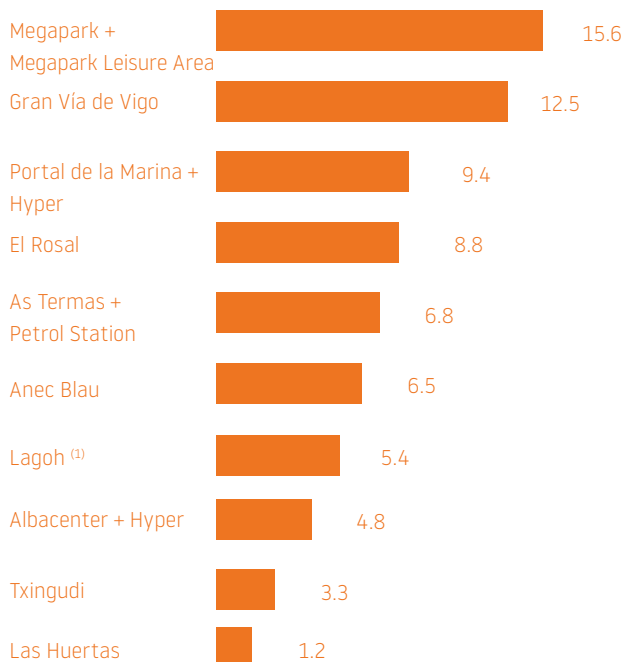
**Rental income** reached **81,128 thousand Euros** during 2019 (versus 77,841 thousand Euros in the same period of the year before).

The relative weight of rental income by line of business at 31 December 2019 is as follows:

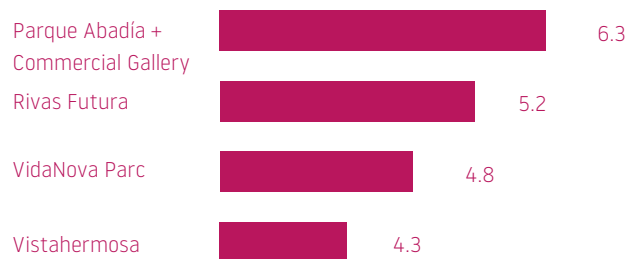


The breakdown of **income per asset type** during 2019 is as follows:

#### Income by Shopping Centre (%)



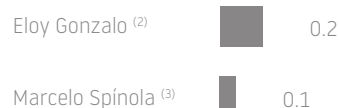
#### Income by Retail Park (%)



#### Income by Retail Units (%)

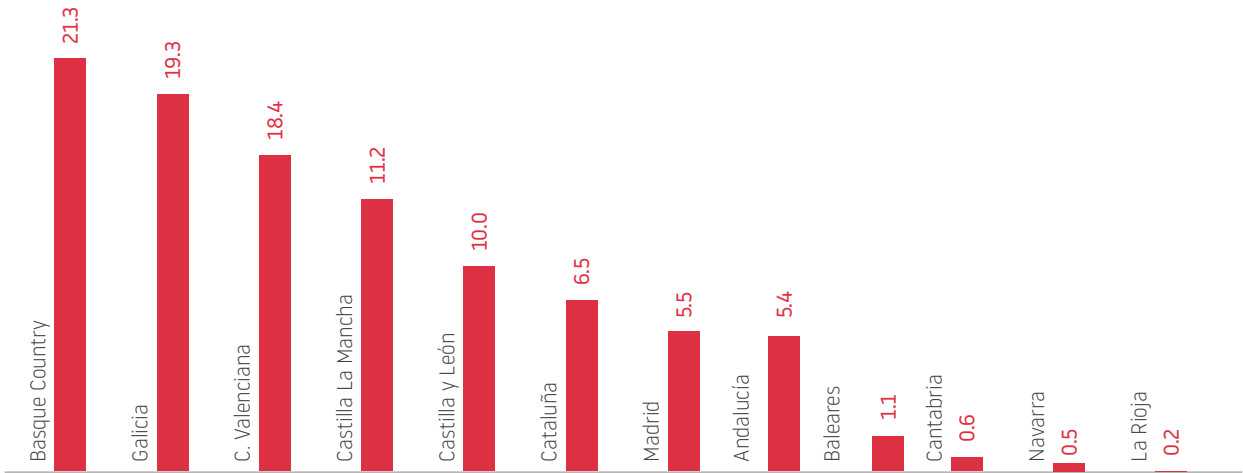


#### Income by Office Building (%)

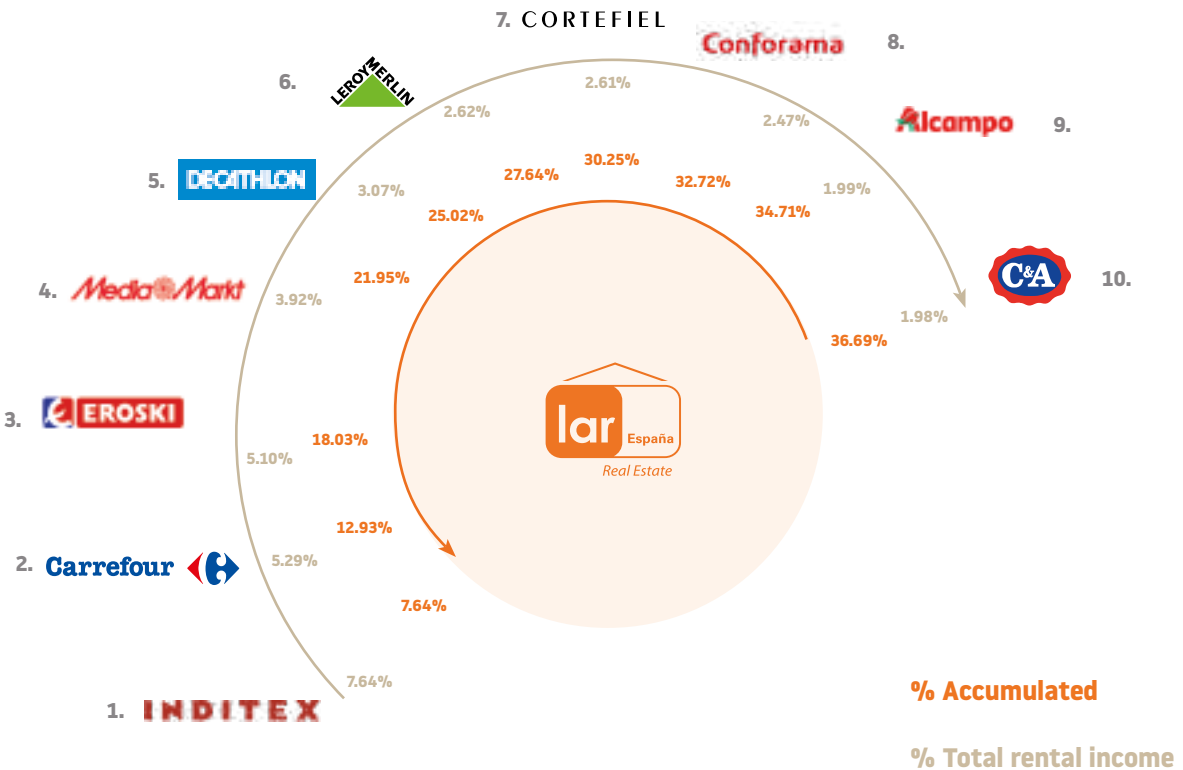


This graph details the **breakdown of rental income per region** for 2019:

**Income per region (%)**



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



## Gross annualised rents

The **annualised GRI** (\*) of Lar España is detailed below, as well as the **annualised GRI per occupied sqm** at 31.12.2019:

Asset	31.12.2019		
	Gross Annualised Rents (Thousands of euros)	GLA occupied (sqm)	Gross Rent (€/sqm/month)
Lagoh	18,031	69,180	21.7
Megapark + leisure area	13,997	71,365	16.3
Gran Vía Vigo	10,105	40,931	20.6
Portal de la Marina + hypermarket	7,986	39,258	17.0
El Rosal	7,743	49,027	13.2
Anec Blau	(**)	(**)	(**)
As Termas + petrol station	6,095	34,058	14.9
Albacenter + hypermarket	4,352	24,055	15.1
Txingudi	2,760	10,591	21.7
Las Huertas	986	5,792	14.2
<b>TOTAL SHOPPING CENTRES</b>	<b>72,055</b>	<b>344,257</b>	<b>17.4</b>
Parque Abadía + commercial gallery	5,718	42,373	11.2
Rivas Futura	4,403	36,139	10.2
VidaNova Parc	4,072	43,612	7.8
Vistahermosa	3,929	31,056	10.5
<b>TOTAL RETAIL PARKS</b>	<b>18,122</b>	<b>153,180</b>	<b>9.9</b>
Supermarkets portfolio	3,888	27,909	11.6
<b>TOTAL OTHER RETAIL</b>	<b>3,888</b>	<b>27,909</b>	<b>11.6</b>
<b>TOTAL LAR ESPAÑA</b>	<b>94,065</b>	<b>525,346</b>	<b>14.9</b>

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



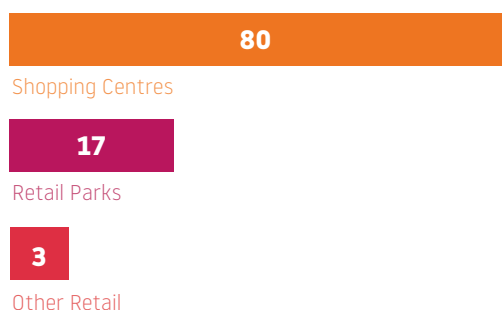
(\*) The annualised GRI is calculated using the EPRA NIY of each asset. Annualised GRI = annualised passing rental income from real estate investments + effect of rent-free periods and temporary rental discounts. See section 3 "EPRA Information".

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

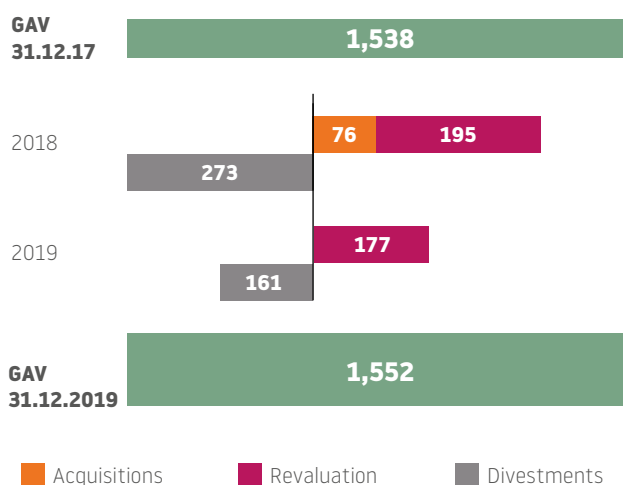
## b. Value of Lar España's portfolio at 31.12.2019

As at 31 December of 2019, the total value of Lar España's portfolio amounts to **EUR 1,552 million**.

### GAV by asset class (%)



### GAV reconciliation 31.12.2019 (millions of euros)



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

### Portfolio LfL value uplift at 31 December 2019



## c. CAPEX

The company has continued revamping its portfolio of assets in order to generate more value, investing more than **€134 million** during 2019.

The breakdown of investment by asset class is as follows:

**CAPEX investment** (Thousands of euros)

A total of €109.7 million has been invested in the retail project under construction **Lagoh**, representing **81%** of the overall investment. With an amount close to **€13 million** invested, **Anec Blau and Megapark** shopping centres have led the way in terms of retail investment.

Image of Megapark Shopping Centre (Bilbao) following completion of part of the refurbishment works.













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



## Refurbishment pipeline

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

	Scope	Budget (Million €)	Status	% Executed	GLA (sqm)	Delivery
	Image redesign and new leisure area	7.3	Phase 1 ✓ Executed Phase 2 Executing	Phase 1 100% Phase 2 20%	82,341	Phase 1 Outlet + retail park Q4 2018 Phase 2 Leisure area Q2 2020
	Image redesign and new dining area	3.8	Phase 1 ✓ Executed Phase 2 ✓ Executed	Phase 1 100% Phase 2 100%	40,334	Phase 1 Image redesign and entrance improvement Q4 2018 Phase 2 Dining area improvement Q4 2019
	Parking image redesign	1.0	Bidding process	Bidding process	41,453	Q2 2020
	Image redesign and new dining area	1.9	Phase 1 ✓ Executed Phase 2 ✓ Executed	Phase 1 100% Phase 2 100%	51,152	Q3 2019
	Comprehensive image redesign	16.2	Executing	70%	29,032	Q2 2020
	Image redesign	2.0	In project	In project	36,447	Q4 2020
	Improved customer experience and car park waterproofing	2.0	In project	In project		
	Division of the hypermarket into four retail units	0.7	✓ Executed	100%	10,982	Executed
	Image redesign	0.6	Executing	10%		
	Sidewalks and terraces extension	0.2	✓ Executed	100%	43,109	Q4 2019



## Portal de la Marina

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

**Status:** Completed



## Gran Vía Vigo

**Description:** After opening its doors more than 12 years ago in the city of Vigo – and considering the growing requirements of its customers – Gran Vía de Vigo Shopping Centre decided to undertake a major refurbishment project, in order **to boost accessibility and vertical mobility**, by installing two new high-capacity panoramic lifts. This year 2020, the centre will **also upgrade its underground car park** to offer a warmer welcome to our customers. The refurbishment will include renovating flooring, recladding the hall, new lighting and improvements to ensure universal accessibility. The refurbishment will then focus on improving both the **fashion and food court areas** (creating two new areas: the food court and the Casco Vello).

