



## **FY 2020 Full Year Report**



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# 1

## COVID-19

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# 1.1

## Lar España's response to the COVID-19 crisis

### Current Situation

From the moment the state of emergency was declared, Lar España set about designing an **Action Plan** to strengthen its approach to the COVID-19 pandemic. The Plan sets out a list of health and safety procedures to implement across all of the company's properties, in order to meet the various measures required by health authorities. The company also set up a process to monitor, adapt and continuously improve the Plan, to ensure it complies with all the measures required across all shopping centres and retail parks owned by Lar España.

Lar España reached out to the **leading certification company SGS, to externally verify the designed protocols and implementation** of such across all its properties. The company achieved positive results, ensuring that these protocols are correctly implemented across all of the shopping centres and retail parks in its portfolio.

Lar España continued with its strong leadership by **adapting the services offered across its shopping centres and retail parks** to constantly be on top of the shifting legislation, striving to ensure that tenants could remain open with as little disruption as possible, while complying with restrictions. This was achieved by launching new initiatives such as Click&Collect and Click&Car. All of its **shopping centres have also adapted** to new capacity limitations, social distancing rules, ongoing customer engagement, and hygiene measures in record time.

These measures evolved throughout the year to meet the changing requirements based on the evolution of the virus, along with the arrival of new safety measures, outlining on **three main areas** at all times:



#### Cleaning:

- Disinfection via nebulisation programme for all areas of all assets.
- Routine cleaning of common areas, lifts and toilets.
- Ultraviolet disinfection on travellers and escalators.
- Multiple hand sanitizer stations.
- Stockpiling surgical masks.



#### Increased security:

- Capacity limitations in walkways and stores at real time using Shoppertrack technology.
- Queue management in stores in order to maintain social distance.
- Ongoing communication with the main retailers to coordinate protocols for the opening and operation of stores.
- Delimitation of traffic lanes to maintain safety distance.



## Information:

- Physical and digital signage to remind visitors about safety measures.
- Real-time footfall tracking and up-to-date information on the websites and social media channels of each centre.
- Communication campaigns of these measures with the aim of transmitting them to the customer for their comfort and safety during their visit.



**The extensive track record – with over 50 years of experience – of Grupo Lar, the firm that manages Lar España’s properties; a unique and distinguished business model in the Spanish real estate industry; and a senior management team with a wealth of experience. These factors have been crucial in the company’s ability to react quickly and correctly to the COVID-19 pandemic, keeping any negative impacts on the company to a minimum.**



Lar España benefits from its **solid financial position, expertise in the retail sector and a constant drive for technological innovation**, which have all played a fundamental role during the year. These factors, combined with a portfolio of prime properties with outstanding potential and a continual improvement, place the company in a uniquely advantageous position.



## SGS certification

Over the course of 2020, the leading verification company SGS certified the sanitisation and disinfection procedures that were implemented across all assets. After **receiving a favourable assessment for its protocols** – with no issues at any properties – and following physical inspections to verify their implementation, there will now continue with **monthly inspections** to ensure that these processes remain in place. This clearly demonstrates the **commitment and efforts of Lar España** to adapt to the current situation and ensure the safety of both its workers and all those who visit its shopping centres and retail parks.

These protocols include the hygiene recommendations imposed by the national authorities, as well as the health regulations in force in each individual autonomous region. The inspection covered three key areas:

-  Compliance with all regulations and best practices to be included in the design and drafting of all protocols.
-  The implementation of all procedures and best practices across all shopping centres in the company's portfolio.
-  Continued application of all measures in the months following the health crisis.

The SGS seal of approval and certification verify that the shopping centres and retail parks adhere to **the highest health and safety standards**, both for customers and employees. This project redefines and expands upon the required hygiene protocols, certifying that these spaces are clean, safe and reliable, thereby reaffirming strict compliance with the latest regulations, and confirming **Lar España's unwavering commitment to safety and prevention.**

These are also dynamic and flexible measures, constantly being adapted to the specific health and social requirements of the autonomous regions where each centre is located. These changes have also been duly certified and audited by SGS, allowing **Lar España to offer its customers peace of mind, with a safe space to go shopping.**







## Employee COVID-19 protocol

Since the state of emergency was announced on 14 March 2020, all professionals working at Lar España and Grupo Lar have put protocols in place for their teams to **minimise the risk of infection as much as possible**, allowing their employees to carry out most of their work remotely. These teams have been provided with the right tools, devices and technology to allow them to continue carrying out all their work and daily tasks as usual. Attendance in person across our main offices and shopping centres has been reduced to the absolute minimum, and strict safety measures have been implemented for any employees who do have to attend their usual place of work.

To implement this, **the company designed safety and hygiene protocols**, approved by the leading certification company **Applus**. These protocols include specific rules for employees to follow, as well as the installation of multiple hand sanitiser dispensers in all workspaces and daily temperature checks for everyone who enters the premises.

Workspaces are now deep cleaned more regularly, more flexible working hours have been introduced, employees have been given preventative training and workstations have been spread out to ensure correct social distancing in the workplace.



## 1.2

### Initiatives in our shopping centres and retail parks

Over the course of 2020, Lar España conducted numerous social welfare campaigns at its shopping centres and retail parks, in many cases to minimize damage done by COVID-19. These actions **reflect their commitment to the communities they serve, as well as public institutions and non-profit organisations.** Some of its most notable initiatives include:

- Food banks
- Child food grants
- Christmas gift donations
- Blood drives
- Collaboration with various organizations and local solidarity associations

The shopping centres and retail parks in the portfolio have never lost sight of their impact on their surrounding area, constantly striving to have a positive effect on local communities and **creating shared value** through their work. Although Lar España's properties have always strived to support local communities, the pandemic has prompted the company to carry out even more charitable or philanthropic work.

Here is a closer look at some of the social welfare initiatives carried out at a corporate level and at an asset level at our shopping centres and retail parks over the last quarter of 2020:



## At a corporate level:

### Collaboration with Cáritas

As part of its **unwavering commitment to helping local communities during the COVID-19 pandemic**, Lar España Real Estate has teamed up with Cáritas, supporting them in their project to **help the most vulnerable families** hit the hardest by the pandemic. The main aim of the project is to **improve living conditions** for the communities in the surrounding areas of Lar España's main properties. This project will also allow our shopping centre teams and employees the chance to get involved in this charitable work.

The donation was for an amount of **€150,000**, and will be channelled via the Albacenter, Portal de la Marina, Ánec Blau, Megapark Barakaldo, As Termas, Las Huertas, El Rosal, Txingudi, Lagoh and Gran Vía de Vigo shopping centres and retail parks.

This **initiative with Cáritas is just one of many charitable and social campaigns** promoted by Lar España's shopping centres and retail parks since the state of emergency was announced, helping to support the most vulnerable in our communities with food donations, healthcare equipment, technology and child food grants, among other actions.



### Collaboration with Aladina Foundation

The Aladina Foundation is a Spanish non-profit organisation that **helps and provides support to child and adolescent cancer patients and their families**. In collaboration with the Altamira Lar Foundation, Lar España is working on an ambitious project, to fully refurbish the rooms at the children's cancer ward at Hospital Virgen del Rocío (Seville), one of the leading cancer hospitals in Spain. The project has referred to as "a new unit, filled with colour and joy for children and adolescents with cancer in Seville".



## At an asset level:

### ALBACENTER (Albacete)

#### Collaboration with Lassus Association

Albacenter shopping centre offered a space free of charge to Lassus, a non-profit health and social association, where they sold poinsettias over the Christmas season to **raise money to support the fight against depression**. They were supported in their endeavours by Globalcaja, a local bank in the Castilla-La Mancha region.



#### Collaboration with Amiab Association

The shopping centre offered a space free of charge to the Amiab association, where they distributed charity calendars to raise awareness of the outstanding work they do. The Association runs Occupational Centres and offers a Training Service, **providing the tools that people with intellectual disabilities (ID) need** to conduct themselves in a social and working environment and their local community, as a way of boosting their personal, occupational and social independence.



#### Collaboration with Acepain Association

The shopping centre teamed up with the non-profit association Acepain, which helps **to fund cancer research**. The centre offered the Association a space free of charge, where it sold calendars and masks to raise money to support the fight against cancer.





## LAGOH (Seville)

### *“Make a wish” post office*

A space was allocated at Lagoh shopping centre for the “Make a wish post office”, where customers spending €20 or more at the centre, could make a charitable wish to donate a gift to someone in need, which would then be granted thanks to **retailers at the centre and other local charities.**



### *Arts and Crafts market at Lagoh*

Over the final months of 2020, the shopping centre hosted an arts and crafts market, held in association with the Seville Trade Federation, **in a bid to promote local businesses in Seville.**



**ANEC BLAU**  
(Barcelona)

*Enjoy a meal on us*

Given the restrictions placed on restaurants in Catalonia due to the COVID-19 pandemic, **in an effort to help out local businesses**, the shopping centre gave out €5 coupons to all customers spending €30 or more, valid for meals at any restaurant in the centre.



**EL ROSAL**  
(León)

*Blood Drive*

El Rosal raised awareness about blood donation via posts on social media, signage around the shopping centre, and by offering a space to recruit blood donors.

At a time when demand for transfusions remains high, but lockdown and the risk of catching the virus has put off donors, the centre **has promoted blood drives to reach a wider audience.** The centre has allowed locals to come to the centre, while observing capacity limitations, social distancing and hygiene measures, encouraging them to donate by offering a free cinema ticket to every donor.



## AS TERMAS (Lugo)

### Food Bank collections

The centre collected bibs for the “Corre con Nós” race and **donated 1 kg of food for every bib**, which was then given to the local Food Bank.



## PORTAL DE LA MARINA (Alicante)

### Charity Space

In its longstanding commitment to charitable organisations, Portal de La Marina shopping centre allocated a **space free of charge for the United Nations High Commissioner for Refugees (UNHCR)**. This organisation helps to protect refugees and people who are displaced due to persecution or conflict, as well as promoting long-lasting solutions to these problems.





## GRAN VÍA (Vigo)

### *Disfruton gift wrapping*

Over the Christmas period, it was launched a new and exclusive gift-wrapping service at the *Disfrutones Club* (Enjoyment Club) in Gran Vía de Vigo. Every customer at the centre could have three gifts wrapped for free, simply by being Club members and spending €40 or more on their shopping. This service was provided in **collaboration with the San Rafael de Vigo School**, and every customer was given a wooden Christmas decoration, handmade by children at the school, in return for a donation.



### *“A toy for every child” Charitable campaign*

For the third consecutive year, Gran Vía shopping centre took part in this wonderful initiative organised by the local Stop Association. A space was allocated at the centre for **charitable donations of toys, which were gifted to disadvantaged children** at the end of the campaign. This was the only physical donation point in Vigo. A monetary donation was also given to the Stop Association, which helps people who suffer discrimination due to physical or mental illness.



## MEGAPARK (Barakaldo)

### *Collaboration with the NGO “Hay una esperanza en ti”*

Since May, Megapark has have been working closely with the local NGO “Hay una Esperanza para ti”, which helps disadvantaged families in Barakaldo **by providing them with food and essentials**. Megapark Fashion Outlet teamed up with them by hiring the van it uses twice a month to do its drop-offs.



### *Christmas gift donation*

This year, the centre continued the initiative started back in 2016, **donating Christmas gifts to the childrens’ ward at the Hospital Universitario de Cruces in Barakaldo**. These gifts were delivered on 21 December in person, as it has been done every year, at an informal meet and greet at the hospital, with the heads of each unit, thanking them for their work and discussing the situation of the hospital, as a way of helping the hospital with its humanisation strategy.





## Contact with tenants

During 2020, the company has kept in constant contact with all of its tenants, dealing with every situation directly or through their managing agents, allowing it to quickly reach agreements tailored to each and every tenant and business case. These agreements were primarily reached under terms and conditions that involved a significant commitment from both sides, **helping to strengthen our bond with retailers and building long-term and stable lease agreements at all of the shopping centres and retail parks.**

At the end of 2020, **Lar España has reached individualized rental agreements with its tenants in relation to the restrictions imposed by the health crisis of COVID-19.** In this manner, it is estimated a total impact for the company **round to 22<sup>(\*)</sup> million Euros in 2020.** In line with applicable accounting legislation, these discounts will be reflected in the Company's income statement from the date the agreements are signed, apportioning the impact on revenue on a straight-line basis over the term of each lease agreement of between 6 and 7 years. Its negative impact on 2020 revenues amounted to €1.3 million.

As of 31 December, **90% of all rent payments** had been received, reductions were made in overheads of 30% to 70% in shopping centres and retail parks for the months that they were partially closed.

Lar España boasts a consolidated roster of extremely diverse, high-quality tenants. Its ten main tenants account for **34% of the company's rental income**, while at 31 December 2020 **more than 64% of retailer leases had expiries beyond 2024 and occupancy stood at more than 95%, close to full occupancy.**

As of December 31st 2020, all of Lar España's shopping centres and retail parks **were open and operational, with footfalls recovering to very healthy levels** and all of the necessary safety measures in place and being observed. Lar España benefits from a premium collection of properties with high value-add that secures sustainable returns for shareholders. The total number of visits registered in the portfolio during the year was **63.9 million visits**, which represents a decrease of 21.9% in Like for Like terms compared to those recorded in 2019. This evolution shows a greater recovery of the portfolio activity compared to the figures obtained by the Shoppertrak index whose evolution has stood at -33.7% compared to 2019.