**Status:** The tender for the **car park refurbishment project** has been awarded and is currently in the drafting phase. The tender for carrying out the works is due to be awarded in December.



## Anec Blau

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

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

**Status:** The refurbishment is currently in the **construction phase** and is 70% complete. The project is primarily focused on the **food court, leisure area and new garden**.



## Megapark

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

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

**Status:** In the leisure area, **demolition has begun on the ground floor units**. The refurbishment project is due to be completed by Q2 2020.

## El Rosal

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

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

**Status:** The **refurbishment project has been completed**, and the final touches are now being added. The achieved end result is exactly as set out in the original project, from the indoor and outdoor greenery to the furniture, giving El Rosal a **new and appealing look and feel**.





## Rivas Futura

**Description:** The entire retail park will be refurbished in order to **improve the customer experience**.

The project includes renovation of the interior and exterior façades and the canopies. Changes will also be **made to the car park**, including a new road plan, trees, signage and electronic billboards. The pedestrian routes will feature **new seating areas, children's play areas, kiosk spaces and improved pavements and greenery**.

**Status:** The tender for the refurbishment project **has been awarded** and is currently in the drafting phase.

## Parque Abadía

**Description:** In order to accommodate three new retailers at the retail park, new **terrace areas** had required to be designed and built within the current car park. The pavement had been upgraded and extended, and new green spaces had been added. The refurbishment includes a **new road plan, canopy relocation and new parking spaces** for people with reduced mobility and motorcycles.

**Status:** Completed



## Albacenter

**Description:** Following on from the refurbishment completed in 2018, which included the redesign **of the retail area and food court, in 2019 the former hypermarket** was divided up into four retail units. The new project also aims to give **this part of the shopping centre a new look and feel**, in line with the design of the rest of the centre.

With a total budget of **1.3 million Euros** this second phase of works is scheduled to finish during Q1 2020, with **Mercadona** opening as the anchor tenant. **Espaço Casa and Flipa Jump** will be another two of this new retail area's key tenants, ensuring a wider and more varied offering for customers. As well as debuting retailers, visitors can also enjoy new relaxation areas and a more accessible and efficient design.

Works have also included **renovating flooring, ceilings and lighting**, in order to match the overall look and feel across the shopping centre.

**Status:** At 31 December 2019, **the division of the four retail units had been made** and the refurbishment works were 10% completed. Both Flipajump and Espaço Casa are now fully operational.





At 31 December 2019, **57% of retailer leases** had expiration dates beyond 2024.

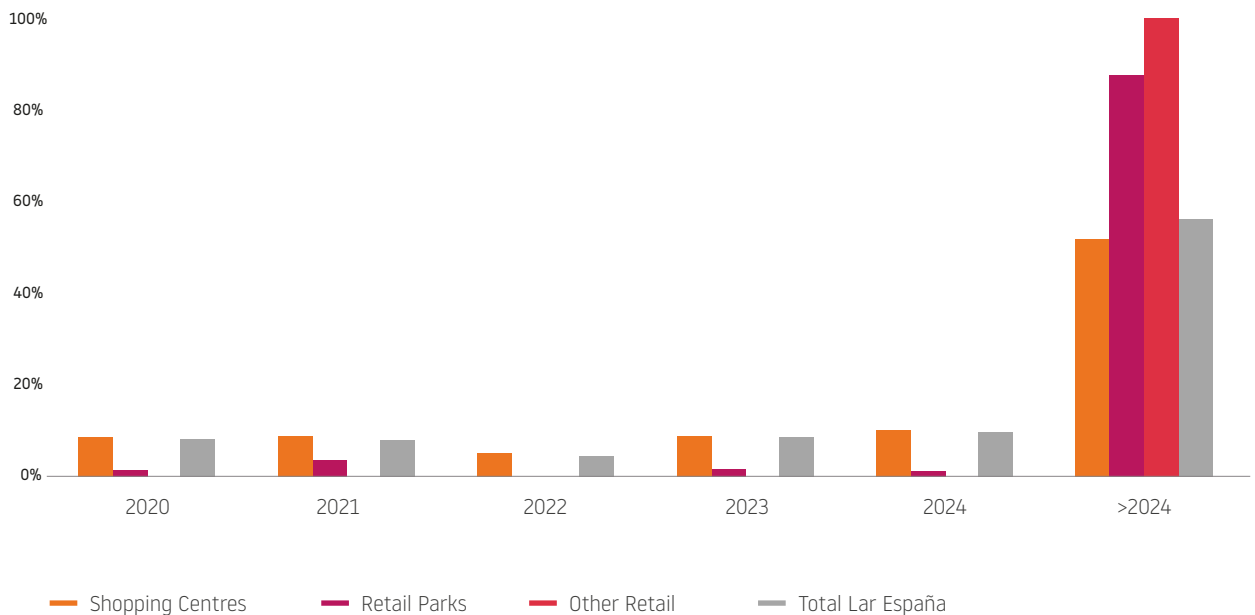
#### d. Lease expiration and WAULT

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

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

term lease agreements have been signed with new tenants. We note that as of 31 December 2019, **57% of all Lar España's** active lease agreements have lease expiries beyond 2024.

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





**1,030**  
existing contracts

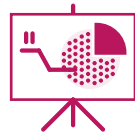
Thus, the **WAULT** <sup>(\*)</sup> (weighted average unexpired lease term) at 31 December 2019 of Lar España's portfolio is **3.5 years**. Below you find the detail by asset class:



<sup>(\*)</sup> Calculated as the number of years from the reference date to the first break option, weighted by the gross rent of each lease agreement. The WAULT of each asset is detailed in section 1.4 "Portfolio at 31 December 2019".



**95.5%**  
Occupancy  
(sqm)

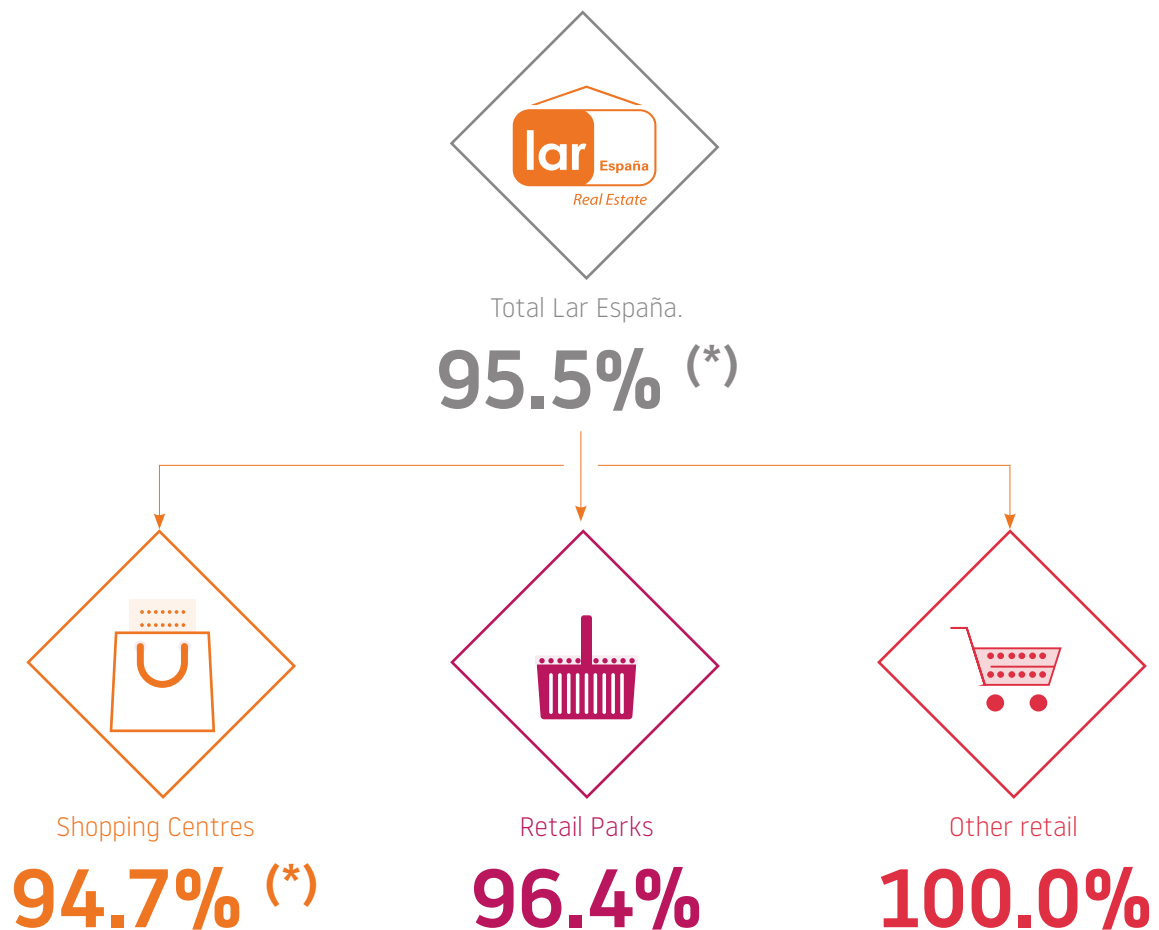


**579,286 sqm**  
Total GLA

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

The gross leasable area (GLA) of Lar España's income producing assets at 31 December 2019 stood at **579,286 sqm**, whilst the occupancy rate stood at **95.5%**.

The occupancy rate by asset class at 31 December 2019 is shown below:



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

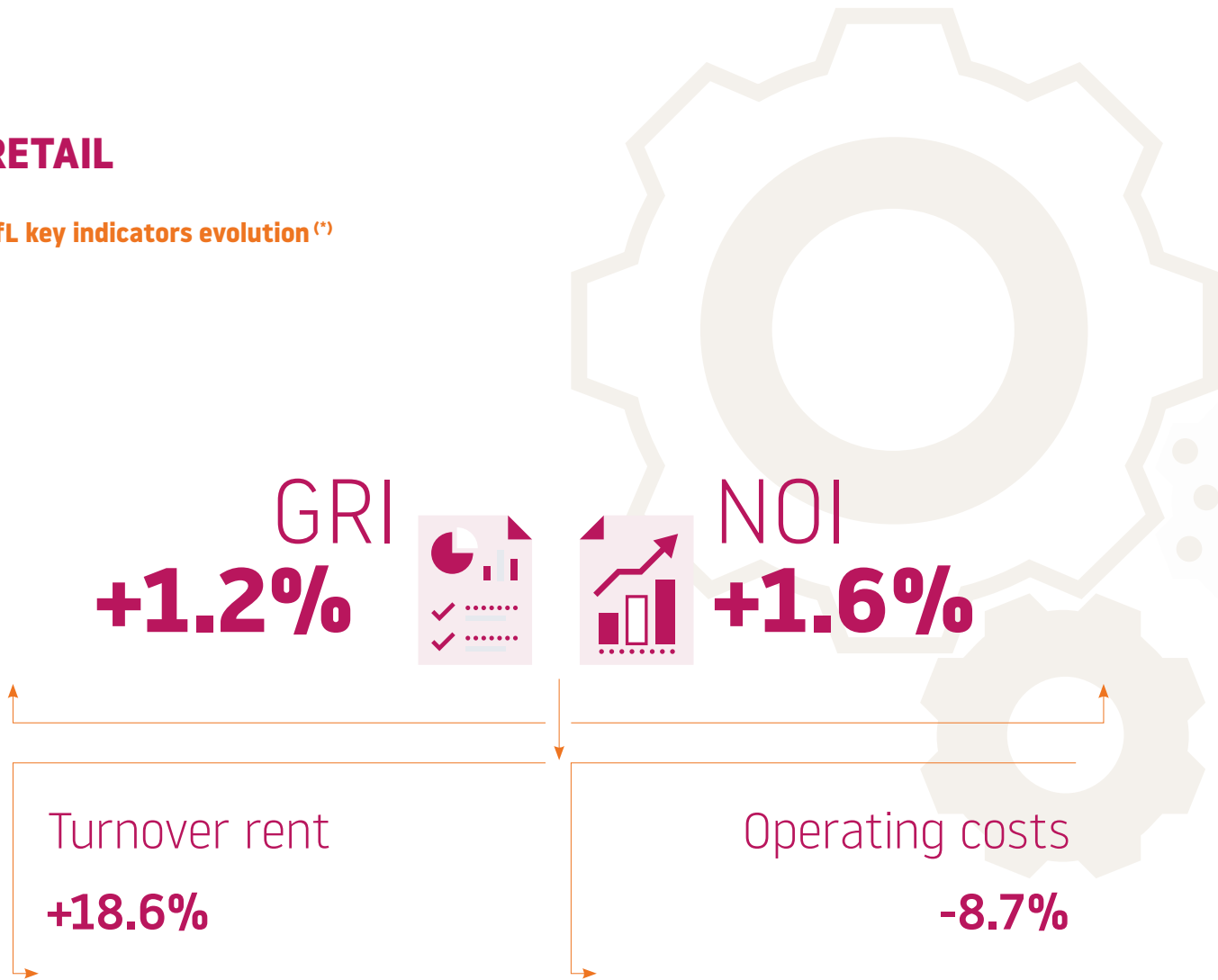


f. Main milestones

The **performance of the key indicators during 2019** is detailed below:

**RETAIL**

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

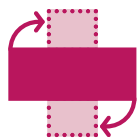


(\*) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and either Albacenter's data due to the division of the hypermarket into four retail units.

## Major operative milestones

During 2019 Lar España continued to actively manage its retail portfolio. It closed **135 transactions** including renewals, relocations, relettings and new lettings, resulting in an annualised tenant rotation rate of **11%** for the portfolio.

	Renewals	Relocations and Relettings	New lettings	Total
<b>Number of operations</b>	48	54	33	<b>135</b>
<b>sqm</b>	16,385	17,985	18,591	<b>52,961</b>



**52,961 sqm**  
Rotated



**+9% (1)**  
Rent uplift



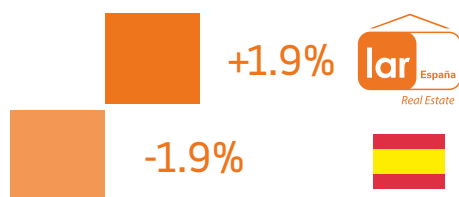
**9.5 million euros**  
Negotiated  
rent



**135**  
Operations

## 2019 Footfall

Footfall indicator in our shopping centres: **64.5 Million of visits.**



**+1.9% (2)**

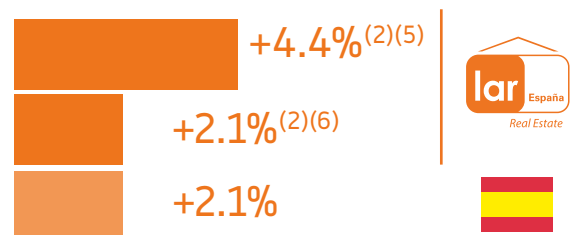
vs. 2018

**-1.9%**

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

## 2019 Sales

Sales performance during 2019: **815.2 (4) million €.**



**+4.4% (2)(5) / +2.1% (2)(6)**

vs. 2018

**+2.1%**

Big Surfaces Spain Sales Index<sup>(7)</sup>

## Retail Users Data (\*)

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

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

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

The results obtained in these shopping centres at 31 December 2019 were as follows:



**87 min.**  
average  
dwell time



**1,494,130,572 min.**  
of total  
use (\*\*)

The shopping centres analysed registered **87 minutes** of average customer dwell, remaining at the same level of the year before.

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

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

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

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

Some of the **main operations** during the period between 1 October and 31 December 2019 are detailed below:



## Key openings in Q4 2019

### VIPS Smart and Ginos open new restaurants in the Abadía retail park

**VIPS Smart**, one of the leading chains of Grupo Vips, opened a new restaurant in the **leisure area of the Abadía retail park** on 23 December. Occupying a 285 sqm retail unit that was formerly home to Conforama, this opening marked VIPS Smart's debut in the city of Toledo.

VIPS Smart is the innovative **'fast casual'** option of the VIPS franchise. It combines some of the most iconic VIPS dishes, freshly prepared and served on real tableware as in other VIPS restaurants, but in a faster-paced environment where customers benefit from a counter-only service and more affordable prices.

**Ginos**, the Italian chain of Grupo Vips, has also opened a new 310 sqm restaurant in the retail park, making it the second-largest restaurant in Toledo. With nearly 100 Ginos restaurants in Spain, the chain is now the undisputed leader of the sector.

With these additions, the Abadía retail park has further expanded its F&B offering, which already includes leading brands such as **Wok Center, Foster's Hollywood and Taco Bell**, the latter of which also opened this quarter.

The park has also invested in bolstering its leisure area, welcoming **Free Jump** - which includes trampolines, foam pits and airbag jumping - and a **bowling alley**.



### Ikea extends its store at Gran Vía de Vigo shopping centre

Just ten months after **opening its "Ikea Design" space**, the renowned multinational Swedish corporation **Ikea**, remains invested in the **Gran Vía de Vigo** shopping centre, extending its current store on the first floor to 90 sqm.

**"Ikea Design"** is a service that already exists in shopping centres in other cities such as Zaragoza, Cádiz, Algeciras, Gijón and Alicante, where anyone can come and get expert advice on the best design for the spaces in their home. It will be located on the first floor of the centre, and will also feature furniture show areas, which buyers can incorporate into their full-scale design projects.

It is not just a showcase for the Swedish multinational's services and products, but a place where people can draw up refurbishment and decoration projects with the help of Ikea professionals. The customers are also offered help with buying online and contracting pick-up, transport and assembly services.



### Gifi opens at Megapark shopping centre

On 24 October, the French home decor company **GIFI** opened its new store at **Megapark shopping centre** in Barakaldo.

This new space brings together design and comfort, offering a fresh and unique experience to customers at the largest retail space in the north of Spain.

It is the French company's first store in the Basque Country, with a new experience-based concept, which comprises **2,130 sqm** and has created 13 new jobs.

This new space will also feature large displays for customers to browse, offering them the chance to take a closer look at the wide range of products available and test them out for themselves.



### Mercadona takes more space at Anec Blau shopping centre

**Mercadona**, Spain's leading supermarket operator, first opened its store at the **Anec Blau Shopping Centre in 2005**, bringing added value to the centre's food offering.

Thanks to the good performance over these years, Mercadona Anec Blau has decided to extend its store in the shopping centre. Mercadona's decision to occupy a larger unit of close to **3,400 sqm** clearly demonstrates the strong potential of the Anec Blau shopping centre which is currently being given a completely new look and feel as part of an extensive redesign project.

The new shopping centre will engage with its surrounding population, via a full-scale refurbishment project incorporating a **new food court, leisure area and outdoor garden**.



### Skechers opens at Megapark Fashion Outlet

On 19 December, the renowned and award-winning US footwear company **Skechers**, opened the doors to its new store at **Megapark shopping centre** in Barakaldo.

This new store further bolsters the shopping centre's fashion offering, following on from the Adidas and Reebok openings in H1 2019.

The store comprises **385 sqm** and offers the best selection of sports footwear for an affordable lifestyle. This Skechers opening further improves the shopping centre's sports offering, which already includes top brands such as Nike, Joma, Adidas and Reebok.



### McDonald's opens in the Anec Blau shopping centre

The US fast food restaurant chain **McDonald's** opened a restaurant at Anec Blau shopping centre in December.

The circa **450 sqm** restaurant is located in the food court area and features a newly remodelled unit with high façades and wide-front entrances, offering yet another reason to visit the leading shopping centre in the catchment area.

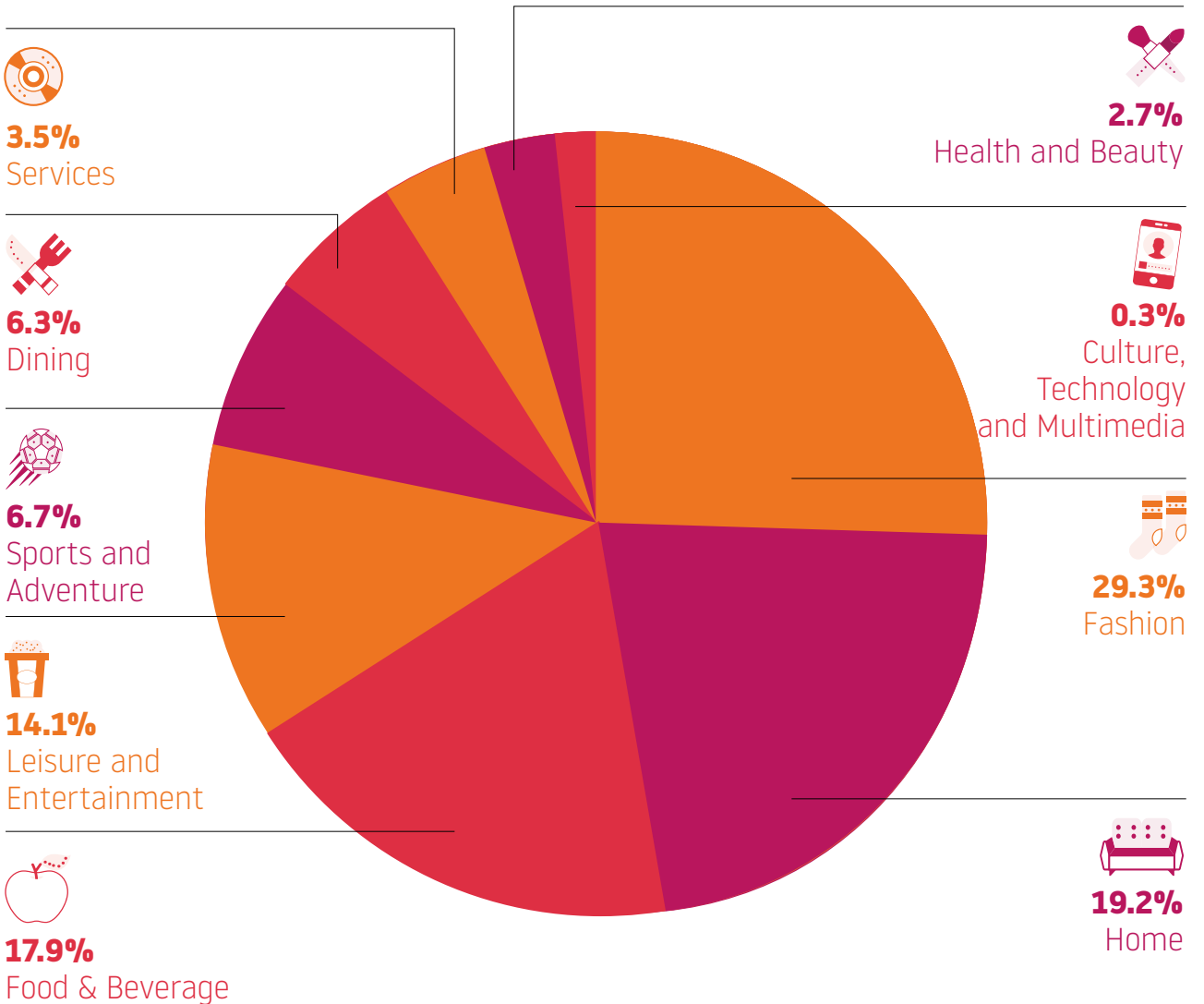




Effort Rate  
**9.8%**

**Retail Tenant Mix (%)**

Below we display the **tenant mix** of Lar España’s retail portfolio at 31 December 2019 by space let. The fashion, food & beverage, home and leisure and entertainment sectors account for **80%** of the retail offering in Lar España’s assets.







## Innovation, differentiation and events

### At a corporate level:

#### Lar España signs agreement with Timpers to exclusively open stores in its shopping centres

Lar España has advised and helped Timpers – the Valencian start-up specialising in the sale of trainers designed by blind people – on the opening of its first physical store in the **Portal de la Marina shopping centre**, in Ondara (Alicante).

Timpers was named winning start-up at the **2019 Wonderful Summit**, the national shopping centre event organised by Lar España that aims to drive and champion innovation via solutions that benefit society.

**Designed by blind people**, Timpers trainers are made with highly sensitive materials and finishings. Moreover, in keeping with its social inclusion ethos, all the Timpers employees also have some form of disability.

With expert **consultation and design** services, Lar España is the driving force behind Timpers' new opening,

helping it to set up its first **stand in its shopping centre**. Portal de la Marina was selected as the first hub to host the Valencian start-up given the key role it played in ensuring Timpers took part in the national contest.

Once this pilot project has been launched, Lar España intends to roll it out across its other centres. In fact, Timpers' brick and mortar stores will only open in Lar España shopping centres where customers will benefit from special offers on their products.