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

*(\*) This amount includes the impact of the bonuses and discounts applied to the different waves caused by the pandemic.*



## Innovating and keeping in touch with local communities

All shopping centres and retail parks have adopted numerous measures and put multiple protocols in place to **make them safer places to visit**.

**Safety and accessibility** have always been a key concern for shoppers, which is why Lar España has strived to ensure that our properties are well prepared and designed to meet the exacting expectations of our customers, both in terms of hygiene and their piece of mind.

This is why our shopping centres have made **making a firm commitment to local communities** a top priority, with the COVID-19 pandemic making it more vital than ever for all of us to pull together and support businesses and the most vulnerable in society. In addition to the numerous charitable initiatives carried out so far this year, the shopping centres have developed **long-term plans to reduce their environmental impact and play a defining role in their respective communities**.

### DISFRUTONES CLUB (ENJOYMENT CLUB) APP LAUNCHED WITH BRAND-NEW FEATURES

Following the successful launch of its website on September 21st on December 11th *Disfrutones Club* (enjoyment loyalty club) launched its new mobile app for Albacenter, As Termas, Gran Vía Vigo, Lagoh, El Rosal and Portal de la Marina shopping centres. The app offers **members exclusive discounts at their local shopping centre, along with prize draws, services and the latest news from their shopping centre, right on their mobile phone, anytime, anywhere**.

The app is the latest step in Lar España's bid to digitalise the services we offer our customers, as we look to build a digital community, and allow the shopping centre to have a new and direct line of communication with its visitors. To celebrate the launch and encourage customers to subscribe, we sent out promotors and set up signage around each centre, as well as entering new users into a prize draw for downloading the app, in tandem with a promotional campaign on social media.



## A VARIETY OF NEW HYBRID EVENTS

### Christmas videocall

The safety measures put in place to combat COVID-19 have meant that any physical events across our shopping centres and retail parks have had to be specially adapted. To celebrate the launch of our *Disfrutones Club* app, the club members were offered the chance to **Make a reservation** for a videocall with Santa Claus and the Three Kings via the app. Parents were able to give their phone number and arrange for Santa Claus or the Three Kings to call and talk to their children.



### Fashion ecosystem

The fashion ecosystem is a series of events centred around fashion and held at our Albacenter, Lagoh and Gran Vía shopping centres, with the aim of firmly positioning each property as a focal point in their respective catchment areas, by transforming them into fashion and workshop spaces in **partnership with Telva**.

Each shopping centre held its own Masterclass event, where attendees had the chance to learn all the secrets behind one of the hottest professions right now, **fashion editor**. The workshop was followed by a guided shopping tour, led by one of Spain's top stylists and **live streamed** online, to showcase everything offered at the fashion, accessories and beauty stores, explaining the differences between a variety of fabrics, concepts and trends.

One of the most fascinating projects was **Influencia2**, which included an online prize draw, set around fashion and the world of influencers. Each of the ten winners was given a gift card to spend at the shopping centre.



## LAGOH COLLECT

The shopping centre is offering a collection service for all of its shoppers, as a way of **avoiding large crowds and reducing in-store waiting times**. Once customers have finished shopping at a particular store, staff at the centre will collect their order from the store and take it to the Lagoh Collect point, where the customer can pick it up once they have finished shopping.



## RELAUNCH OF TUCENTRO.COM

In a bid to collaborate further with our tenants following the COVID-19 restrictions and help to drive sales, we **relaunched the online sales platform**, tucentro.com, in July. Thanks to input from the retailers operating on the platform, we were able to digitalise every single one of their products, making them available across multiple marketplaces affiliated with tucentro.com, such as **eBay and AliExpress**.





## ONLINE SHOWROOM

On October 29th the company launched the **Lar España digital platform**, which showcases a wide variety of products sold by different retailers, with a special discount or offer for members of the *Disfrutones Club* (Enjoyment Club), with direct access to the online store of each tenant on the platform.

This new section, which is available on the *Disfrutones* app, **is just one part of our digital services strategy aimed at customers and retailers**, which aims to meet the following objectives:

- Boosting sales for tenants at the shopping centre, by attracting more visitors to their online stores when browsing the centre's digital platform.
- Building up the shopping centre's presence in the world of e-commerce.
- Rewarding loyalty for members of the *Disfrutones Club*.
- Expanding the number of retailers from the centre in the club, via specific products.

Currently 30 brands are taking part in the online showroom, with over 600 products on offer.



**30**  
Participating brands

Over **600**  
Products available online

## 1.3

### Shopping centres and retail parks openings

As stipulated by the Spanish Government following the announcement of the State of Emergency on 14 March, our shopping centres and retail parks reopened in accordance with the phases established in each autonomous region. Since reopening, and as the pandemic has evolved over the last few months, **businesses have continued to adapt to the new restrictions and limitations implemented by each autonomous region.**

As of 31 December, **all of our shopping centres and retail parks were open and operational** and each and every one complies with the potential restrictions set out by each autonomous region.



In addition, during the fourth quarter of 2020, **a number of leading chains** opened stores at some properties, such as:

Dockers and Zero Latency  
**RP MEGAPARK**



Opening 23/10/2020

Vive la fruta and Belros  
**SC ÀNEC BLAU**



Opening 13/11/2020



Opening 15/12/2020



Opening 14/10/2020

**Flipa Jump**  
**SC EL ROSAL**



*Opening 29/10/2020*

**Cepsa**  
**SC LAGOH**



*Opening 01/12/2020*

**Bedland**  
**SC PORTAL DE LA MARINA**



*Opening 24/11/2020*

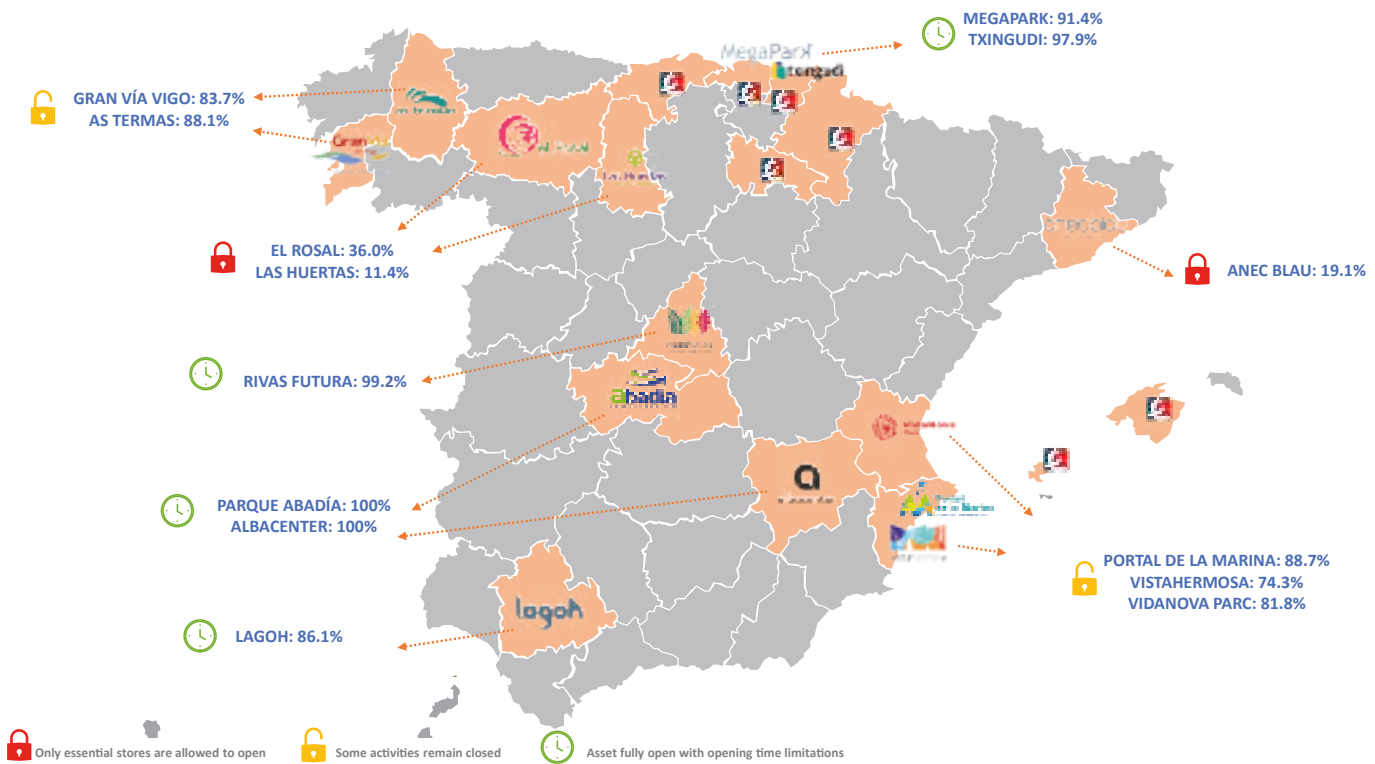
**Carl's JR**  
**RP VIDANOVA**



*Opening 11/12/2020*

Following the advance of the pandemic in Spain, as of the date of this report, the shopping centres and retail parks of the portfolio have adapted to the restrictions imposed according to the Regional Governments in each of the Autonomous Communities.

The following map shows the percentage of area over the total area occupied that is open and operational as of **21 February 2021**.



- Severe restrictions:** Could result in the closure of all non-essential stores. Depending on the property, this could leave only 10-30% of the total GLA of each centre open. **At present, only three properties fall into this category, and these comprise 15% of overall gross leasable area.**
- Moderate restrictions:** Could restrict opening hours for the whole centre and the closure specifically for food and beverage. The entire gross leasable area of each property remains open. **Five properties** currently have restricted opening hours, **covering 34% of gross leasable area.**
- Minor restrictions:** All stores operational. Additional safety measures may be brought in during the pandemic that do not directly impact the portfolio, with only opening time limitations. **Seven properties** in the portfolio currently falls into this category.

# 2

## EXECUTIVE SUMMARY

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### 2.4 Portfolio at 31 December 2020

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### 2.6 Business Performance

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Retail Park / Megapark (Barakaldo)

# 2.1

## Highlights 2020

### Portfolio Information

**GAV<sup>(1)</sup>**  
**1,475**  
 Million €

**Assets**  
**15**



**WAULT**  
**3.2**  
 years

**GLA**  
**578,370**  
 sqm

32

### Financial Information

**EPRA Net Asset Value**  
**881.4**  
 Million €  
 (10.42 €/share)<sup>(2)</sup>

**Rental Income**  
**93.3**  
 Million €

**Net LTV<sup>(3)</sup>**  
**41.9%**

**EPRA Earnings**  
**49.9**  
 Million €  
 (0.58€/share)

**Financial Debt**  
**757.1**  
 Million €

**EBITDA**  
**69.7**  
 Million €

**Average Cost of Debt**  
**2.2%**

**Dividend**  
**27.5**  
 Million €  
 (0.31€/share)

**Recurring Profit**  
**53.7**  
 Million €

(1) Information based on valuations carried out by independent valuers on **31 December 2020**. / (2) When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/share). / (3) The net LTV after 22 supermarkets portfolio divestment, would be **39.4%**.



# RETAIL PERFORMANCE

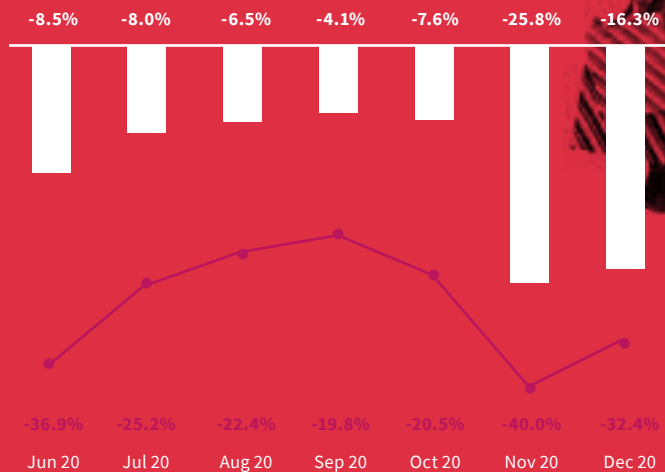
## Operating Results



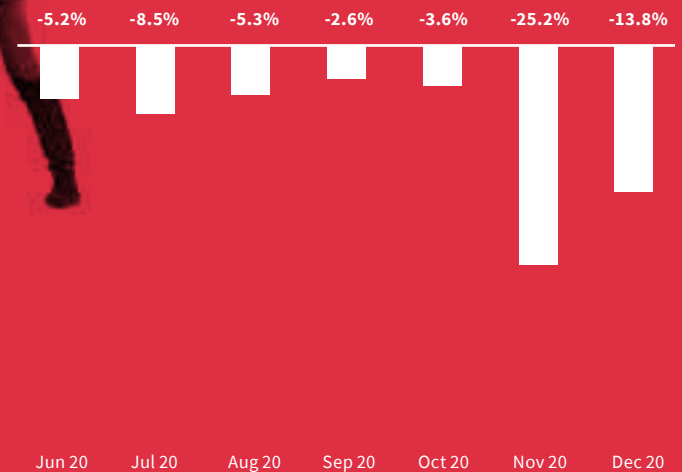
## Leasing Activity



Monthly performance since shopping centres and retail parks reopening after the first lockdown



Monthly performance since shopping centres and retail parks reopening after the first lockdown



■ Lar España<sup>(3)</sup>

■ Lar España<sup>(6)</sup>

— Average Spanish Footfall<sup>(4)</sup>

(1) Ratio calculated according to EPRA recommendations / (2) Like for Like (excluding Lagoh shopping centre) / (3) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 31 December 2020: **-21.9%** Lar España footfall and **-33.7%** ShopperTrak Index / (4) ShopperTrak Index / (5) Declared sales / (6) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 31 December 2020 of total sales: **-19.9%**.

## 2.2

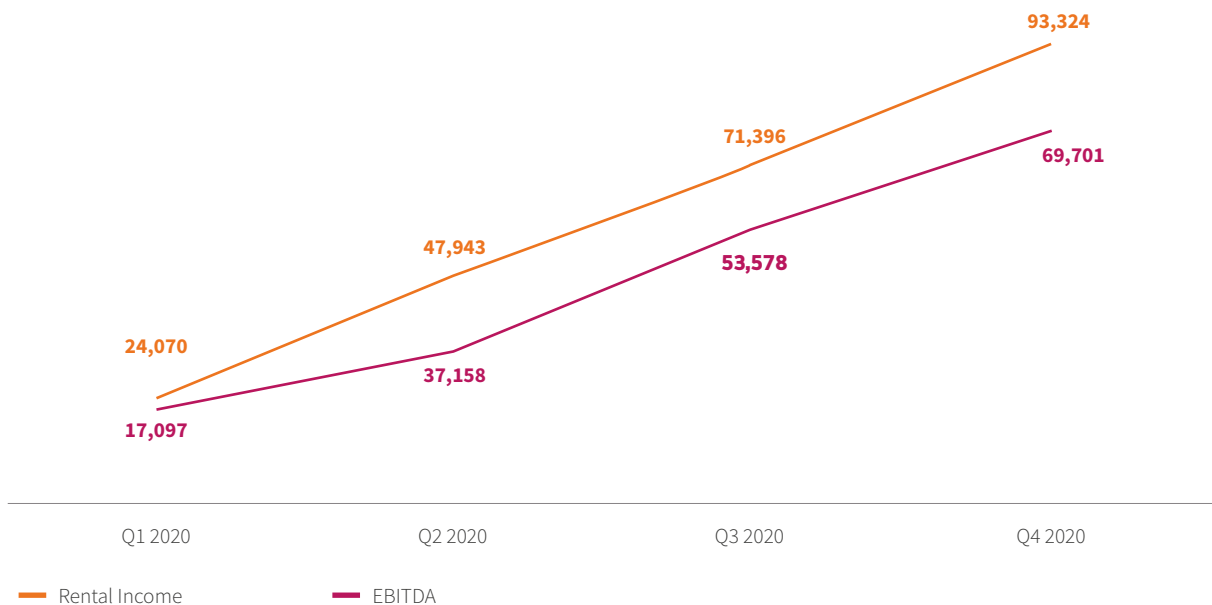
### Key Indicators Performance

a.

#### Performance of main economic and financial result

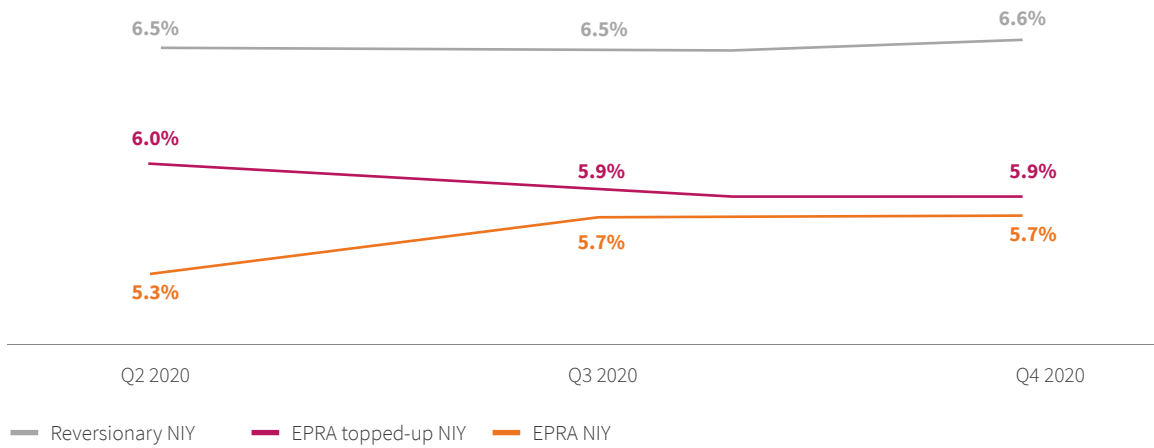
**Rental income** obtained at the close of the financial year was **93,324 thousand Euros**, which means an increase of **15%** versus the same period the previous year. Meanwhile, **EBITDA** amounted to **69,701 thousand Euros**, which means an increase of **18%** versus the same period the previous year, and the **recurring net profit** reached **53,700 thousand Euros**, which means an increase of **30%** versus the same period the previous year.

Performance throughout the course of 2020 is shown in the following figure (amounts shown in thousands of euros):



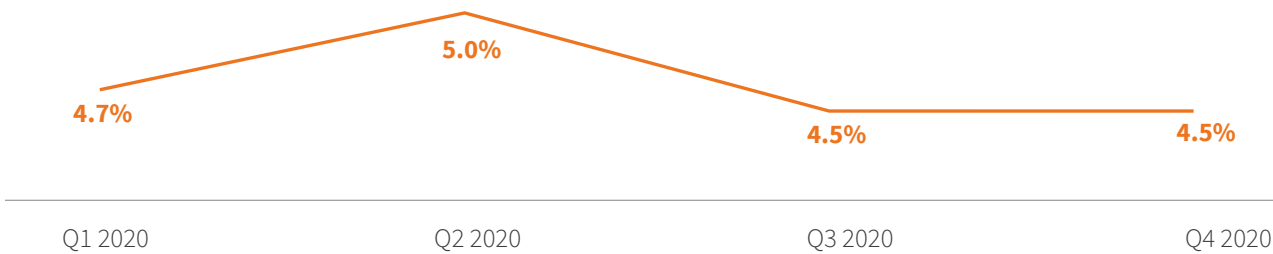
b.  
**Performance of main EPRA indicators**

As regards the performance of **EPRA Yields** during 2020 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 31.12.20**

Although the **EPRA Vacancy rate** throughout the year it has been reduced in spite of the reforms that are being carried out in various assets of the portfolio and the situation caused by the COVID-19 crisis, closing at **4.5%**. The following graph shows the evolution of the indicator in Like for Like terms during the year 2020.



**4.5%**  
**EPRA Vacancy 31.12.20**

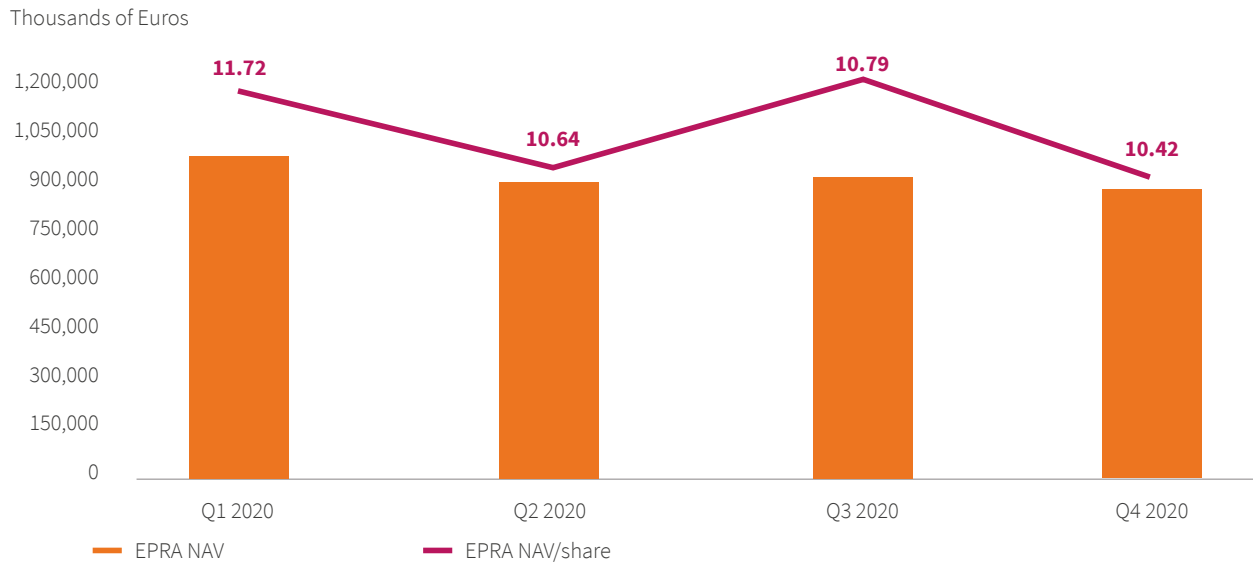


EPRA NAV per share  
31.12.20  
**10.42 €/share<sup>(\*)</sup>**

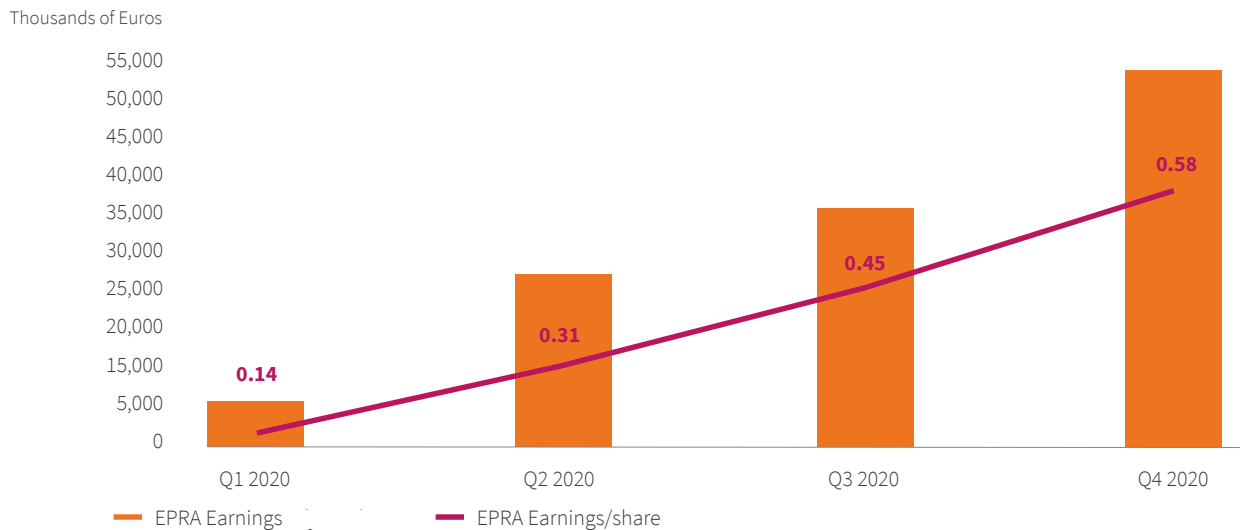


**EPRA Earnings  
per share +29%**  
vs 2019

The following figure shows the performance of the company's **EPRA NAV**. At 31 December 2020, the EPRA NAV stood at **881,376 thousand Euros (10.42€/share)<sup>(\*)</sup>**.

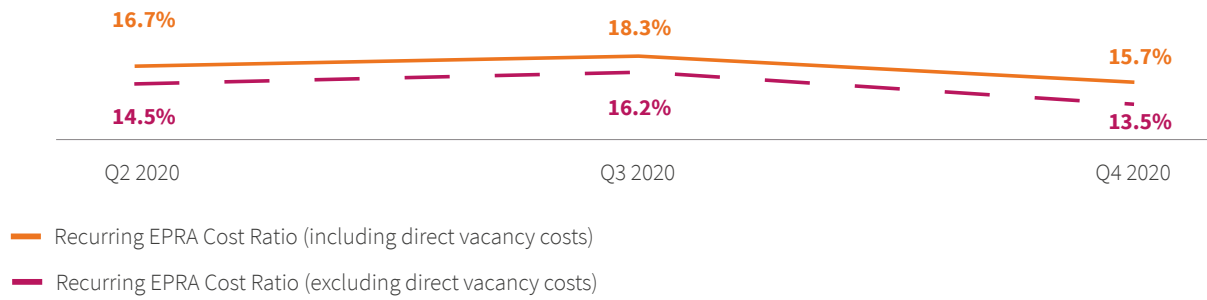


The following graph shows the change in the operating income figure (**EPRA Earnings**), which at the close of 2020 stood at **49,902 thousand Euros, an increase of 23%** on the previous year. This is mainly due to the efficient management of the assets held in the portfolio, along with some excellent sales and letting work.



<sup>(\*)</sup> When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/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.



## 2.3 Main Milestones

### 2020

#### JANUARY.

##### **14.01.2020** **New Share Buy-Back Program**

A new share **buy-back programme** has been launched, with a maximum buy-back limit of **€45 million**. The maximum number of shares that the Company can buy back is **4,500,000 shares**, equating to 5% of share capital. The buy-back programme has been implemented by JB Capital Markets, S.V., S.A.U., and has a maximum term of **nine months**.

##### **28.01.2020** **Registration of share capital reduction in the Company Registry**

Lar España reported the registration of a public deed in the Madrid Company Registry, relating to a **share capital reduction via the cancellation of treasury shares** granted on 20 December 2019. The Company reduced its share capital by €5,907,662 via the cancellation of **2,953,831 treasury shares**, with a par value of €2 per share. Following the reduction, **the Company's share capital** stood at **€175,267,460** equivalent to **87,633,730 shares**, with a par value of €2 per share.