Furthermore, faithful to Lar España's **commitment to corporate social responsibility** initiatives, there will be a collection point enabling the local community to donate trainers and receive special offers from Timpers in return



## At an asset level:

### Relaunch of the As Termas shopping centre: “Ser Más, Ter Más”

On 18th and 19th October, **As Termas was formerly reopened by local authorities following** the full-scale refurbishment carried out over the last year.

The centre has relaunched with the slogan “**Ser más, Ter más**”, offering an innovative retail concept and a wide array of activities for all ages that will provide customers with a new way in which to shop and enjoy their leisure time.

Events began on Friday 18th October with an **official opening ceremony** presided over by the main representatives for the shopping centre’s retailers, who were joined by political, business and community leaders from Lugo.

**Concerts, shows, entertainment, games and activities** were laid on for the enjoyment of visitors. On Friday there was a live performance from **Sabela Ramil**, the 2018 Operación Triunfo finalist from Galicia, while Saturday saw the Galician teen rock band **Furious Monkey House** take As Termas by storm. With all band members in their mid-teens, this rock group has already enjoyed widespread popularity in Spain in recent years and has a very promising future.



*Cutting the ribbon at the relaunch of the new As Termas shopping centre*

### New look and feel for the El Rosal shopping centre

On the last weekend of October, **El Rosal shopping centre** launched its new look with a party to celebrate the completion of its remodelling works. Following several months of hard work and a EUR 2 million investment, the El Rosal shopping centre unveiled its new look – more inviting and sustainable spaces brought to life with a wide array of plants and greenery.

The now completed works focused on the mall, the terrace, and particularly the **food court**.

El Rosal’s new and improved spaces enhance the look and feel of the centre, creating a concept that offers a seamless transition between nature and urban aesthetics and provides a user experience that is both more comfortable and sustainable. With the hashtag **#ElRosalNewLook**, the shopping centre put on various activities for the whole family inviting visitors to come and celebrate the relaunch with them. The Comedy Club welcomed stand-up artist **David Amor** on Friday 25 October and renowned magician **Jorge Blass** on Saturday 26.



*Show by Jorge Blass at the El Rosal shopping centre*

## “Gran Vía Escape” at the Gran Vía de Vigo shopping centre

On Thursday 31st October, in the very early hours of the morning, Gran Vía de Vigo shopping centre held a **frightening Halloween-themed escape room event**. The first time that the centre had opened outside normal hours, it offered thrill-seeking members of the community the chance to take on the challenge of escaping in the shortest time possible from a shopping centre closed to the public

**Terror, suspense and the power of suggestion** reigned as more than 120 people took up the challenge of completing tasks set up for them at different points throughout the shopping centre.

Twelve teams competed in a race against time to complete 12 tasks and a grand finale challenge. Participants came in fancy dress and there was a prize for the best costume. Needless to say, the event was a great success and was the talk of the town in Vigo.

The team that managed to escape first was awarded **free tickets to take part in strategy games** in the countryside around the Comanche area, as well as receiving **cinema and meal packages**.

*Several moments from the escape room event held at Gran Vía de Vigo shopping centre*



## “Lagohfest” at Lagoh Shopping Centre

Between 24-27 October, we celebrated the world-renowned German “Oktoberfest” festival at our newly opened leisure and entertainment centre Lagoh. Lots of fun was had and **customers enjoyed the very best dining**.

Attendees enjoyed beer festival related music, gifts and activities. We decked out the foodcourt in true Oktoberfest style, offering special promotions with the different restaurant operators at the shopping centre, as well as **Bavarian and pop music**.

We also decorated the lake with **floating Pretzels** and gave “Lagoh beer pitchers” to attendees with shopping receipts over 10 euros.



*One of the stands at the Lagoh shopping centre to celebrate the beer festival*

## Charity Christmas light switch-on event at Gran Vía de Vigo Shopping Centre

On Wednesday 20 November, **Universal Children’s Day**, we once again celebrated the start of Christmas with a heart-warming event with the boys and girls from the **Álvaro Cunqueiro Hospital** playing the leading role at the event.

The young patients were entrusted with switching on the lights of the **six-metre high Christmas tree and the more than 1,200 metres of lighting** spread over the three floors and roof of the shopping centre, live and direct, at 18:30 from the Third Floor of the hospital.

All of the customers were able to enjoy this very special moment, thanks to a large screen located on the main floor of the Gran Vía de Vigo Shopping Centre.

This year, we hosted a **special free show** by the renowned company **Jamming**, entitled **“Mi GRAN sonrising”**, for patients, visitors and staff at the **Álvaro Cunqueiro Hospital**, which took place at 17:30 at the main entrance to the hospital.



*Show by Jamming at Álvaro Cunqueiro Hospital*

## “13 Women” at the Albacenter Shopping Centre

On 26 November, we organised the TRECE (THIRTEEN) exhibition to mark the International Day for **Elimination of Violence Against Women**. The exhibition was created by Charo Guijarro and includes photographs of **thirteen different women from diverse walks of life** and their journey to overcoming violence. Members of

local authorities attended and it was very well received by the general public.

Lar España is committed **to gender equality and corporate social responsibility.**



The “13 Women” exhibition at the Albacenter shopping centre



**Retail Park**  
VidaNova Parc





**Shopping Centre**  
Anec Blau (Barcelona)



# 2

## Consolidated Financial Statements

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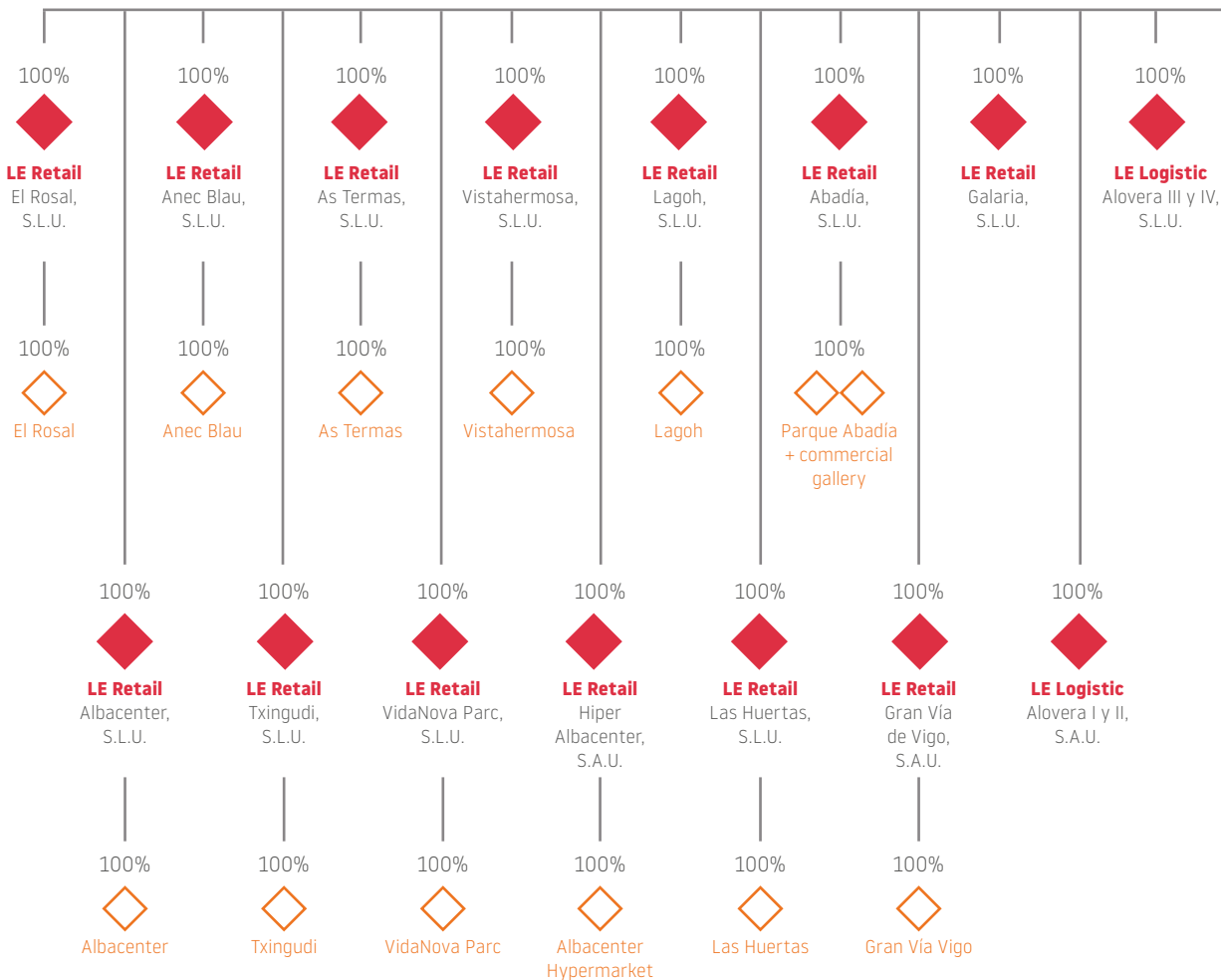
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## 2.1 Company Chart 31.12.2019

At 31 December 2019, the consolidated financial statements of the Group were presented in accordance with the accounting principles established in the International Financial Reporting Standards adopted by the European Parliament (EU-IFRS) up until this date.

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

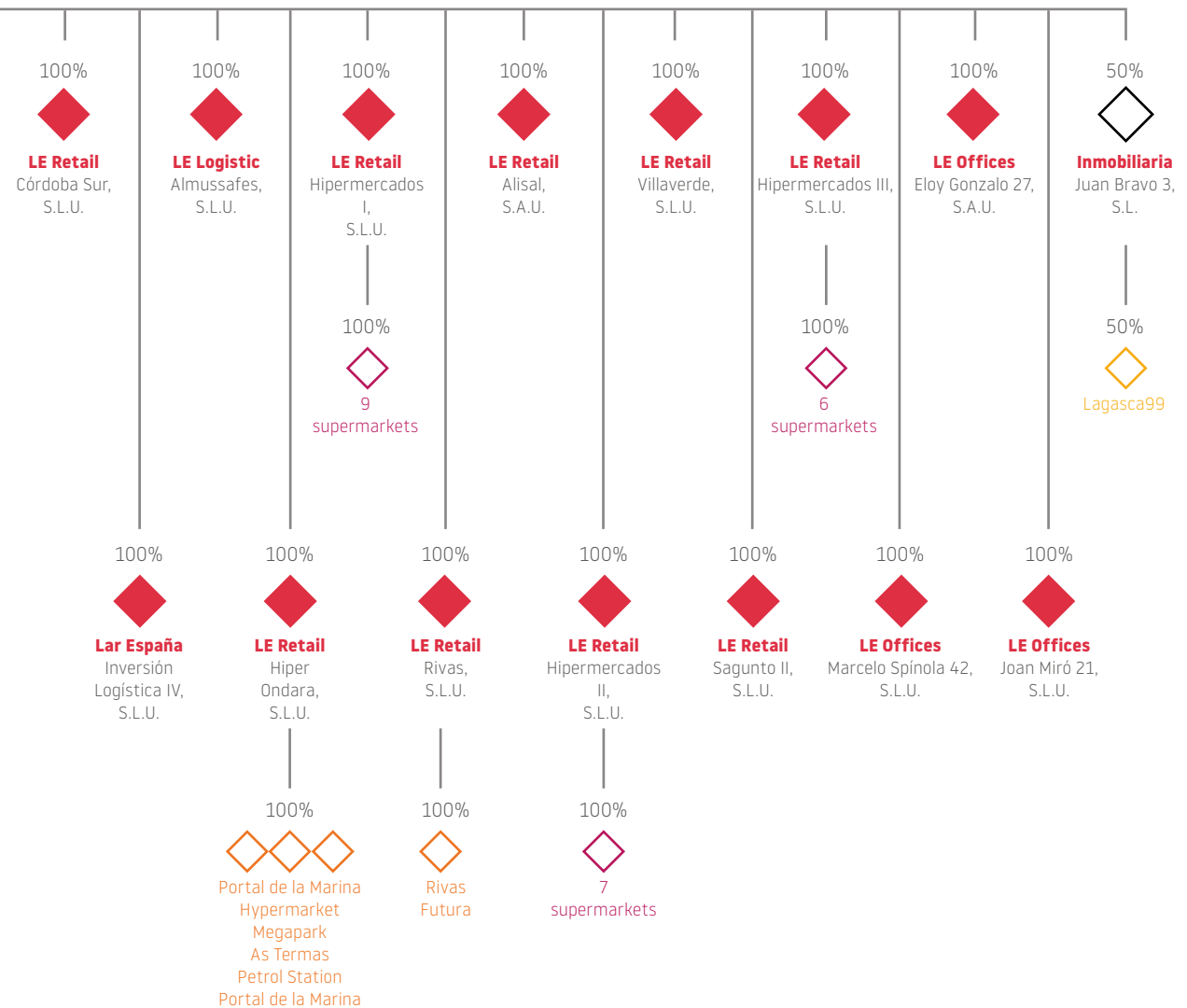


### Company.

 Full Consolidation
  Equity Method



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



**Asset Class.**

- Shopping Centres and Retail Parks
- Retail Units
- Residential

## 2.2

## Consolidated Statement of Comprehensive Income

(Thousands of euros)	2019	2018
Revenues	81,128	77,841
Other income	3,274	3,733
Personnel expenses	(424)	(502)
Amortisation expenses	-	(307)
Other expenses	(25,726)	(55,148)
Changes in the fair value of investment properties	40,037	70,471
Results of disposals of investments properties	1,008	28,541
<b>RESULTS FROM OPERATIONS</b>	<b>99,297</b>	<b>124,629</b>
Financial income	12	27,927
Financial expenses	(20,154)	(17,810)
Share in profit (loss) for the period of equity-accounted companies	473	(899)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>79,628</b>	<b>133,847</b>
Income tax	1,102	(4,539)
<b>PROFIT FOR THE PERIOD</b>	<b>80,730</b>	<b>129,308</b>



## Result from operating activities

At 31 December 2019, the Group presented a **positive operating results** amounting to **99,297 thousand Euros** (positive results from operations of 124,629 thousand Euros at 31 December 2018).

### Revenues

**Revenues** during 2019 amounted to **81,128 thousand Euros** (revenue of 77,841 thousand Euros during 2018), 100% of which was rental income from retail assets (94% during 2018).

### Other expenses

At 31 December 2019, the Group incurred other expenses amounting to **25,726 thousand Euros**, mainly related to:

- Recurrent services that are directly linked to the ordinary management of the assets (supplies, IBI -property tax-, etc.) in the amount of 10,263 thousand Euros.
- Management fees (fixed fee included) for manage-

ment services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") totals 9,877 thousand Euros, discounting indirect fees paid in subsidiary companies (235 thousand Euros) and other expenses incurred by Grupo Lar and paid by Lar España (163 thousand Euros).

### Change in the fair value of investment properties

On 31 December 2019, the amount in this entry, **40,037 thousand Euros**, is made up of the difference in the fair value of investment properties following the latest valuations conducted by independent experts (C&W and JLL) at 31 December 2019.

### Results of disposals of investment properties

On 31 December 2019, this heading includes, mainly, the gain of **977 thousand Euros** from the sale of four logistics plots related to Cheste development project, which were owned by the subsidiary Lar España Inversión Logística IV, S.L.U.



## Net Financial Result

The **financial result** was a negative balance of 20,142 thousand Euros at 31 December 2019 (positive balance of 10,117 thousand Euros at 31 December 2018).

**Financial expenses** amounting to 20,154 thousand Euros mainly comprises the interest accrued on loans taken out by the Group with financial institutions and the bonds issued by the Group in February 2015.

### Consolidated Statement of Comprehensive Income by business line

The income and expenses recorded by the Group at 31 December 2019 broken down by business line are as follows:

(Thousands of Euros)	Retail	Offices and Logistics	Residential	LRE (*)	Total
Revenues	80,900	228	-	-	81,128
Other income	2,469	77	-	728	3,274
Personnel expenses	-	-	-	(424)	(424)
Other expenses	(21,230)	(510)	-	(3,986)	(25,726)
Changes in the fair value of investment properties	40,037	-	-	-	40,037
Results of disposals of investments properties	-	1,008	-	-	1,008
<b>RESULTS FROM OPERATIONS</b>	<b>102,176</b>	<b>803</b>	<b>-</b>	<b>(3,682)</b>	<b>99,297</b>
Net financial result	(19,860)	10	-	(292)	(20,142)
Share in profit (loss) for the period of equity-accounted companies	-	-	473	-	473
<b>PROFIT/(LOSS) FOR THE PERIOD BEFORE TAXES</b>	<b>82,316</b>	<b>813</b>	<b>473</b>	<b>(3,974)</b>	<b>79,628</b>
Income tax	-	1,102	-	-	1,102
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>82,316</b>	<b>1,915</b>	<b>473</b>	<b>(3,974)</b>	<b>80,730</b>

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

At 31 December 2019 retail assets presented an operating profit of 102,176 thousand Euros; and offices and logistics a positive operating result of 803 thousand Euros.



**Shopping Centre**  
Lagoh (Sevilla)



## 2.3

## Consolidated Statement of Financial Position

Assets (Thousands of euros)	TOTAL	
	31/12/2019	31/12/2018
Intangible assets	2	8,556
Investment properties	1,449,344	1,363,646
Equity-accounted investees	5,100	4,627
Non-current financial assets	13,149	11,426
Trade and other receivables non-current	3,857	2,733
<b>NON-CURRENT ASSETS</b>	<b>1,471,452</b>	<b>1,390,988</b>
Non-current assets held for sale	103,790	78,081
Trade and other receivables	14,644	13,762
Other current financial assets	189	3,268
Other current assets	2,650	4,176
Cash and cash equivalents	160,527	191,328
<b>CURRENT ASSETS</b>	<b>281,800</b>	<b>290,615</b>

<b>TOTAL ASSETS</b>	<b>1,753,252</b>	<b>1,681,603</b>
---------------------	------------------	------------------

Equity and liabilities (Thousands of euros)	TOTAL	
	31/12/2019	31/12/2018
Capital	175,267	186,438
Share premium	475,130	476,301
Other reserves	254,358	220,289
Retained earnings	80,730	129,308
Treasury shares	(762)	(1,228)
Valuation adjustments	(1,943)	(2,610)
<b>EQUITY</b>	<b>982,780</b>	<b>1,008,498</b>
Financial liabilities from issue of bonds and other marketable securities	139,376	139,077
Loans and borrowings	506,641	428,400
Deferred tax liabilities	17,201	19,405
Derivatives	2,846	1,892
Other non-current liabilities	19,593	17,240
<b>NON-CURRENT LIABILITIES</b>	<b>685,657</b>	<b>606,014</b>
Liabilities related to non-current assets held for sale	1,570	810
Financial liabilities from issue of bonds and other marketable securities	3,482	3,482
Loans and borrowings	41,127	6,461
Derivatives	2,393	2,179
Other financial liabilities	3,199	-
Trade and other payables	33,044	54,159
<b>CURRENT LIABILITIES</b>	<b>84,815</b>	<b>67,091</b>

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,753,252</b>	<b>1,681,603</b>
-------------------------------------	------------------	------------------



## Non-current assets

### Investment properties

At 31 December 2019, **investments properties** are classified as non-current assets, at a fair value of **1,449,344 thousand Euros** (1,363,646 thousand Euros at 31 December 2018), except for the shopping centres Las Huertas, Txingudi and the Eroski's hypermarkets amounting to 102,220 thousands Euros which is classified under "Non-current assets held for sale" (see assets and liabilities held for sale).

The Group's investment properties, including the assets classified under "Non-current assets held for sale", consist of ten shopping centres, four retail parks and twenty-two retail units. Of particular significance is the investment in retail amounting to

1,550,564 thousand Euros (1,230,399 thousand Euros at 31 December 2018), with revenue from leases representing almost 100% of the Group's total revenues during 2019.

During 2019, the Group has sold the following investments:

- The **Marcelo Spínola and Eloy Gonzalo office buildings**, whose fair values at the transaction dates amounted to 37,000 and 39,944 thousand Euros (see notice of material facts 3 and 6).
- The **logistics plots related to Cheste** development project, the fair value of which at the date of the transaction was 307 thousand Euros.

<b>Net Investment</b> (Thousands of euros)	<b>31/12/2019</b>	<b>31/12/2018</b>
Retail (*)	1,550,564	1,230,399
Offices	-	76,400
Others	1,000	133,307
<b>INVESTMENT PROPERTIES</b>	<b>1,551,564</b>	<b>1,440,106</b>

(\*) This amount includes Las Huertas, Txingudi and the Eroski's Hypermarkets investment properties for an amount of 102,220 thousand Euros, which has been reclassified to "Non-current assets held for sale"



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

Asset	TOTAL		Net Initial Yield (NIY) <sup>(*)</sup>
	Total Gross Leasable Area (GLA) (sqm)	Fair Value (Thousands of euros)	
Lagoh	69,720	312,000	
Megapark + leisure area	82,341	217,336	
Gran Vía	41,453	166,890	
Portal de la Marina + hypermarket	40,334	126,400	
El Rosal	51,152	110,900	
Anec Blau	29,032	102,063	
As Termas + petrol station	35,127	88,090	
Parque Abadía + commercial gallery	43,109	87,520	
Rivas Futura	36,447	67,500	5.17%-7.18%
Albacenter + hypermarket	26,352	63,700	
VidaNova Parc	45,568	55,445	
Supermarkets portfolio	27,909	54,120	
Vistahermosa	33,763	50,500	
Txingudi	10,712	36,520	
Las Huertas	6,267	11,580	
<b>TOTAL RETAIL</b>	<b>579,286</b>	<b>1,550,564</b>	
Others	N/A	1,000	N/A
<b>TOTAL OTHERS</b>	<b>-</b>	<b>1,000</b>	
<b>TOTAL LAR ESPAÑA</b>	<b>579,286</b>	<b>1,551,564</b>	

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



## Intangible assets

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

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

At 31 December 2019, the Group **has reclassified the right of use corresponding to the land on which the Megapark leisure area** stands to real estate investments; therefore, from now on this leisure area will be measured at its fair value pursuant to IAS 40, coming to **10,566 thousand Euros** based on the most recent appraisal performed on 31 December 2019 by independent experts (13,700 thousand Euros based on the appraisal performed on 31 December 2018).

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

## Equity-accounted investees

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

## Non-current financial assets

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

## Current assets

### Assets and liabilities held for sale

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

At 31 December, this heading includes the assets and liabilities of the company **LE Retail Las Huertas, S.L.U.**, **LE Retail Txingudi, S.L.U.**, **LE Retail Hipermercados I, S.L.U.**, **Hipermercados II, S.L.U.** and **LE Retail Hipermercados III, S.L.U.**, which were classified as held for sale as per IFRS 5. <sup>(\*)</sup>

At 31 December 2019 assets and liabilities held for sale are as follows:

### Non-current assets held for sale

(Thousands of euros)	31/12/2019
Investment properties	102,220
Non-current financial assets	1,091
Cash and cash equivalents	479
<b>Total non-current assets held for sale</b>	<b>103,790</b>

### Liabilities related to non-current assets held for sale

(Thousands of euros)	31/12/2019
Other non-current liabilities	1,570
<b>Total liabilities related to non-current assets held for sale</b>	<b>1,570</b>

### Trade and other receivables

As of 31 December 2019 and 31 December 2018, this heading principally reflects other public administration credits in the amount of 10,639 thousand Euros and 10,019 thousand Euros, respectively.

### Cash and cash equivalents

At 31 December 2019 and 31 December 2018, this heading includes 234 thousand Euros and 16,606 thousand Euros respectively, related to the share buy-back programme. This amount would not be considered available Company funds.

### Net Equity

At 31 December 2019, the **Company's share capital** consisted of **87,633,730 registered shares** represented by book entries with a par value of 2 Euros each, fully subscribed and paid up, giving their holders equal rights.

During 2019, the most important milestones have been the following:

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

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



- On 7 June 2019, the Board of Directors resolved to **increase capital** by a nominal amount of EUR 1,243 thousand by issuing shares (621,337 ordinary shares with a par value of EUR 2 each) and with a share premium of EUR 5,182 thousand. **This capital increase was subscribed by Grupo Lar Inversiones Inmobiliarias, S.A. in accordance with the Investment Management Agreement**, which stipulates that the management company invest the performance fees received, net of taxes, in subscribing the capital increase performed by the Parent Company as per the terms of said agreement. This capital increase was performed without a pre-emptive subscription right and by delegating powers to execute the agreement to the Board of Directors. At the date of the accompanying interim condensed consolidated financial statements, the capital increase had been recorded in the Madrid Companies Register (see significant event 9).
- On 10 June 2019, pursuant to the Board of Directors' resolution in 7 June 2019, the Parent Company **reduced capital by EUR 6,506 thousand**, corresponding to 3,252,820 shares of EUR 2 par value each and representing 3.5% of share capital. The capital reduction was charged against unrestricted reserves by appropriating to a capital redemption reserve an amount equal to the par value of the redeemed shares. This reserve will be restricted. The shares were redeemed using treasury shares, the value of which at the capital reduction date was EUR 24,743 thousand (see significant event 9).
- On 20 December 2019, pursuant to the Board of Directors' resolution in 19 December 2019, the Parent Company **reduced capital by EUR 5,908 thousand, corresponding to 2,953,831 shares** of EUR 2 par value each and representing **3.2% of share capital**. The capital reduction was charged against unrestricted reserves by appropriating to a capital redemption reserve an amount equal to the par value of the redeemed shares. This reserve will be restricted. The shares were redeemed using treasury shares, the value of which at the capital reduction date was EUR 21,682 thousand (see significant event 11).