#### MARCH.

##### **17.03.2020** **Annual General Shareholders Meeting**

The Lar España **Annual General Shareholders Meeting** was held on 17 March 2020, to approve the agreements submitted for their consideration. It followed the emergency measures and recommendations of the Market Authority during the COVID crisis, and the meeting was streamed live online.



#### APRIL.

##### **16.04.2020** **Dividend**

Following approval at the Annual General Shareholders Meeting, the shareholder **dividend payment** was distributed, amounting to a total of **€0.63 per share**.

## SEPTEMBER.

### 07.09.2020 EPRA Gold Awards

On 7 September 2020, Lar España was awarded for the sixth year running with 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 third consecutive year** with the most prestigious recognition from **EPRA, the Gold Award**, related to the information about **ESG**. This highlights the international recognition of the information reported by Lar España and made available to its shareholders.

2015



2016



2017



2018



2019



2020



## OCTOBER.

### 14.10.2020 Extended Share Buy-Back Program

Lar España has informed the market of its **additional six-month** extension to its third share buyback programme. The scheme was launched on January 14th and the maximum buyback was set at €45 million and a maximum of 4,500,000 shares, equating to 5% of the share capital.

### 27.10.2020 El Economista Investment Awards

On 27 October, Lar España was presented with the **“Highest earning non-Ibex dividend”** award by El Economista newspaper. The award was accepted by Chairman of the Board, José Luis del Valle, at a ceremony where special safety measures were put in place.



## NOVEMBER.

### 12.11.2020 2018 & 2019 Carbon footprint

Lar España has registered the **Carbon Footprint** generated by its activity during **2018 and 2019 in the Ministry for the Ecological Transition (MITECO)** together with an **Emission Reduction Plan**, demonstrating a commitment to transparency and good practice with regard to sustainability. This allows the company to align with national and international reduction targets and continue to collaborate in the fight against climate change and mitigate the potential impact Lar España may have on the environment.



### 16.11.2020 GRESB

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

The score obtained represents an **increase of 25%** compared to the previous year, a percentage that **rises to 50%** if the score is compared to that obtained in 2018. This increase reflects the commitment that Lar España has always maintained with sustainability, with society and with the best practices of good governance.

**+25%**  
2020 vs 2019

**+50%**  
2020 vs 2018



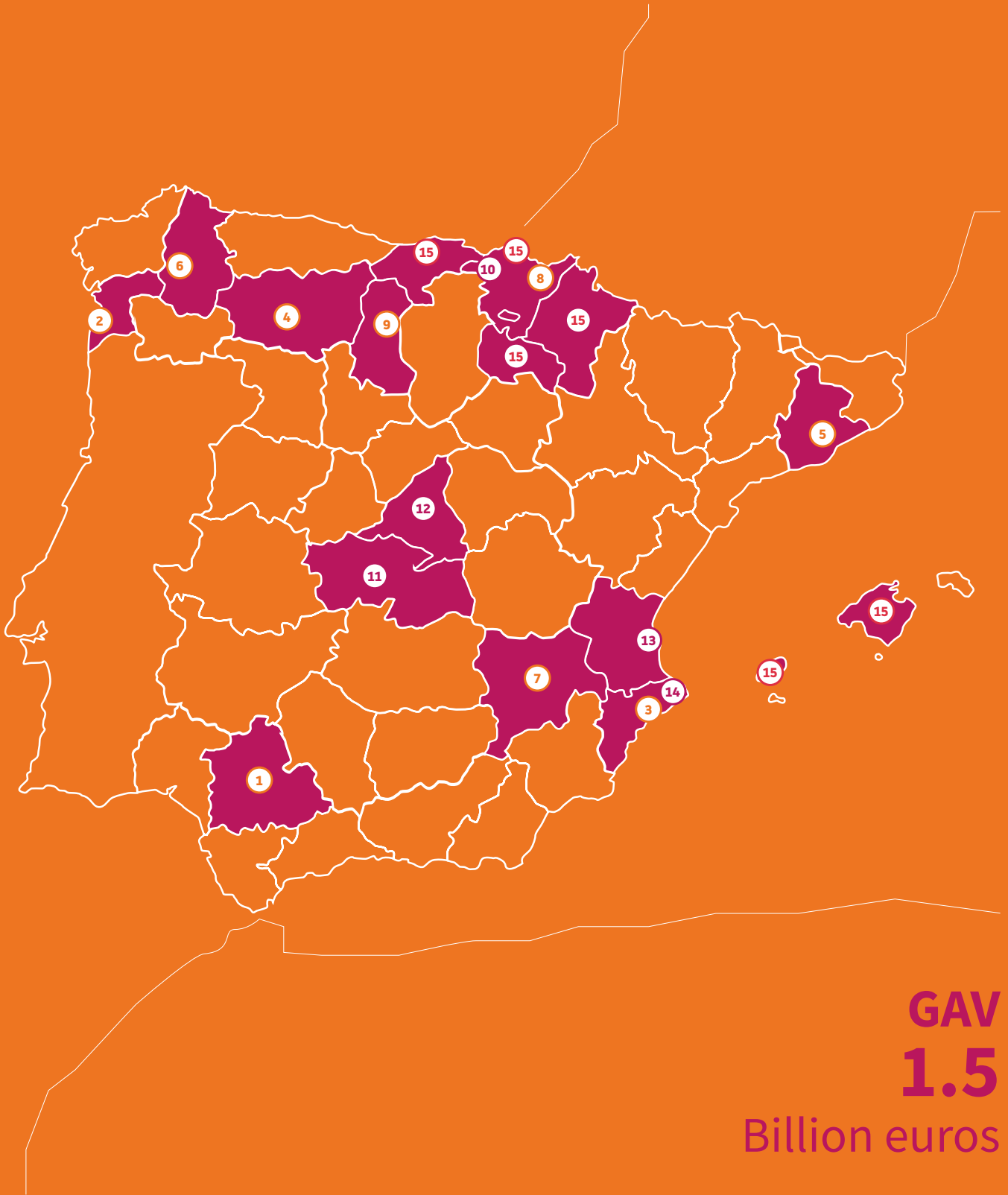




OYSHO

## 2.4

### Portfolio at 31 December 2020





## Shopping Centres

1. Lagoh (Seville)
2. Gran Vía (Vigo)
3. Portal de la Marina + Hypermarket (Alicante)
4. El Rosal (León)
5. Ànec Blau (Barcelona)
6. As Termas + Petrol Station (Lugo)
7. Albacenter + Hypermarket and Retail Units (Albacete)
8. Txingudi (Guipúzcoa)
9. Las Huertas (Palencia)



## Retail Parks

10. Megapark + Megapark Leisure Area (Vizcaya)
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, Basque Country, La Rioja, Navarra and Baleares)



## Lagoh Shopping Centre



| ASSET CHARACTERISTICS  |               |
|------------------------|---------------|
| Location               | Seville       |
| GLA                    | 69,734 sqm    |
| Purchase Date          | 1 March 2016  |
| Land Acquisition Price | €38.5 million |
| WAULT                  | 3.6 years     |



## Gran Vía Shopping Centre



| ASSET CHARACTERISTICS |                   |
|-----------------------|-------------------|
| Location              | Vigo              |
| GLA                   | 41,447 sqm        |
| Purchase Date         | 15 September 2016 |
| Acquisition Price     | €141.0 million    |
| WAULT                 | 1.9 years         |



## Portal de la Marina + Hypermarket Shopping Centre



| ASSET CHARACTERISTICS |   |
|-----------------------|---|
| Location              | Alicante  |
| GLA                   | 40,334 sqm  |
| Purchase Date         | 30 October 2014/<br>30 March 2016/<br>9 June 2015 |
| Acquisition Price     | €89.2 million                                     |
| WAULT                 | 2.6 years   |



## El Rosal Shopping Centre



| ASSET CHARACTERISTICS |               |
|-----------------------|---------------|
| Location              | León          |
| GLA                   | 50,996 sqm    |
| Purchase Date         | 7 July 2015   |
| Acquisition Price     | €87.5 million |
| WAULT                 | 2.3 years     |



**Ànec Blau  
Shopping Centre**



**As Termas  
+ Petrol Station  
Shopping Centre**



**ASSET CHARACTERISTICS**

|                   |               |
|-------------------|---------------|
| Location          | Barcelona     |
| GLA               | 29,069 sqm    |
| Purchase Date     | 31 July 2014  |
| Acquisition Price | €80.0 million |
| WAULT             | 3.9 years     |

**ASSET CHARACTERISTICS**

|                   |                                |
|-------------------|--------------------------------|
| Location          | Lugo                           |
| GLA               | 35,127 sqm                     |
| Purchase Date     | 15 April 2015/<br>28 July 2015 |
| Acquisition Price | €68.8 million                  |
| WAULT             | 2.5 years                      |



**Albacenter, Hypermarket  
+ Retail Units  
Shopping Centre**



**Txingudi  
Shopping Centre**



**ASSET CHARACTERISTICS**

|                   |                                   |
|-------------------|-----------------------------------|
| Location          | Albacete                          |
| GLA               | 26,310 sqm                        |
| Purchase Date     | 30 July 2014/<br>19 December 2014 |
| Acquisition Price | €39.9 million                     |
| WAULT             | 3.0 years                         |

**ASSET CHARACTERISTICS**

|                   |                  |
|-------------------|------------------|
| Location          | Irún (Guipúzcoa) |
| GLA               | 10,712 sqm       |
| Purchase Date     | 24 March 2014    |
| Acquisition Price | €27.7 million    |
| WAULT             | 2.2 years        |



### Las Huertas Shopping Centre



#### ASSET CHARACTERISTICS

|                   |               |
|-------------------|---------------|
| Location          | Palencia      |
| GLA               | 6,267 sqm     |
| Purchase Date     | 24 March 2014 |
| Acquisition Price | €11.7 million |
| WAULT             | 1.8 years     |



### Megapark + Megapark Leisure Area Retail Park



#### ASSET CHARACTERISTICS

|                   |                                     |
|-------------------|-------------------------------------|
| Location          | Barakaldo (Vizcaya)                 |
| GLA               | 81,577 sqm                          |
| Purchase Date     | 19 October 2015/<br>27 October 2017 |
| Acquisition Price | €178.7 million                      |
| WAULT             | 2.9 years                           |



### Parque Abadía + Commercial Gallery Retail Park



#### ASSET CHARACTERISTICS

|                   |                                    |
|-------------------|------------------------------------|
| Location          | Toledo                             |
| GLA               | 43,109 sqm                         |
| Purchase Date     | 27 March 2017/<br>20 February 2018 |
| Acquisition Price | €77.1 million                      |
| WAULT             | 1.7 years                          |



### Rivas Futura Retail Park



#### ASSET CHARACTERISTICS

|                   |                 |
|-------------------|-----------------|
| Location          | Madrid          |
| GLA               | 36,447 sqm      |
| Purchase Date     | 6 February 2018 |
| Acquisition Price | €61.6 million   |
| WAULT             | 3.1 years       |



**VidaNova Parc**  
**Retail Park**



| ASSET CHARACTERISTICS  |                    |
|------------------------|--------------------|
| Location               | Sagunto (Valencia) |
| GLA                    | 45,568 sqm         |
| Purchase Date          | 3 August 2015      |
| Land Acquisition Price | €14.0 million      |
| WAULT                  | 3.4 years          |



**Vistahermosa**  
**Retail Park**



| ASSET CHARACTERISTICS |               |
|-----------------------|---------------|
| Location              | Alicante      |
| GLA                   | 33,763 sqm    |
| Purchase Date         | 16 June 2016  |
| Acquisition Price     | €42.5 million |
| WAULT                 | 4.1 years     |



**Supermarkets Portfolio**  
**Other Retail**

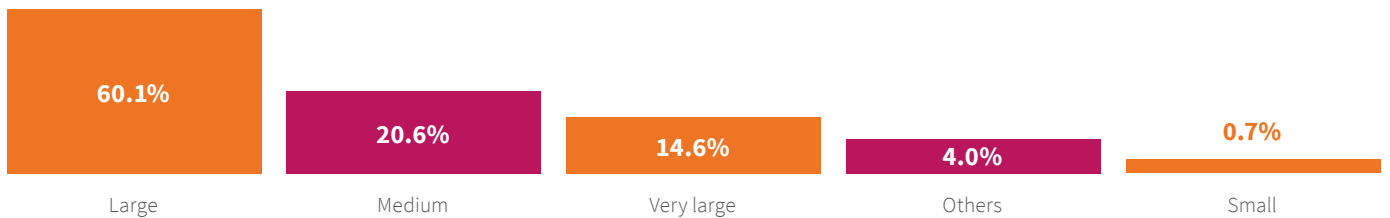
| ASSET CHARACTERISTICS |   |
|-----------------------|---|
| Location              | Cantabria, Basque Country, La Rioja, Navarra and Baleares |
| GLA                   | 27,909 sqm  |
| Purchase Date         | 27 March 2017   |
| Acquisition Price     | €47.6 million   |
| WAULT                 | 10.2 years  |

## Our retail portfolio at a glance

*Dominant prime shopping centres and retail parks in their catchment area in relevant locations*



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



(\*) 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: Baleares 0.9% / Cantabria 0.5% / Navarra 0.4% / La Rioja 0.2%

### By type (GAV)



 **75%** of our retail assets are classified as Large or Very Large

(1) Ratio calculated according to EPRA recommendations.





## 2.5 Key Indicators

 **+15%**  
Revenues  
vs 2019

 **+18%**  
EBITDA  
vs 2019

During 2020 Lar España generated revenues of **93,324 thousand Euros** and a EBITDA of **69,701 thousand Euros**, being the most relevant figures the following:

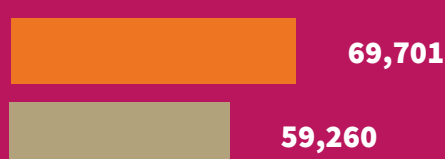
### Revenues

(Thousands of euros)



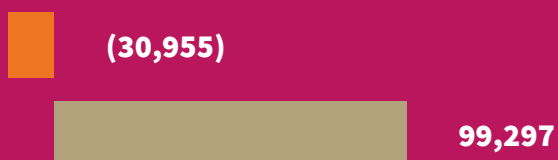
### EBITDA

(Thousands of euros)



### EBIT<sup>(\*)</sup>

(Thousands of euros)



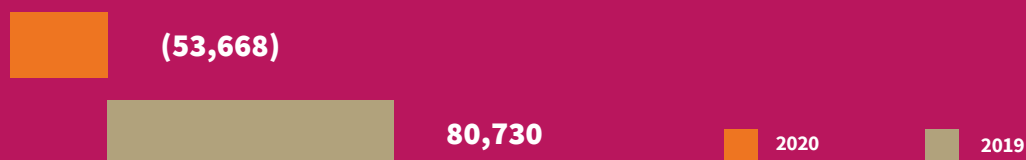
### EBT<sup>(\*)</sup>

(Thousands of euros)



### Net Profit<sup>(\*)</sup>

(Thousands of euros)



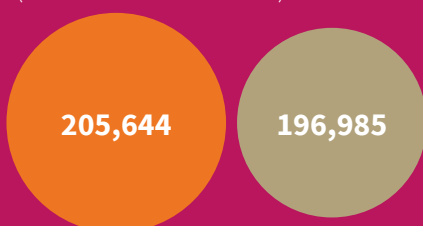
(\*) **Recurring EBIT** as of 31 December 2020 amounts to **76,670 thousands of euros, 25% higher** than that registered the same period of the previous year.

**Recurring EBT and Net Profit** as of 31 December 2020 amounts to **53,700 thousands of euros, 30% higher** than that registered the same period of the previous year.

For more clarity as regards these figures, see the Consolidated Income of Financial Position.

The Group presents the following financial indicators:

**Working capital**  
(Thousands of euros)



**Liquidity ratio**  
(%)



**Solvency ratio**  
(%)



**Net LTV<sup>(\*)</sup>**  
(%)



**ROE**  
(%)



**ROA**  
(%)



● 31/12/2020

● 31/12/2019

At 31 December 2020, and 31 December 2019, 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.

As at 31 December 2020, the ROE (“Return on Equity”), which measures Group’s profitability as a percentage of shareholders equity, amounted to -5.92% (8.21% at 31 December 2019), 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 -3.14% (4.70% at 31 December 2019).

(\*) The net LTV after 22 supermarkets portfolio divestment, would be **39.4%**.

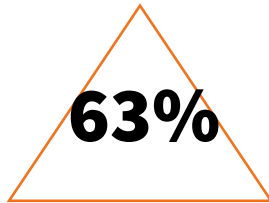
## 2.6 Business Performance

### a. Income Distribution

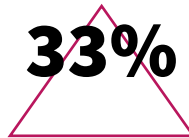
**Rental income** reached **93,324 thousand Euros** during 2020 (versus 81,128 thousand Euros in the same period of the year before), which means an **increase of 15%** versus the same period the previous year.

The relative weigh of rental income by line of business at 31 December 2020 is as follows:

#### Rental Income by asset class 2020



SHOPPING CENTRES



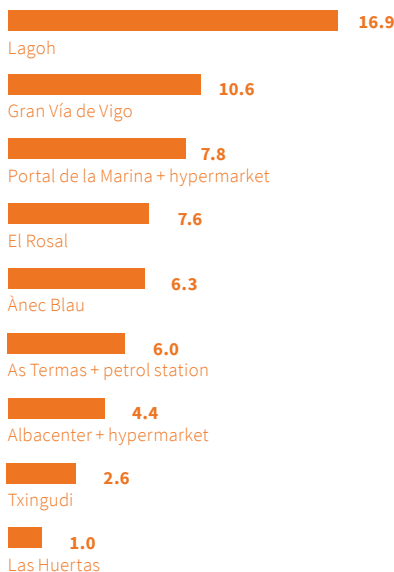
RETAIL PARKS



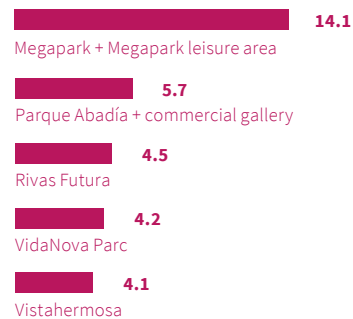
OTHER RETAIL

The breakdown of **income per asset type** during 2020 is as follows:

#### Income by Shopping Centre (%)



#### Income by Retail Park (%)

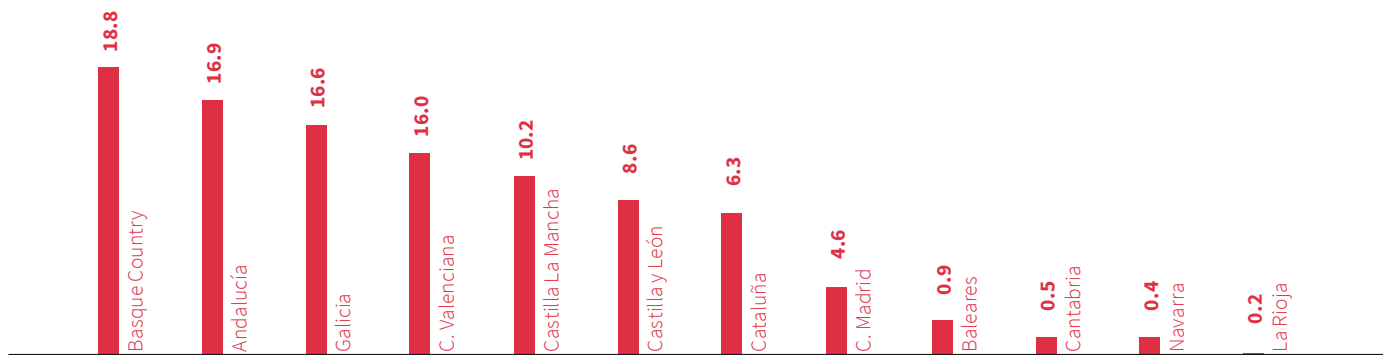


#### Income by Other Retail (%)

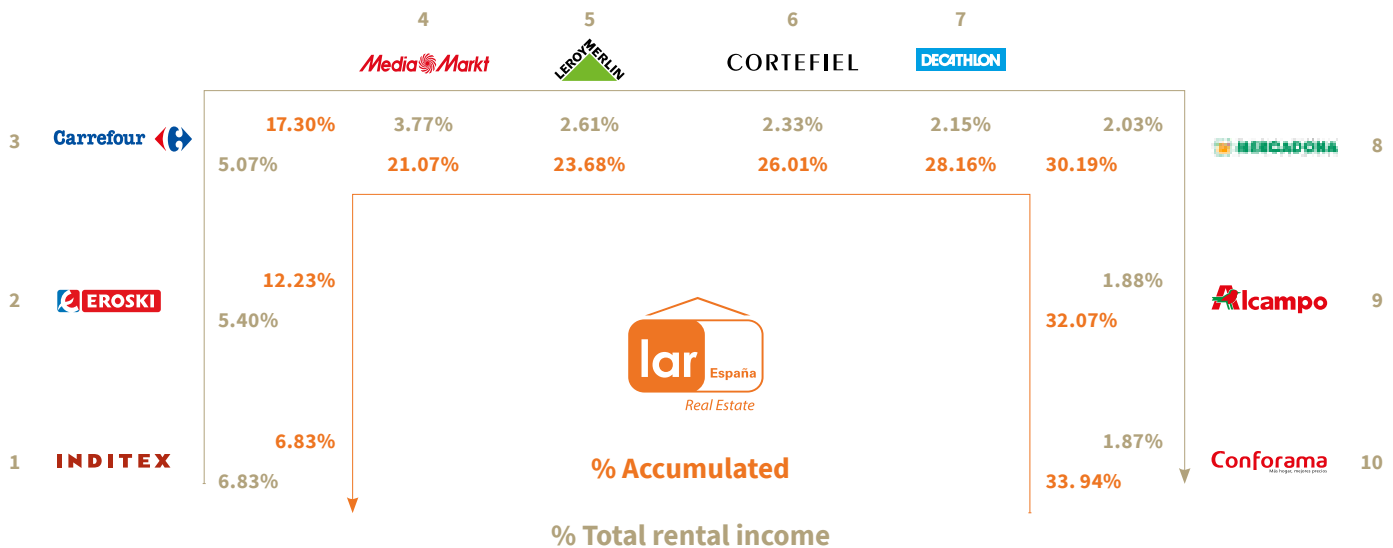


This graph details the **breakdown of rental income per region** for 2020:

**Income per region (%)**



Below are the **ten tenants that have generated the most revenue** during 2020:



b.

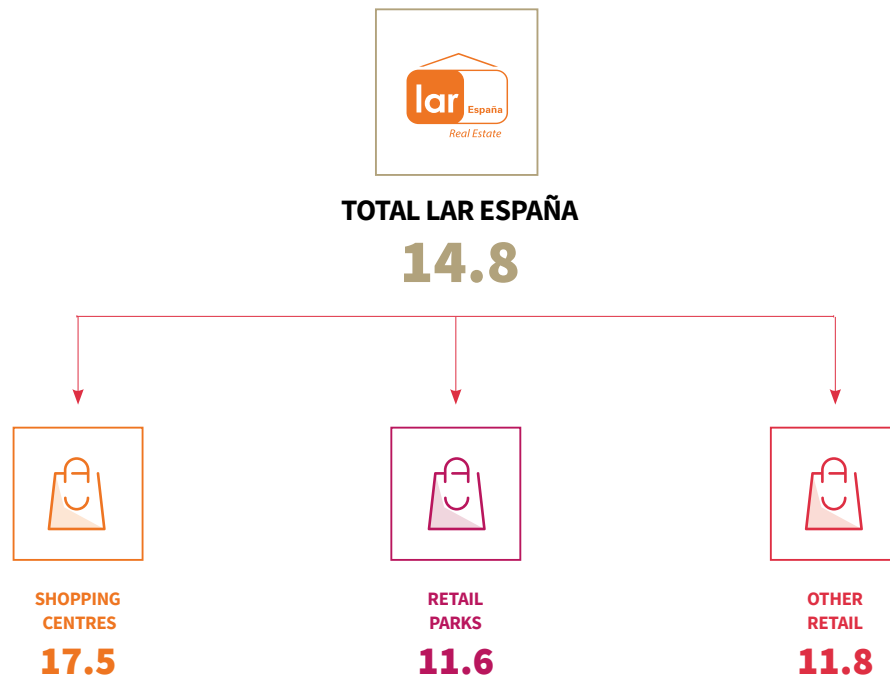
## Gross annualised rents

The **annualised GRI**<sup>(\*)</sup> of Lar España is detailed below, as well as the annualised GRI per occupied sqm at 31.12.2020:

|                               | <i>Gross Annualised Rents</i><br>(Thousands of euros) | <i>GLA occupied</i><br>(sqm) | <i>Gross Rent</i><br>(€/sqm/month) |
|-------------------------------|---|------------------------------|------------------------------------|
| <b>TOTAL SHOPPING CENTRES</b> | <b>62,192</b>   | <b>296,282</b>               | <b>17.5</b>                        |
| <b>TOTAL RETAIL PARKS</b>     | <b>31,765</b>   | <b>227,354</b>               | <b>11.6</b>                        |
| <b>TOTAL OTHER RETAIL</b>     | <b>3,966</b>  | <b>27,909</b>                | <b>11.8</b>                        |
| <b>TOTAL LAR ESPAÑA</b>       | <b>97,923</b>   | <b>551,545</b>               | <b>14.8</b>                        |

54

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



<sup>(\*)</sup> 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.

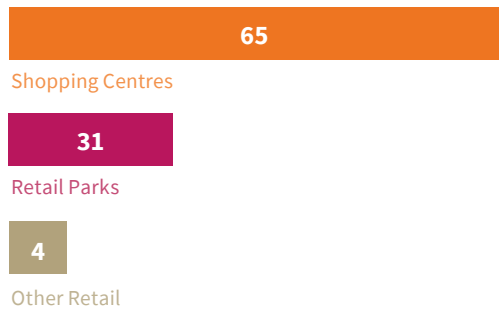


C.

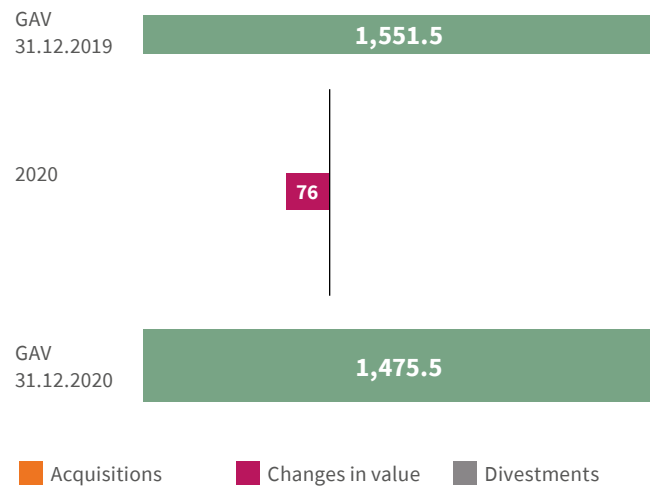
## Value of Lar España's portfolio at 31.12.2020

As at 31 December of 2020, the total value of Lar España's portfolio amounts to **EUR 1,475 million**:

### GAV by asset class (%)



### GAV reconciliation 31.12.2020 (millions of euros)



During 2020 Lar España has not carried out new acquisitions or divestments. The change in the fair value of investment properties for an amount of €76 million corresponds to information based on valuations carried out by independent valuers on 31 December 2020, reflecting the impact of the pandemic crisis and the declaration of the State of Alarm.