During 2019, the Company has carried out its own share sale and purchase transactions, as described below:

	Number of shares	Thousands of euros
<b>31 December 2018</b>	<b>164,925</b>	<b>1,228</b>
Additions	6,240,541	46,715
Disposals	(6,301,646)	(47,181)
<b>30 September 2019</b>	<b>103,820</b>	<b>762</b>




















The negative balance arising from the sale of own shares during 2019 amounted to 16 thousand Euros, recorded under "Other reserves".

Furthermore, an increase of 5,146 thousand euros has been recognised under other reserves corresponding to the difference between the carrying value of the right of use corresponding to the land on which the Megapark leisure area stands at 31 December 2018 and the fair value based on the appraisal performed by the independent experts at year-end 2019 (see intangible assets).

## Financial liabilities

## Loans &amp; Borrowings

The characteristics of the Loans & Borrowings at 31 December 2019 are as follows:

Type	Project	Entity	Interest rate (*)	Maturity date	Nominal amount (Thousands of euros)	Current (Thousands of euros)	Non-Current (Thousands of euros)
Mortgage Loan	As Termas		EUR 3M +1.80%	25/06/2020	37,345	37,245	-
Mortgage Loan	El Rosal		EUR 3M +1.75%	07/07/2030	50,000	1,028	48,413
Mortgage Loan	VidaNova Parc		EUR 3M +1.85%	31/12/2024	28,000	17	27,231
Mortgage Loan	Megapark + Megapark leisure area	  	EUR 3M +1.70%	24/02/2023	105,250	235	100,871
Mortgage Loan	Portal de la Marina	  	EUR 3M +1.70%	24/02/2023	60,000	147	58,498
Mortgage Loan	Vistahermosa		EUR 3M +1.85%	02/03/2022	21,550	34	21,306
Mortgage Loan	Parque Abadia + commercial gallery		1.80% and 1.93%	23/05/2024	42,060	80	41,273
Mortgage Loan	Gran Vía Vigo		EUR 3M +1.75%	14/03/2022	82,400	-	81,203
Mortgage Loan	Rivas Futura		1.90%	19/12/2024	34,500	-	34,286
Developer's Loan	Lagoh	   	EUR 3M +2.00%	29/06/2025	98,500	2,329	93,560
Corporate Loan	LRE		EUR 12M +1.20%	16/05/2020	25,000	-	-
Corporate Loan	LRE		1.25%	26/10/2025	70,000	12	-
<b>LOANS AND BORROWINGS</b>						<b>41,127</b>	<b>506,641</b>

(\*) The 69% of the principal is covered by derivatives

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

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

Below you will find the net Loan To Value calculation as at 31 December 2019:

(Thousands of euros)	31/12/2019
<b>GAV</b>	<b>1,551,564</b>
Full Consolidation Gross Debt	696,030
Equity Method Gross Debt	1,858
<b>Total gross debt</b>	<b>697,888</b>
Cash (Full Consolidation and Equity Method) (*)	166,720
<b>Total net debt</b>	<b>531,168</b>
<b>NET LTV (**)</b>	<b>34%</b>

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

At 31 December 2019, Lar España's debt stood at **697,888 thousand Euros**, with an **average cost of 2.1%** and a **net LTV ratio of 34%**. The average debt maturity stood at 4 years.

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



**€697.9 MM**  
Financial Debt



**34%**  
Net LTV



**2.1%**  
Average  
cost of debt

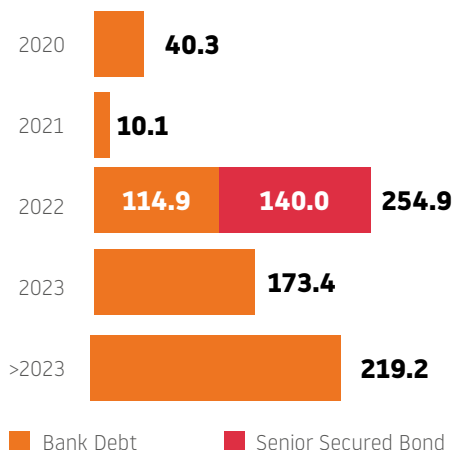
### Deferred tax liabilities

At 31 December 2019, this entry included deferred tax liabilities deriving from the business combination carried out by the acquisition of the subsidiary LE Retail Rivas, S.L.U. as well as the acquisitions of the subsidiaries LE Retail Abadía, S.A.U., LE Retail Hipermercados I, S.A.U., LE Retail Hipermercados II, S.A.U., LE Retail Hipermercados III, S.A.U. and LE Retail Gran Vía de Vigo, S.A.U. in 2017 and 2016. These amounts correspond to the tax effect derived from the difference between the fair value and the fiscal value of the acquired real estate investments.

### Other non-current liabilities

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


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




On 19 December and 20 December 2019, Lar España **has completed the refinancing** of its existing bank loans corresponding to **Parque Comercial Rivas Futura and Parque Comercial Vidanova Parc**.

These transactions **improve** both **the cost and the maturity** of the Company's debt.

Below are the conditions of the new financings:

	Previous conditions	New conditions	
			
<b>Entity:</b>	BBVA	BBVA	
<b>Nominal amount</b> (euros):	27,500,000	34,500,000	+€7Mn
<b>Interest rate:</b>	2.28%	1.90%	-0.38%
<b>Maturity date:</b>	Bullet (Maturity date: 9 September 2020)	Bullet (Full amortization at 5 years maturity)	+5y

	Previous conditions	New conditions	
			
<b>Entity:</b>	CaixaBank	BBVA	
<b>Nominal amount</b> (euros):	17,127,138	28,000,000	+€11Mn
<b>Interest rate:</b>	EUR 3M + 2.10%	EUR 3M + 1.85%	-0.25%
<b>Maturity date:</b>	Partial amortizations	Bullet (Full amortization at 5 years maturity)	+5y



## 2.4

## Consolidated Statement of Cash Flows

	2019	2018
<b>A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>16,797</b>	<b>19,102</b>
<b>1. Profit/(loss) for the period before tax</b>	<b>79,628</b>	<b>133,847</b>
<b>2. Adjustments for:</b>	<b>(21,150)</b>	<b>(108,113)</b>
Profit / (loss) from adjustments to fair value of investment properties (-)	(40,037)	(70,471)
Amortisation of intangible assets (+)	-	307
Impairment (+/-)	226	(190)
Financial income (-)	(12)	(27,927)
Financial expenses (+)	18,977	16,786
Inclusion of financial expenses in assets	(659)	-
Changes in Fair value of financial instruments (+/-)	1,836	1,024
Share in profit (loss) for the period of equity-accounted companies	(473)	899
Results of disposal of investments properties	(1,008)	(28,541)
<b>3. Changes in operating assets and liabilities</b>	<b>(26,247)</b>	<b>6,508</b>
Trade and other receivables (+/-)	(1,061)	(2,820)
Other current assets and liabilities (+/-)	(981)	(2,873)
Trade and other payables (+/-)	(24,205)	12,201
Other current liabilities (+/-)	-	5,903
<b>4. Other cash flows used in operating activities</b>	<b>(15,434)</b>	<b>(13,140)</b>
Interest paid (-)	(15,434)	(13,140)
<b>B) CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(53,114)</b>	<b>139,536</b>
<b>1. Payments for investments (-)</b>	<b>(134,373)</b>	<b>(161,281)</b>
Net cash outflow from acquisitions of businesses	-	(33,331)
Investment property	(134,373)	(127,950)
<b>2. Proceeds from divestments (+)</b>	<b>81,259</b>	<b>300,817</b>
Other assets	-	3,448
Inflow of cash in business sales	3,000	103,224
Disposal of investment property	78,259	194,145
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>5,613</b>	<b>(16,009)</b>
<b>1. Payments made and received for equity instruments</b>	<b>(39,551)</b>	<b>6,884</b>
Proceeds from issue of share capital (+)	6,425	20,924
Acquisition / Disposal of treasury shares (- /+)	(45,976)	(14,040)
<b>2. Proceeds from and payments for financial liability instruments</b>	<b>117,764</b>	<b>22,073</b>
a) Issue of:	160,055	83,540
Bank borrowings (+)	156,955	83,540
Debt with Group companies and associates	3,100	-
b) Redemption and repayment of:	(42,291)	(61,467)
Bank borrowings	(42,291)	-
<b>3. Payments for dividends and remuneration on other equity instruments</b>	<b>(72,600)</b>	<b>(44,966)</b>
Dividends (-)	(72,600)	(44,966)
<b>D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE</b>	<b>97</b>	<b>3,082</b>
<b>E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>(30,801)</b>	<b>145,711</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>191,328</b>	<b>45,617</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)</b>	<b>160,527</b>	<b>191,328</b>

## 2.5 Grupo Lar fees as Lar España's Manager

### Base fee (Fixed fees)

In accordance with the **Investment Manager Agreement (IMA)** signed on 19 February 2018 between Lar España and its manager, Grupo Lar, the base fee to be paid by Lar España is calculated on the basis of the annual amount.

- **€2 million**
- The sum of (a) **1.00% of the portion of the EPRA NAV** (excluding net cash) as of the prior December 31 which is up to and including **€1,000 million**, and (b) **0.75% of the portion of the EPRA NAV** (excluding net cash) as of the prior December 31 which is in **excess of €1,000 million**.

As a result, the fixed fees entered in the Global Consolidated Income Statement for Lar España at 31 December 2019 total **9,877 thousand Euros**.

<i>Base Fee</i>	<i>Thousands of Euros</i>
<b>EPRA NAV 31.12.18</b>	<b>1,036,683</b>
Gross fee	10,275
Grupo Lar expenses incurred by Lar España	(163)
Fees indirectly paid in subsidiary companies (*)	(235)
<b>BASE FEE</b>	<b>9,877</b>

(\*) Lagasca99 fees

### Performance fee (Variable fees)

Likewise, Grupo Lar has the right to a **Performance Fee** that is paid to the manager **depending on the profitability obtained by Lar España shareholders**.

In this respect, the annual profitability of shareholders is defined in the contract as the sum of the change to EPRA NAV of the Group during the period, less net funds obtained from the issue of shares during the period, plus the dividends distributed during said period

The performance fee to be drawn by the Investment Manager will be **linked to both the EPRA NAV and the market capitalisation of the Company**, and subject to an overall cap equivalent to 3% of the EPRA NAV of the Company as of 31 December of the preceding year.

The amount of this remuneration will be accrued by the Management Company from the moment that:

- **Annual EPRA NAV increase** (net of capital increase and shareholders distributions) up to **10%:**
  - 16%** of the amount beyond the 10% of annual increase.
- **Annual increase of the market capitalization** (net of capital increase and shareholders distributions) up to **10%:**
  - 4%** of the amount beyond the 10% of annual increase.

The Company's **EPRA NAV variation** is calculated as follows:

<i>EPRA NAV Evolution</i>	Thousands of Euros
EPRA NAV 31.12.18	1,036,683
EPRA NAV 31.12.19	1,003,760
<b>Gross difference</b>	<b>(32,923)</b>
2018 Dividend paid in 2019	75,000
Capital Increase	(6,425)
Capital Reductions	46,425
<b>Net difference</b>	<b>82,077</b>
<b>INCREASE % 31.12.18 - 31.12.19</b>	<b>7.92%</b>
>10%	0.00%
Return above 10%	-
<b>PERFORMANCE FEE</b>	<b>-</b>

Therefore, **no performance fee will be paid based on the change in EPRA NAV.**

The Company's **market capitalisation evolution** is also displayed in the following table:

<i>Market Capitalization Evolution</i>	Thousands of Euros
Market capitalisation 31.12.18 <sup>(*)</sup>	735,731
Market capitalisation 31.12.19 <sup>(*)</sup>	648,621
<b>Gross difference</b>	<b>(87,110)</b>
2018 Dividend paid in 2019	75,000
Capital Increase	(6,425)
Capital Reductions	46,425
<b>Net difference</b>	<b>27,890</b>
<b>EVOLUTION % 31.12.2018 - 31.12.2019</b>	<b>3.79%</b>
>10%	0.00%
Return above 10%	-
<b>PERFORMANCE FEE</b>	<b>-</b>

**Market capitalization annual increase** has not exceed 10%. Indeed, **not amount has been accrued** linked to this concept.

Therefore, the sum of **9,877 thousand Euros** that results from adding the base fee to the performance fee is entered in the Global dated Income Statement at 31 December 2019 under the heading "Other Costs". See section 2, "Consolidated Financial Statements".

Fixed and variable fees have been taken into account in the EPRA Cost Ratio calculation (section 3 "EPRA Information").

<sup>(\*)</sup> Calculated taken into account the average closing price of the last 20 sessions.