### Change LfL in the portfolio value at 31 December 2020 (\*)



**+46.9%**  
vs purchase  
price



**-4.9%**  
vs December  
2019



**-2.0%**  
vs June  
2020

(\*) Excluding CAPEX invested the percentages would be: +16.8%, -6.5% and -3.0%, respectively.



d.  
**CAPEX**

The company has continued revamping its portfolio of assets in order to generate more value, investing close to **€25 million** during 2020.

The breakdown of investment by asset class is as follows:

**CAPEX investment (Thousands of euros)**

|  |                                     |                               |
|--|-------------------------------------|-------------------------------|
|  |                                     | <b>TOTAL</b><br><b>24,835</b> |
| <b>Shopping Centres</b><br><b>15,745</b> | <b>Retail Parks</b><br><b>9,090</b> |                               |

With an amount close to **€13.1 million** invested, Ànec Blau and Megapark assets have led the way in terms of retail investment.

*Shopping Centre Ànec Blau (Barcelona) after the completion of part of the refurbishment works.*



e.

## Lease expiration and WAULT

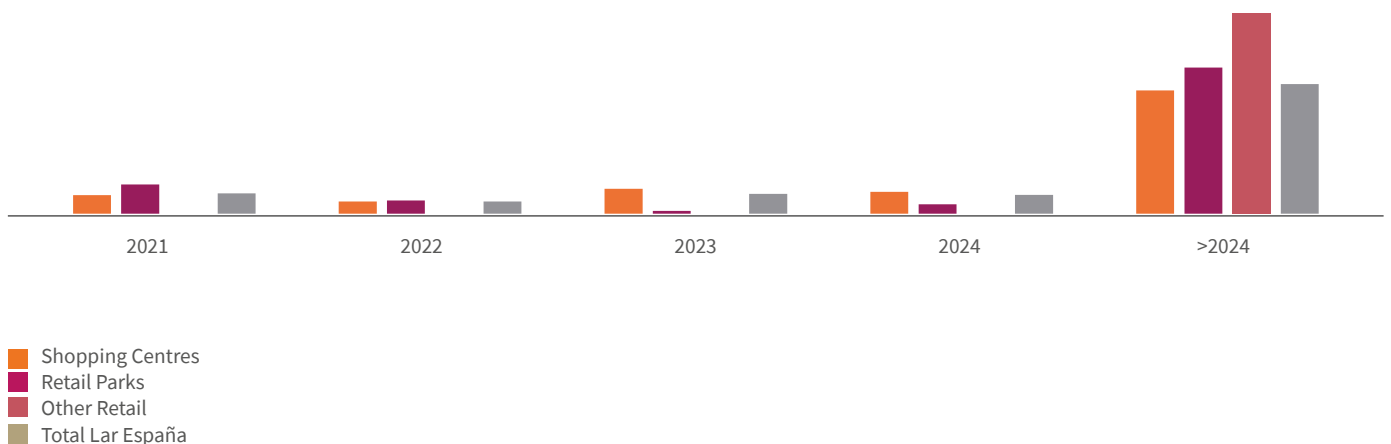
The proactive management carried out by Lar España allows us to have a **solvent and diversified tenant base**.

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 the year new long-term lease agreements have been signed with new tenants and negotiations has been carried out according to the current situation. We note that as of 31 December 2020, **over 64% of all Lar España's active lease agreements** have lease expiries beyond 2024.



As at 31 December 2020, **over 64% of retailer leases** had expiration dates beyond 2024

### Annual lease expiration (end of contract)





**Over 1,000**  
existing contracts

Thus, the **WAULT<sup>(\*)</sup>** (weighted average unexpired lease term) at 31 December 2020 of Lar España's portfolio is **3.2 years**. Below you will find the detail by asset class:

**3.2**

Lar España

**2.9**

Shopping Centres

**2.9**

Retail Parks

**10.2**

Other Retail



(\*) Calculated as the number of years from the current date to the first break option, weighted by the gross rent for each lease. The WAULT of each asset is detailed in section 2.4 "Portfolio at 31 December 2020".



**95.4%**  
Occupancy (sqm)



**578,370 sqm**  
Total GLA

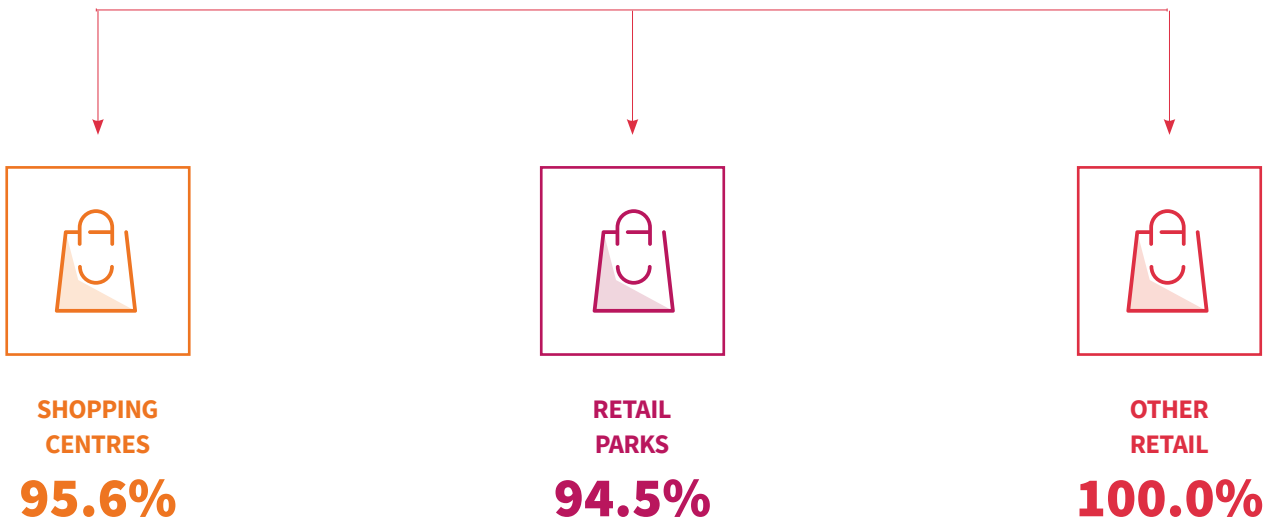
f.  
**Occupancy (sqm)**

The gross leasable area (GLA) of Lar España's income producing assets at 31 December 2020 stood at **578,370 sqm**, whilst the average occupancy rate stood at **95.4%**.

The occupancy rate by asset class as at 31 December 2020 is shown below:



**TOTAL LAR ESPAÑA**  
**95.4%**

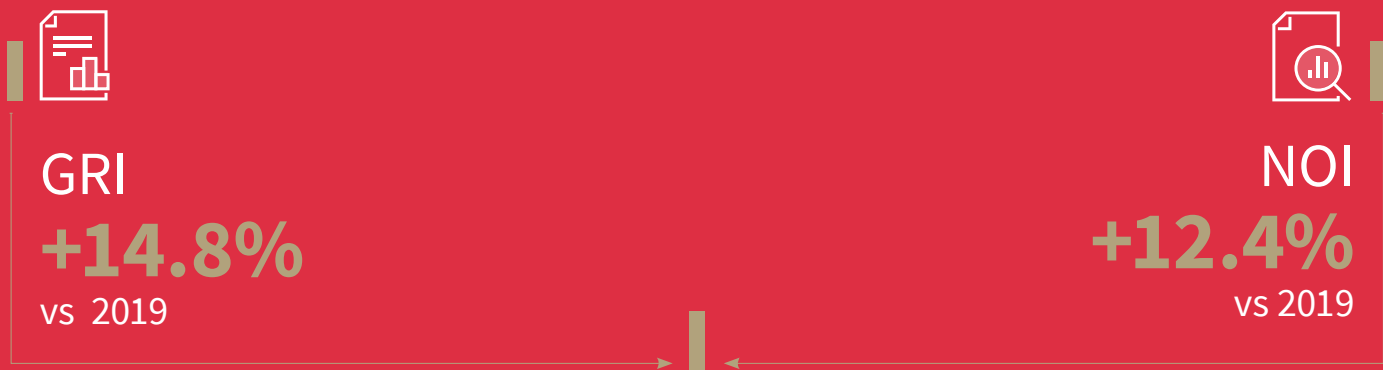


## Main milestones

The performance of the key indicators during 2020 is detailed below:

### RETAIL

#### Key indicators evolution



#### Key indicators evolution LfL (\*)

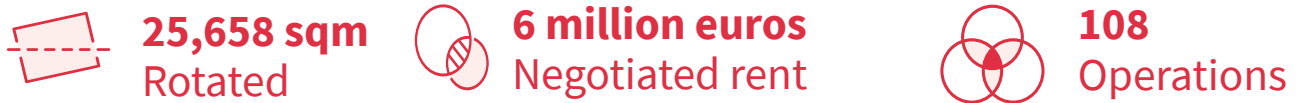


(\*) Like for Like (excluding Lagoh shopping centre).

## Major operative milestones

During 2020 Lar España continued to actively manage its retail portfolio. It closed **108 operations** including renewals, relocations, relettings and new lettings, resulting in an annualized tenant rotation rate of **5%** for the portfolio.

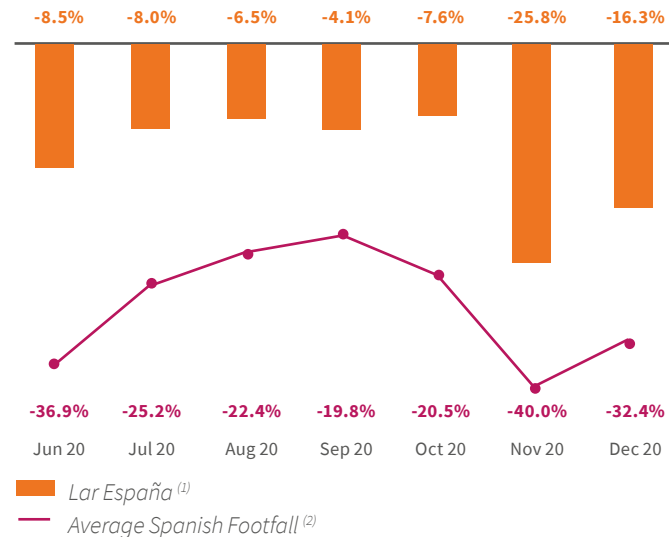
|                      | Renewals | Relocations and Relettings | New Lettings | Total         |
|----------------------|----------|----------------------------|--------------|---------------|
| Number of operations | 63       | 20                         | 25           | <b>108</b>    |
| sqm                  | 16,166   | 4,881                      | 4,611        | <b>25,658</b> |



## Footfall 2020 63.9 Million of visits

Footfall indicator in our shopping centres LfL since reopening 2020 vs same period in 2019:

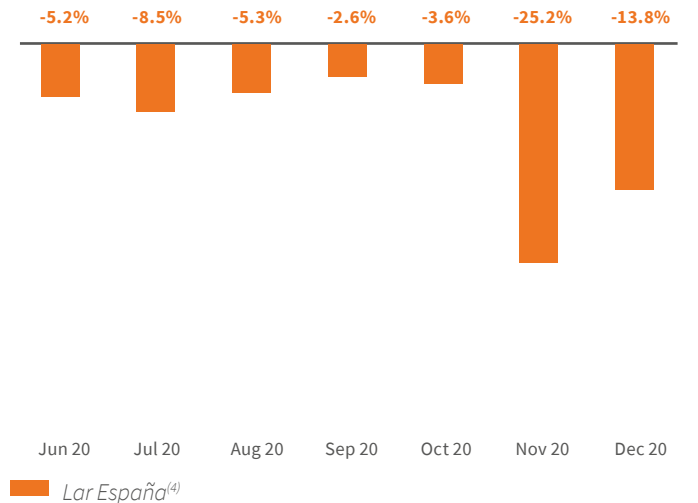
Monthly performance since shopping centres and retail parks reopening after the first lockdown



## Sales 2020 696.1<sup>(3)</sup> Million €

Sales performance LfL since reopening 2020 vs same period in 2019:

Monthly performance since shopping centres and retail parks reopening after the first lockdown



(1) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 31 December 2020: **-21.9%** Lar España footfall and **-33.7%** ShopperTrak Index / (2) ShopperTrak Index / (3) Declared sales / (4) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 31 December 2020 of total sales: **-19.9%**.



Some of the main operations during the period of 1 October and 31 December 2020 are detailed below:



*Main operations*

**New lettings**

Juguetos (265 sqm)

Bedland (300 sqm)

**Renewals**

Bershka (596 sqm)

La Costurera (20 sqm)



More than **€245,000** annual negotiated rent  
**4** operations  
**1,181** sqm



*Main operations*

**Renewals**

Springfield (323 sqm)

Cortefiel (668 sqm)

Women Secret (240 sqm)



More than **€345,000** annual negotiated rent  
**5** operations  
**1,252** sqm



*Main operations*

**Renewals**

Nike (614 sqm)

Landed (193 sqm)

Under Blue (158 sqm)

**Relettings**

Dockers (157 sqm)



More than **€290,000** annual negotiated rent  
**4** operations  
**1,149** sqm



*Main operations*

**New lettings**

Milbby (268 sqm) at Rivas Futura

Bareilly (200 sqm) at Vidanova Parc

Maxcolchón (150 sqm) at Las Huertas

**Renewals**

Espaço Casa (1.434 sqm) at Parque Abadía

Yves Rocher (135 sqm) at Gran Vía



More than **€960,000** annual negotiated rent  
**24** operations  
**4,846** sqm



## Retail Tenant Mix

Below we display the **tenant mix** of Lar España's retail portfolio at 31 December 2020 by space let. The food & beverage and health sectors account **more than 20%** of the retail offering in Lar España's assets.



**29.0%**  
Fashion



**18.4%**  
Home



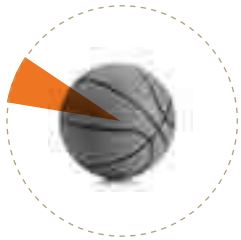
**17.8%**  
Food & Beverage



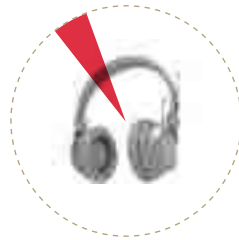
**14.7%**  
Leisure and  
Entertainment



**6.6%**  
Dining



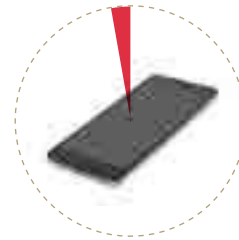
**6.7%**  
Sports and  
Adventure



**3.7%**  
Services



**2.8%**  
Health and Beauty



**0.3%**  
Culture,  
Technology  
and Multimedia

# 3

## ESG

*p.66*

### 3.1 Committed to the Environment

*p.69*

### 3.2 Contributing to Society

*p.72*

### 3.3 Leaders in Governance

*p.75*





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

## ESG (Environmental, Social and Governance)

Lar España is aware of its impact on society, and therefore strives to improve people's quality of life, bolster **socioeconomic progress** in Spain and deliver a **sustainable financial return for its investors**.

Its approach focuses on creating shared value. This is reflected in the **company's sustainability policy**, which was recently updated in Q4 2020. Lar España has also developed an ESG Master Plan to achieve its objectives in line with the most stringent, general and sector-specific **environmental, social and corporate governance standards** that meet its expectations in these areas. The objectives set out in that plan continue to guide the company's activity, and the company made **significant strides forward in these areas during the year**.

Lar España's business sector embodies some of the **most important issues** facing today's society: urban development, housing stock availability, designing sustainable cities, responding to demographic changes and resource scarcity. This is why Lar España works transparently and proactively to promote active dialogue with a broad range of stakeholders on **economic, social and environmental** aspects.

Following the health crisis experienced this year and based on the open dialogue that the company maintains with its stakeholders, Lar España has also continued to remain committed to focusing on **creating shared value**.



## 3.1 Committed to the Environment

Lar España promotes the **responsible management of its properties and continually strives to improve their impact on the environment**, while also safeguarding the economic viability and performance of its investments, which has led to it obtaining various certificates in recognition of its strong management practices.

### Shopping centre data automation

During 2020, Lar España finished developing its automated platform to provide a dynamic visualisation and analysis of its utilities usage data (water and energy) at its shopping centres and retail parks, and on mitigating their environmental impact (waste management and controlling greenhouse gas emissions). **The platform went live on 1 January 2021** and already contains consumption data recorded in 2020 and prior years. This will help to provide **management departments with regular and uniform key data**, as well as a powerful analysis tool that will help to optimise resources. **It will also allow for better control of expenditure and greater reactivity in implementing corrective measures when necessary.**

Over the coming quarters, the analytical capacity offered by the data automation platform will enable **action plans** to be developed that improve property efficiencies and will be a decisive tool in progressing towards achieving the sustainability goals set out in Lar España's ESG Master Plan.



### Energy Efficiency Plan

In Q4 2020, Lar España finalised its Energy Efficiency Plan, and in so doing **completed its sustainability strategy**, thereby aligning the company with national and international sustainability and energy efficiency targets and expectations. The aim is to achieve **greater energy efficiency at its properties and to secure certificates to guarantee its environmental commitment** and strive for global cultural change.

The plan's implementation hinges on a series of measures adopted in previous years that are now incorporated into and aligned with the corporate strategy across all the portfolio's assets. The company will therefore continue to lead by example and be a benchmark for the sector, as well as for society in general, **by looking beyond the purely economic benefits of better energy management and efficiency.**



### Waste Management Plan

Following an internal and external assessment carried out in H1 2020, a roadmap for comprehensive waste management was created. Priority areas were identified, and the **supervisory model to be implemented from January 2021 onwards was established, to ensure greater monitoring and supervision of data on waste collection and processing. This data will be incorporated into the new automated platform.**

The waste management plan is proof of **Lar España's commitment to protecting the environment** across all of its full business activities, and its contribution to the sustainable development of the company and of society as a whole. By implementing **waste management and circular economy** measures for all its operations and assets, the company is actively participating in the fight against climate change, the prevention of pollution of the natural environment and the sustainable use of resources.

The plan covers aspects ranging from actions needed to optimise the collection, transport and processing of waste, to the design of and participation in initiatives that promote the circular economy in accordance with the principles of reduction and reuse.

## Carbon Footprint

Lar España **registered its carbon footprint for 2018 and 2019 with Spain's Ministry for the Ecological Transition (MITECO), as part of Spain's national strategy (in line with European Union strategy)**. This registration demonstrates Lar España's commitment to **transparency and good sustainability practices**, as well as its commitment to a process that will lead to reducing its carbon footprint in the coming years.

### National Level Certification

(Ministerio para la Transición Ecológica)

The company continues to work to combat climate change and the impact that its business may have on the environment. The entire process was **verified by AENOR**, Spain's standardisation and certification body, which reviewed all of the documentation submitted.

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



## BREEAM Certifications

Lar España remains committed to participating in **assessment and certification schemes** to guarantee that the operation of all its properties is as sustainable as possible. For this reason, it has continued to work on the plan for the **renewal of certificates obtained in previous years and on the improvement of qualifications in centres already certified**. Currently **100% of the company's shopping centres** are BREEAM-certified with a "Good" or "Very Good" rating.

As part of this overhaul, the process of certifying the portfolio's retail parks has begun, with the aim of having **all of these properties BREEAM-certified** in 2021.



**Lar España remains committed to participating in assessment and certification schemes to guarantee that the operation of all its properties is as sustainable as possible.**

# 100%

BREEAM Certified shopping centres



## 3.2 Contributing to Society

One of Lar España's key priorities is to have a **positive social impact on the communities in which it does business**. Its current priorities are to further improve the indoor air quality of its properties, implementing the necessary measures to ensure accessibility for all customers, interacting with local organisations and creating shared value.

### Collaboration with Cáritas

As part of its **unwavering commitment to helping local communities during the COVID-19 pandemic**, Lar España has teamed up with Cáritas, supporting them in their project to **help the most vulnerable families** hit the hardest by the pandemic. The main aim of the project is to **improve living conditions** for the communities in the surrounding areas of Lar España's main properties. This project will also allow our shopping centre teams and employees the chance to get involved in this charitable work.

The collaboration is valued at **€150,000**, and will be channelled via the Albacenter, Portal de la Marina, Ánec Blau, Megapark Barakaldo, As Termas, Las Huertas, El Rosal, Txingudi, Lagoh and Gran Vía de Vigo assets.

This **initiative with Cáritas is just one of many charitable and social campaigns** promoted by Lar España's shopping centres and retail parks since the state of emergency was announced, helping to support the most vulnerable in our communities with food donations, healthcare equipment, technology and child food grants, among other actions.



### Collaboration with Aladina Foundation

The Aladina Foundation is a Spanish non-profit organisation that **helps and provides support to child and adolescent cancer patients and their families**. In collaboration with the Altamira Lar Foundation, Lar España is working on an ambitious project, to fully refurbish the rooms at the children's cancer ward at Hospital Virgen del Rocío (Seville), one of the leading cancer hospitals in Spain. The project been referred to as "a new unit, filled with colour and joy for children and adolescents with cancer in Seville".



### Improved air quality

The health and well-being of visitors are key components of the company's business model. With this in mind, in 2020 work continued to **improve air quality and regulate ambient temperature inside the company's buildings**:

- An invitation to **tender was launched for air quality audits**, to generate a database for each asset and to create performance methodologies that improve the current parameters.
- **A pilot study** has been carried out to analyse the effectiveness of innovative indoor air quality treatment systems at Parque Abadía.
- **Temperature policy**: all Lar España's properties comply with Spanish regulations on thermal equipment in buildings (RITE).





## Lar España has joined the United Nations Global Compact, the world's largest enterprise sustainability initiative, to align its operations with the Ten Principles and work towards the SDGs

### Accessibility

Lar España continues to be committed to social integration, **maintaining high accessibility standards** and seeking to obtain universal accessibility certification at all of its properties. The company strives to continuously improve accessibility standards at all its retail parks and shopping centres through **people-centred design**.

In the second half of the year, it successfully obtained universal accessibility certification under the UNE 170001 standard accredited by AENOR at its **Lagoh, El Rosal and As Termas** properties, in addition to those already certified (**Vistahermosa and Vidanova Parc**). All renovation projects carried out also meet the required accessibility standards and best management practices.



**100% of the portfolio audited for universal accessibility**



**7 assets of the portfolio currently undergoing the UNE-170001 certification process**

**AENOR**



lagoh



### Sustainable Development Goals

Lar España recognises its collective responsibility to achieve and promote the Sustainable Development Goals (SDGs), and has **aligned its sustainability strategy with the United Nations 2030 Agenda**, which represents the international commitment to addressing the social, economic and environmental challenges of globalisation.

In response to the firm position that maintains with the Sustainable Development Goals, **the company has decided to join the United Nations Global Compact**. This implies that Lar España is committed to aligning its operations with Ten Universally Accepted Principles in the areas of human rights, labour standards, environment and the fight against corruption, and take action in support of the objectives of the United Nations currently set out in the Sustainable Development Goals (SDGs).

The company has already made progress in the following actions as a demonstration of their commitment:

#### 1. Identification of the priority SDGs for Lar España:

- Promoting gender equality (SDG 5).
- Creating a positive impact on jobs by hiring local suppliers (SDG 8).
- Contributing to the creation of sustainable urban settings and communities (SDG 11).
- Promoting responsible production and consumption, helping to foster the circular economy (SDG 12).
- Action to combat climate change, significantly reducing the GHG emissions of its organisation (SDG 13).
- Promoting partnerships for joint initiatives in favour of sustainable development (SDG 17).

These Sustainable Development Goals have been chosen because they correspond to the areas in which Lar España's business activity can be most effective and relevant.

2. **Promoting information** and awareness for the adoption of the SDGs in government and in corporate policies.
3. **Monitoring the actions carried out** as part of the company's activity to contribute to each of the SDGs identified. This information will be comprehensively included in the 2020 Annual Report.



### SGS certification

Following the COVID-19 health crisis, Lar España has designed specific operating protocols to ensure its **shopping centres and retail parks can reopen safely**, in compliance with all health and hygiene requirements. The operating protocols cover all issues required to guarantee the **safety of workers and visitors**.

The independent company SGS, leaders in inspection, verification, testing and certification, has verified the effectiveness and validity of these protocols.

The inspection covered **three key areas**:

- Compliance with all regulations and best practices to be included in the design and drafting of all protocols.
- Implementation of all procedures and best practices across all shopping centres in the company's portfolio.
- Continued application of all measures in the months following the health crisis.

**Following the favourable assessment regarding the design of the protocols**, SGS carried out on-site inspections at the shopping centres to certify that all protocols were being implemented correctly. These inspections will continue **monthly throughout 2021**, to verify that all the necessary protocols and measures are consistently adhered to at the different assets within the company's portfolio.

## 3.3 Leaders in Governance

Lar España continues to make great strides in terms of **transparency, ethics and regulatory compliance**, guaranteeing good governance both in terms of the company and its governing bodies.

### Updating corporate policies

During the final quarter of the year, the **company's regulations and policies were updated** in accordance with the latest recommendations published in the CNMV's Good Governance Code.

The documents revised and approved by the company's Board of Directors include the Corporate Social Responsibility/ESG, Corporate Governance, Director Selection and Diversity and Communication Policies. The operating regulations of its committees and of its Board of Directors were also revised.

In turn, the company's SCIIF Manual has also been revised.

### Health crisis COVID-19

During H1 2020, and due to the situation caused by the COVID-19 health crisis, both Lar España Real Estate SOCIMI and Grupo Lar, its management company, demonstrated their commitment to the business:

- Grupo Lar **reduced the base fee** that it charges.
- Lar España's Board of Directors decided to take a **cut in their remuneration for 2020**.



In addition, during the year 2020 the following recognitions of Lar España in relation to the **main ESG indexes** stand out:



### GRESB

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

Lar España therefore continues to strengthen its levels of transparency on ESG issues, having secured a **25% increase** in its rating compared to the previous year, and an increase of **50%** compared to its rating in 2018.