## 2.6

## Proposed Shareholder Remuneration

The Company intends to maintain a dividends policy which takes account of sustainable levels of distributions that reflect the Company's future profit forecasts. **Lar España was formed with the aim of generating high returns for its shareholders through the annual payment of significant dividends** and the creation of value in the form of an increase the EPRA NAV.

According to the last communications made by Lar España, the dividend would be, at least, **5% of 2019's average EPRA NAV**.

2019's average quarterly EPRA NAV amounted to **1,005.9 million Euros**:

Million of Euros	EPRA NAV
Q1	1,040,7
Q2	968,5
Q3	1,010,6
Q4	1,003,8
<b>2019 Average</b>	<b>1,005.9</b>
<b>5% average EPRA NAV</b>	<b>50.3</b>

Therefore, the dividend to be distributed would stand at 50.3 million Euros.

However, **thanks to income generated by the Company in 2019**, it is proposed that a dividend of **55 million Euros** be paid out.

As a result, the amount to be put to the General Shareholders Meeting as the proposed shareholder dividend for the financial year ending 31 December 2019 will be **55 million Euros**, representing a payment of **0.63 Euros per share**.

 Dividend  
**€55 Mn**

**0.63 € per share**

 **5.5%**  
Dividend Yield over  
NAV per share  
(31.12.19)

 **8.9%**  
Dividend Yield over  
market capitalization  
(31.12.19)

## 2.7 Shareholder return

The **shareholder rate of return** in 2019 stood at **10.14%**. To calculate the rate of return, we use the growth per share over the financial year, which is the sum of:

- The variation in the Company's EPRA NAV per share.
- Dividend per share distributed during the financial year.

$$\text{Shareholder Rate of Return} = \frac{\text{Growth (NAV + Dividend) per share}}{\text{EPRA NAV per share 31.12.2018}}$$

	€/share
EPRA NAV 31.12.18	11.14
EPRA NAV 31.12.19	11.47
<b>NAV Growth 2019</b>	<b>0.33</b>
2018 Dividend paid in 2019	0.80
<b>Growth (NAV + Dividend)</b>	<b>1.13</b>
<b>SHAREHOLDER RETURN 2019 (%)</b>	<b>10.14%</b>



Shareholder  
Rate of Return  
**10.14%**





as termas

**Shopping Centre**  
As Termas (Lugo)

# 3

## EPRA Information

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## EPRA Awards

- In November 2016, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association<sup>(1)</sup>) updated its Best Practices Recommendations<sup>(2)</sup> guidelines in order to improve the presentation, transparency, comparability and relevance of the published results of listed real estate companies in Europe.

Lar España fully supports and endorses the principle of standardising the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the financial information.

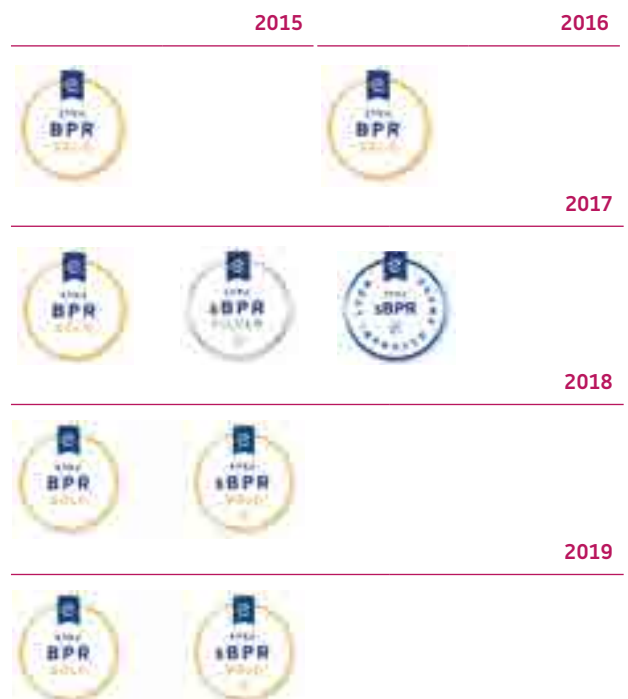
For this purpose, we have included an specific chapter with our main economic indicators following EPRA guidances.

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

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

- In **September 2019**, Lar España was awarded for the fifth year running the **Gold Award** from the European Public Real Estate Association (EPRA) in recognition of the quality of the **financial information** provided by the company. Lar España was also awarded for the second time with the most prestigious recognition from EPRA, the **Gold Award**, related to the information about **Corporate Social Responsibility**.

This highlights **the international recognition for the information reported by Lar España** and made available to its shareholders.







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

Indicator	31/12/2019 (Thousands of euros)/%	31/12/2019 (Euros per share)
EPRA Earnings	40,419	0.45
EPRA NAV	1,003,760	11.47
EPRA NNNAV	982,780	11.23
EPRA Net Initial Yield (NIY)	5.6%	-
EPRA “topped-up” NIY	5.9%	-
EPRA Vacancy Rate	3.5%	-
EPRA Cost Ratio	21.9% <sup>(*)</sup>	-
EPRA Cost Ratio (excluding costs of direct vacancy)	19.2% <sup>(*)</sup>	-

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

## 3.1 EPRA Earnings

(Thousands of euros)	2019	2018
<b>EARNINGS PER IFRS INCOME STATEMENT</b>	<b>80,730</b>	<b>129,308</b>
Change in value of investment properties	(40,037)	(97,245) <sup>(*)</sup>
Change in fair value of financial instruments	1,836	1,024
Companies divestments effect	(1,008)	(28,541)
Amortisation of intangible assets	-	307
Tax on profit on disposals	(1,102)	4,539
<b>EPRA EARNINGS</b>	<b>40,419</b>	<b>9,392</b>
Weighted average number of shares (excluding treasury shares)	89,879,866	93,404,258
<b>EPRA EARNINGS PER SHARE (EUROS)</b>	<b>0.45</b>	<b>0.10</b>
Company specific adjustment <sup>(**)</sup>	-	19,848
<b>ADJUSTED EPRA EARNINGS</b>	<b>40,419</b>	<b>29,240</b>
<b>ADJUSTED EPRA EARNINGS PER SHARE (EUROS)</b>	<b>0.45</b>	<b>0.31</b>

(\*) 26,774 thousand Euros linked to Lagasga99 residential project included

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



**Adjusted EPRA  
Earnings  
per share  
+45%  
vs. 2018**

## 3.2 EPRA NAV and EPRA NNNAV

 **EPRA NAV  
per share (\*)  
+10.1%  
vs. 31/12/2018**

### EPRA NAV

(Thousands of euros)	31/12/2019	31/12/2018
<b>NET ASSET VALUE PER THE FINANCIAL STATEMENTS</b>	<b>982,780</b>	<b>1,008,498</b>
Change in fair value of non-current assets	-	5,146
Fair value of financial instruments	3,779	3,634
Deferred tax liabilities	17,201	19,405
<b>EPRA NAV</b>	<b>1,003,760</b>	<b>1,036,683</b>
Number of shares (excluding treasury shares)	87,529,910	93,081,129
<b>EPRA NAV PER SHARE (EUROS)</b>	<b>11.47 (**)</b>	<b>11.14</b>

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

### EPRA NNNAV

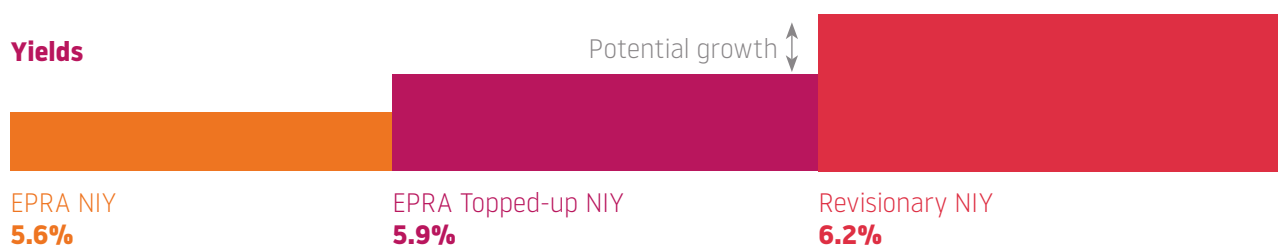
(Thousands of euros)	31/12/2019	31/12/2018
<b>EPRA NAV</b>	<b>1,003,760</b>	<b>1,036,683</b>
Fair value of financial instruments	(3,779)	(3,634)
Deferred tax liabilities	(17,201)	(19,405)
<b>EPRA NNNAV</b>	<b>982,780</b>	<b>1,013,644</b>
Number of shares (excluding treasury shares)	87,529,910	93,081,129
<b>EPRA NNNAV PER SHARE (EUROS)</b>	<b>11.23 (**)</b>	<b>10.89</b>

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

## 3.3

EPRA NIY and EPRA “topped-up” NIY (31/12/2019)<sup>(\*)</sup>

Assets (Thousands of euros)	Completed Property Portfolio	Allowance for estimated purchasers costs	Gross up completed property portfolio valuation (A)
Lagoh	312,000	3,354	315,354
Megapark + leisure area	217,336	2,173	219,510
Gran Vía Vigo	166,890	4,170	171,060
Portal de la Marina + hypermarket	126,400	3,163	129,563
El Rosal	110,900	2,689	113,589
Anec Blau	102,063	3,215	105,278
As Termas + petrol station	88,090	2,200	90,290
Albacenter + hypermarket	63,700	2,007	65,707
Txingudi	36,520	363	36,882
Las Huertas	11,580	290	11,870
<b>TOTAL SHOPPING CENTRES</b>	<b>1,235,479</b>	<b>23,624</b>	<b>1,259,103</b>
Parque Abadía + commercial gallery	87,520	2,648	90,168
Rivas Futura	67,500	1,451	68,951
VidaNova Parc	55,445	1,192	56,637
Vistahermosa	50,500	1,338	51,838
<b>TOTAL RETAIL PARKS</b>	<b>260,965</b>	<b>6,629</b>	<b>267,594</b>
Supermarkets portfolio	54,120	838	54,958
<b>TOTAL OTHERS</b>	<b>54,120</b>	<b>838</b>	<b>54,958</b>
<b>TOTAL LAR ESPAÑA</b>	<b>1,550,564</b>	<b>31,091</b>	<b>1,581,655</b>



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

Annualised cash passing rental income	Property outgoings	Annualised net rents (B)	Notional rent expiration of rent free periods or other lease incentives	Topped-up net annualised rents (C)	EPRA NET INITIAL YIELD (B/A)	EPRA TOPPED-UP NET INITIAL YIELD (C/A)
17,050	(986)	16,063	981	17,045	<b>5.1%</b>	<b>5.4%</b>
13,091	(1,263)	11,828	906	12,735	<b>5.4%</b>	<b>5.8%</b>
9,999	(700)	9,299	106	9,405	<b>5.4%</b>	<b>5.5%</b>
7,914	(574)	7,340	72	7,412	<b>5.7%</b>	<b>5.7%</b>
7,536	(836)	6,701	207	6,908	<b>5.9%</b>	<b>6.1%</b>
(*)	(*)	(*)	(*)	(*)	<b>(*)</b>	<b>(*)</b>
5,868	(342)	5,525	227	5,752	<b>6.1%</b>	<b>6.4%</b>
4,106	(495)	3,611	246	3,857	<b>5.5%</b>	<b>5.9%</b>
2,723	(161)	2,562	36	2,598	<b>6.9%</b>	<b>7.0%</b>
949	(120)	829	36	865	<b>7.0%</b>	<b>7.3%</b>
<b>69,236</b>	<b>(5,477)</b>	<b>63,759</b>	<b>2,818</b>	<b>66,577</b>	<b>5.5%</b>	<b>5.8%</b>
5,636	(355)	5,281	81	5,363	<b>5.9%</b>	<b>5.9%</b>
4,200	(261)	3,939	203	4,142	<b>5.7%</b>	<b>6.0%</b>
3,823	(460)	3,363	249	3,612	<b>5.9%</b>	<b>6.4%</b>
3,636	(670)	2,967	293	3,259	<b>5.7%</b>	<b>6.3%</b>
<b>17,295</b>	<b>(1,745)</b>	<b>15,550</b>	<b>826</b>	<b>16,376</b>	<b>5.8%</b>	<b>6.1%</b>
3,889	(14)	3,875	0	3,875	<b>7.1%</b>	<b>7.1%</b>
<b>3,889</b>	<b>(14)</b>	<b>3,875</b>	<b>0</b>	<b>3,875</b>	<b>7.1%</b>	<b>7.1%</b>
<b>90,420</b>	<b>(7,236)</b>	<b>83,184</b>	<b>3,644</b>	<b>86,828</b>	<b>5.6%</b>	<b>5.9%</b>



**5.6%**  
EPRA NIY



**5.9%**  
EPRA  
Topped-up  
NIY



**6.2%**  
Reversionary  
Yield

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

## 3.4

### EPRA Vacancy Rate <sup>(1)</sup>

Asset	ERV (Thousands of euros)	ERV Vacancy (Thousands of euros)	EPRA VACANCY RATE %
Lagoh	16,346	208	1.3%
Megapark + leisure area	14,561	1,014	7.0% <sup>(2)</sup>
Gran Vía Vigo	9,715	146	1.5%
Portal de la Marina + hypermarket	7,896	348	4.4%
El Rosal	8,001	346	4.3%
Anec Blau	(1)	(1)	(1)
As Termas + petrol station	5,769	226	3.9%
Albacenter + hypermarket	4,554	277	6.1% <sup>(2)</sup>
Txingudi	2,787	44	1.6%
Las Huertas	1,091	120	11.0%
<b>TOTAL SHOPPING CENTRES</b>	<b>70,720</b>	<b>2,729</b>	<b>3.9%</b>
Parque Abadía + commercial gallery	5,680	133	2.3%
Rivas Futura	4,335	23	0.5%
VidaNova Parc	4,248	156	3.7%
Vistahermosa	3,759	227	6.0%
<b>TOTAL RETAIL PARKS</b>	<b>18,022</b>	<b>539</b>	<b>3.0%</b>
Supermarkets portfolio	3,391	0	0.0%
<b>TOTAL OTHERS</b>	<b>3,391</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL LAR ESPAÑA</b>	<b>92,133</b>	<b>3,268</b>	<b>3.5%</b>



**3.5%**  
EPRA Vacancy Rate

(1) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project. | (2) The property is undergoing significant refurbishments meaning that some units are being vacated temporarily.

## 3.5 EPRA Cost Ratios

(Thousands of euros)	Recurring		TOTAL	
	2019	2018	2019	2018
Administrative expenses	(424)	(502)	(424)	(502)
Operating costs net of recoverable income <sup>(1)</sup>	(16,472) <sup>(2)</sup>	(18,388) <sup>(2)</sup>	(19,595) <sup>(3)</sup>	(48,774) <sup>(3)</sup>
Administrative/operating expenses in associates	-	(1,283)	-	(1,283)
<b>EPRA Cost (including vacancy cost) (A)</b>	<b>(16,896)</b>	<b>(20,173)</b>	<b>(20,019)</b>	<b>(50,559)</b>
Direct vacancy costs	(2,060)	(2,547)	(2,060)	(2,547)
<b>EPRA Cost (excluding vacancy cost) (B)</b>	<b>(14,836)</b>	<b>(17,626)</b>	<b>(17,959)</b>	<b>(48,012)</b>
Gross Rental Income less ground rent costs-per IFRS	83,304	79,688	83,304	79,688
Net associated costs (net service charge)	(6,131)	(6,374)	(6,131)	(6,374)
<b>Gross Rental Income (C)</b>	<b>77,173</b>	<b>73,314</b>	<b>77,173</b>	<b>73,314</b>
<b>EPRA COST RATIO (including direct vacancy costs) A/C</b>	<b>21.9% <sup>(4)</sup></b>	<b>27.5%</b>	<b>25.9%</b>	<b>69.0%</b>
<b>EPRA COST RATIO (excluding direct vacancy costs) B/C</b>	<b>19.2% <sup>(4)</sup></b>	<b>24.0%</b>	<b>23.3%</b>	<b>65.5%</b>

(1) Maintenance costs totalling 371 thousands of euros are included

(2) Fixed management fee included.

(3) Fixed and variable fixed included

(4) Excluding costs directly related to development projects, as of 31 December 2019, the ratios would be 19.3% and 16.6% respectively



PRIVOR

point



ODY SHOP

**Shopping Centre**

Lagoh (Sevilla)

THE BODY SHOP

PARFOIS





# 4

## Share Price Performance

**4.1**  
Share price information  
and performance  
p.98

**4.2**  
Analyst  
Recommendations  
p.99



## 4.1

## Share price information and performance

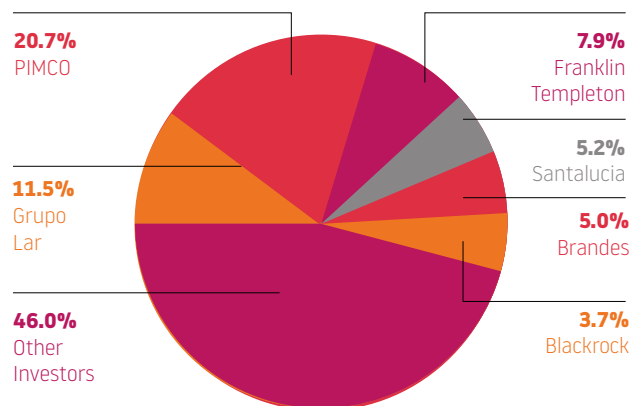
## Share Price Performance

## Detail of shares (€)

	Jan-Dec 2019
Price at the beginning of the period	7.45
Price at the end of the period	7.10
<b>PERFORMANCE DURING THE PERIOD</b>	<b>-4.7%</b>
Maximum price for the period	8.55
Minimum price for the period	6.41
<b>AVERAGE PRICE FOR THE PERIOD</b>	<b>7.46</b>
ADTV (*)	175,033
Market Cap (Euros) 31/12/2019	622,199,483
Number of shares 31/12/2019	87,633,730

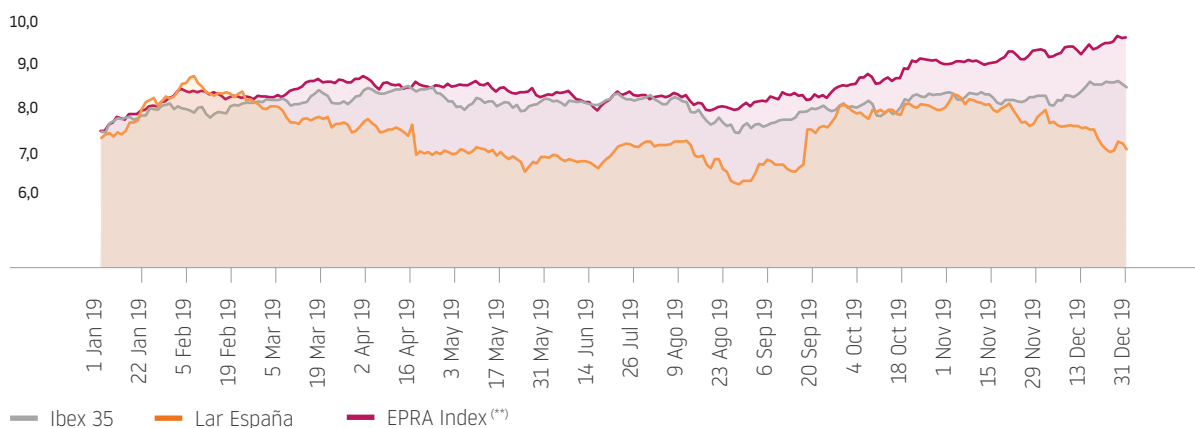
(\*) Average Daily Trading Volumen in number of shares

## Share distribution at 31 December 2019



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

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



(\*) Sectoral European reference Index.

## 4.2 Analyst Recommendations



**38.3%<sup>(\*)</sup>**  
Potential Return

As of the date of this report, Lar España has the coverage of 12 analysts, whose average target price is **€9.82**.

Broker	Recommendation	Analysis Date	Target Price (Euros)
Kepler Cheuvreux	Hold	21/03/2017	Under Revision
J.P.Morgan	Hold	27/02/2019	7.25
Santander	Hold	30/07/2019	8.90
Sabadell	Buy	14/11/2019	9.82
MIRABAUDU	Hold	15/11/2019	7.85
Alcornoque Corporación	Buy	15/11/2019	11.70
Intermoney Valores SV	Buy	15/11/2019	10.50
GVC Gestión de Bolsa	Buy	18/11/2019	11.41
fidentis	Buy	19/11/2019	10.30
Klarna	Hold	19/11/2019	8.20
bankinter.	Buy	26/11/2019	9.38
JBCapitalMarkets	Buy	05/02/2020	12.70

Source: Bloomberg

**64%**  
Buy

**36%**  
Hold

**0%**  
Sell

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

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

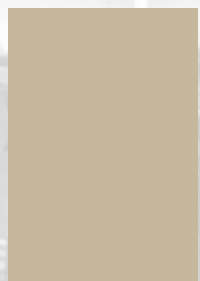




5

# Portal de la Marina

Events after  
the reporting period



## Events after the reporting period

### 2020

#### JANUARY.

14.01.2020

#### New Share Buy-Back Program

Lar España hereby informs that the Board of Directors, in the meeting held on 12 December 2019, has resolved to implement a **new Buy-Back Program** of the Company's own shares (the "Buy-back Program") in accordance with the authorisation granted by the General Shareholders' Meeting held on 29 May 2017.

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



The purpose of the Buy-Back Program is, according to article 5.2.a) of the Regulation 596/2014, is the share capital reduction of Lar España.

The Buy-Back Program has the following features:

- **The maximum net investment** of the Buy-Back Program will be up to forty five million euros (**45,000,000 €**).
- The **maximum number of shares** to be acquired under the Buy-Back Program will be **4,500,000**, representing the **5% of the Company's share capital**.
- The shares will be acquired according to the price and volume conditions provided in article 3 of Delegated Regulation 2016/1052. In particular, regarding the price, Lar España will not purchase the shares at a price higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out, including when the shares are traded on different trading venues.
- In relation to the volume, **Lar España will not purchase on any trading day more than 25% of the average daily volume of the shares** on the trading venue on which the purchase is carried out, being applicable such limit to all the Buy Back Program. For this purpose, the average daily volume shall be based on the average daily volume traded during the 20 trading days preceding the date of purchase.



- The Buy-Back Program will **remain in effect for the period of nine (9) months** since the publication of this material fact. Notwithstanding the above, Lar España reserves the right to early terminate the Buy-back Program if, prior to the last effective date, the Company has acquired the maximum number of shares authorised.

The Buy-Back Program will be implemented by JB Capital Markets, S.V., S.A.U.

The Buy-Back Program will start with the notice of this material fact. Also, the Liquidity Contract signed by the Company and JB Capital Markets, S.V., S.A.U., on 5 July 2018, notified by means of material fact with number 254421, on 10 July 2017, in accordance with the terms of Circular 1/2017, of 26 April, of the Comisión Nacional del Mercado de Valores, on liquidity contracts, and and whose reactivation was communicated by material fact 284815, on 18 December 2019, shall remain in suspension as long as the Buy-Back Program is operational.



28.01.2020

## Share Capital decrease registration

In connection with the Material Fact registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on 20 December 2019 (Register number 285152), Lar España hereby informs that the public deed regarding the **reduction of share capital**, granted on 20 December 2019, was duly registered with the Commercial Registry of Madrid on 30 December 2019.

The share capital reduction was approved by the Board of Directors of the Company on 19 December 2019, pursuant to the delegation granted by the General Shareholders Meeting held on 29 May 2017, that agreed, under item eleven of the agenda, to authorize the Board of Directors for the derivative acquisition of own shares, in accordance with the terms and conditions established in the abovementioned resolution of the General Shareholders Meeting, expressly authorizing it to reduce share capital on one or more occasions in order to redeem the acquired own shares.

Consequently, **the share capital of Lar España has been reduced in the amount of EUR 5,907,662, through the cancellation of 2,953,831 own shares** with a face value of two euros each. **The share capital resulting from the reduction has been set at EUR 175,267,460, represented by 87,633,730 shares** with a face value of two euros each.

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

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

Lastly, the Company hereby informs that on 23 January 2020 **the 2,953,831 cancelled shares were excluded** from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Stock Exchange Interconnection System (Continuous Market).





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





# Glossary

**PBT**

Profit Before Tax.

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

Net profit/(loss)

**Dividend Yield**

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

**EBIT**

Earnings Before Interest and Tax.

**EBITDA**

Earnings Before Interest, Tax, Depreciation and Amortisation.

**EPRA**

European Public Real Estate Association.

**EPRA Earnings**

Earnings from operational activities.

**EPRA Cost Ratio**

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

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

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

**EPRA NAV**

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

**EPRA Net Initial Yield (NIY)**

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

**EPRA NNNAV**

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

**EPRA "topped-up" NIY**

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

**EPRA Vacancy Rate**

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

**GAV (Gross Asset Value)**

Gross Asset Value.

**GLA**

Gross Leasable Area in sqm.

**GRI (Gross Rental Income)**

Gross income for the period.

**Like for like (LfL)**

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

**Net LTV (Loan to Value)**

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

**IFRS**

International Financial Reporting Standards.

**NOI (Net Operating Income)**

Gross income discounting costs incurred during the period.

**Liquidity ratio**

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

**Solvency ratio**

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

**Reversionary Yield**

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

**ROA (Return on Assets)**

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

**ROE (Return on Equity)**

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

**WAULT**

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