**+25%**  
2020 vs 2019

**+50%**  
2020 vs 2018

This significant increase was made possible through the **company's significant work on ESG aspects**, demonstrating Lar España's commitment to sustainability, society and good governance best practices. It also reflects the company's desire to continue its responsible path to growth and to contribute to societal well-being and progress.

The company continues to work across a range of areas **relating to environmental sustainability to reduce its impact, promote the development of a sustainable economy and improve its capacity to adapt to climate change-related changes.**

### FTSE4Good Global Index

During 2020, the FTSE Russell Global Index **kept Lar España as a constituent on its FTSE4Good index**, based on the results it obtained in the independent assessment of its ESG criteria by FTSE Russell. This confirms Lar España's fulfilment of the requirements for being an index constituent, having demonstrated its strong environmental, social and governance practices.

The FTSE4Good index measures the performance of companies' ESG practices by evaluating the information provided to their stakeholders. This index is used as a benchmark by a wide variety of investors and market participants when assessing responsible investments.



### EPRA Gold Award

In September 2020, for the **sixth year running**, Lar España received the **EPRA Gold Award** in recognition of the quality of the **financial information** it provided to its main stakeholders. This is a clear example of the international acclaim enjoyed by Lar España's high-quality reports and shareholder communications.

In recognition of its information published on **ESG**, Lar España was awarded the highest distinction by EPRA, winning the **Gold Award** for the **third year running**. This recognition is another step towards greater transparency in this respect.

Lar España is currently implementing its ESG Master Plan that meets the most demanding sustainability standards, both in sector-specific and general terms; the recommendations of the National Securities Market Commission (CNMV); its stakeholders' expectations; the Sustainable Development Goals (SDGs) and the company's business objectives for the coming years.

2015



2016



2017



2018



2019



2020



# 4

## CONSOLIDATED FINANCIAL STATEMENTS

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**4.1** Company Chart 31.12.2020

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**4.2** Consolidated Statement of Comprehensive  
Income

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**4.3** Consolidated Statement of Financial  
Position

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**4.4** Consolidated Statement of Cash Flows

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**4.5** Grupo Lar fees as Lar España 's Manager

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**4.6** Proposed Shareholder Remuneration

*p.94*

**4.7** Shareholder Return

*p.95*





eencilau

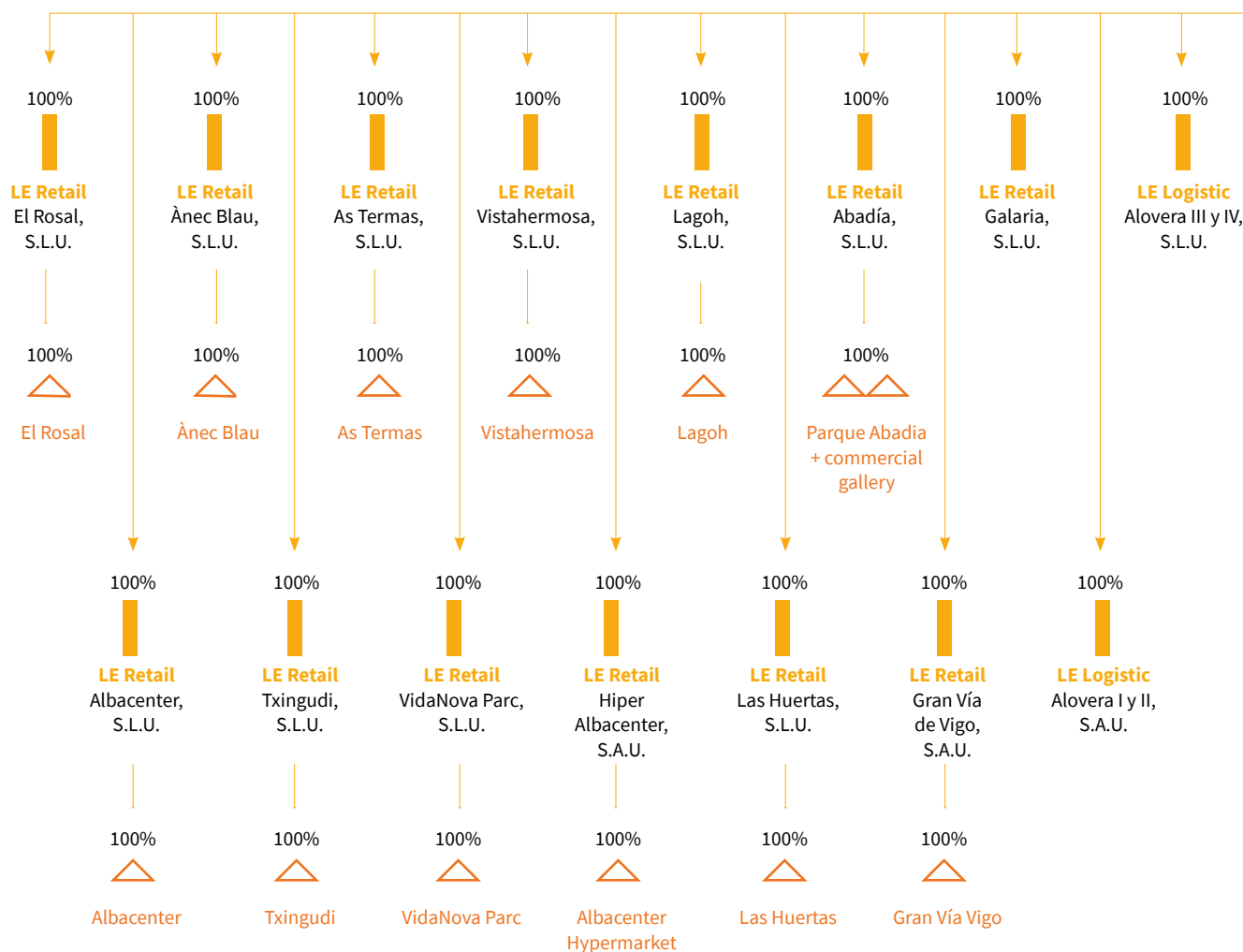
Shopping Centre / Áncel Blau (Barcelona)

# 4.1

## Company Chart 31.12.2020

At 31 December 2020, 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:

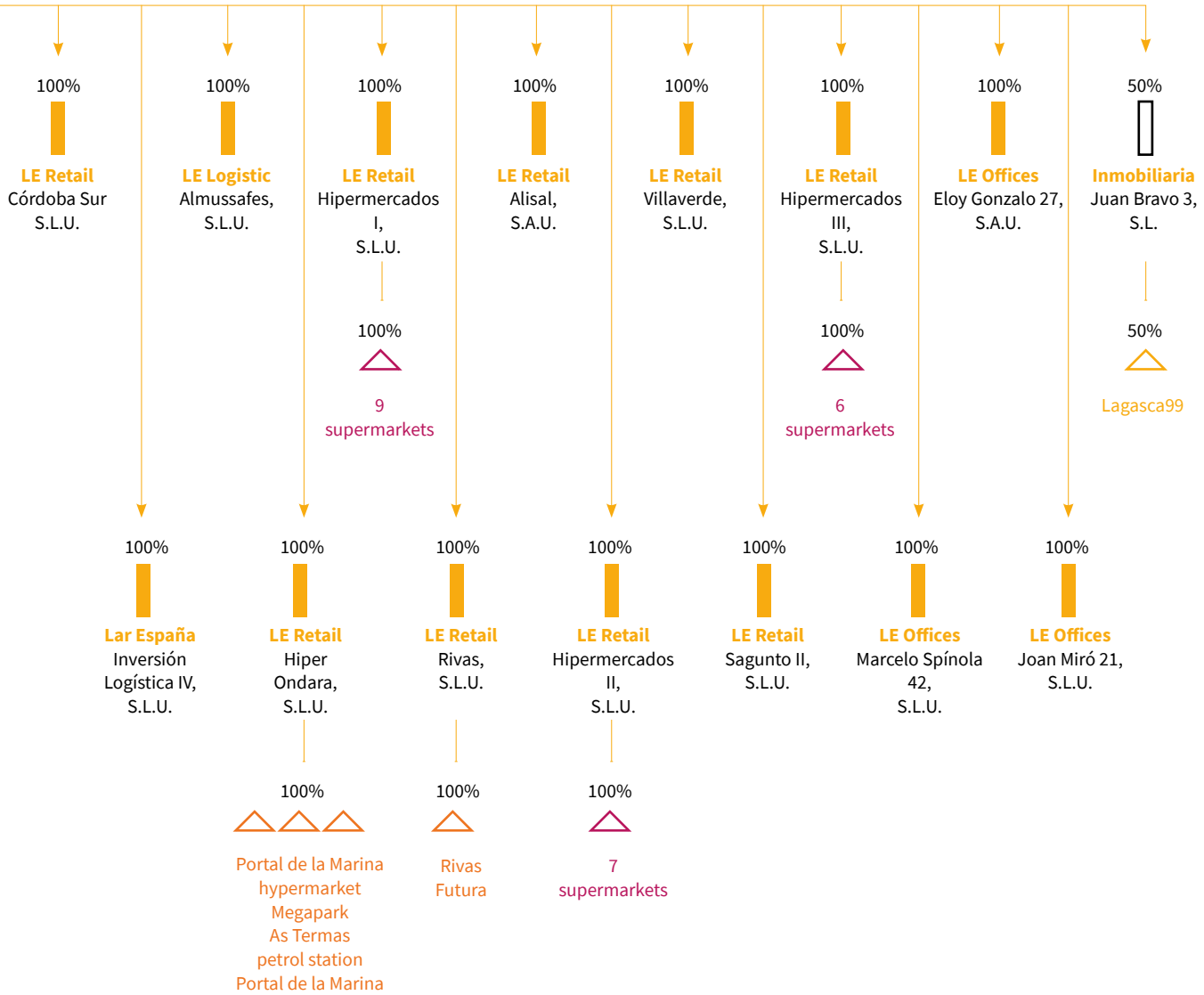


**Company.**

- 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 2019.



**Asset Class.**

- Shopping Centres & Retail Parks
- Retail Units
- Residential

## 4.2

### Consolidated Statement of Comprehensive Income

| (Thousands of euros)  | 2020          | 2019          | 2020             | 2019          | 2020            | 2019          |
|---|---------------|---------------|------------------|---------------|-----------------|---------------|
|   | Recurring     |               | Non-recurring    |               | TOTAL           |               |
| Revenues  | 93,324        | 81,128        | -                | -             | 93,324          | 81,128        |
| Other income  | 3,566         | 3,274         | -                | -             | 3,566           | 3,274         |
| Personnel expenses  | (474)         | (424)         | -                | -             | (474)           | (424)         |
| Other expenses  | (19,746)      | (22,603)      | (6,969)          | (3,123)       | (26,715)        | (25,726)      |
| Changes in the fair value of investment properties                  | -             | -             | (100,656)        | 40,037        | (100,656)       | 40,037        |
| Results of disposals of investments properties                      | -             | -             | -                | 1,008         | -               | 1,008         |
| <b>RESULTS FROM OPERATIONS</b>                                      | <b>76,670</b> | <b>61,375</b> | <b>(107,625)</b> | <b>37,922</b> | <b>(30,955)</b> | <b>99,297</b> |
| Financial income  | 40            | 12            | -                | -             | 40              | 12            |
| Financial expenses  | (23,010)      | (20,154)      | -                | -             | (23,010)        | (20,154)      |
| Share in profit (loss) for the period of equity-accounted companies | -             | -             | 257              | 473           | 257             | 473           |
| <b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>          | <b>53,700</b> | <b>41,233</b> | <b>(107,368)</b> | <b>38,395</b> | <b>(53,668)</b> | <b>79,628</b> |
| Income tax  | -             | -             | -                | 1,102         | -               | 1,102         |
| <b>PROFIT/(LOSS) FOR THE PERIOD</b>                                 | <b>53,700</b> | <b>41,233</b> | <b>(107,368)</b> | <b>39,497</b> | <b>(53,668)</b> | <b>80,730</b> |



Recurring result  
from operations  
**76,670**  
thousand of euros  
**+25% vs 2019**



Recurring profit for  
the period  
**53,700**  
thousand of euros  
**+30% vs 2019**

## Result from operating activities

As of 31 December 2020, the Group presented a **positive recurring result for its operations amounting to 76,670 thousand Euros** (61,375 thousand Euros at 31 December 2019) which means an increase of **25%** versus the same period the previous year. Meanwhile, the recurring profit for the period amounts to **53,700 thousand Euros**, which means an increase of **30%** versus the same period the previous year.

### Revenues

**Revenues** during 2020 amounted to **93,324 thousand Euros** (revenue of 81,128 thousand Euros during 2019), which means an **increasing of 15%** versus the same period the previous year.

### Other expenses

As at 31 December 2020, the Group incurred other expenses amounting to **26,715 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 8,291 thousand Euros.
- Management fees (fixed fee included) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias (“Grupo Lar”) totals 8,496 thousand Euros, discounting indirect fees paid in subsidiary companies (1,028 thousand Euros) and other expenses incurred by Grupo Lar and paid by Lar España (170 thousand Euros). In addition, exceptionally, there has been a reduction of 334 thousand Euros in the fees charged by the manager Grupo Lar during the second quarter of 2020, due to the crisis caused by the COVID-19 virus pandemic.
- Bad debt provision arising from the situation generated by COVID-19 for an amount of 3,126 thousand Euros (most significant non-recurring expense).

## Change in the fair value of investment properties

The negative amount in this entry, **100,656 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 2020.

### Net Financial Result

The **financial result** was a negative balance of 22,970 thousand Euros at 31 December 2020 (negative balance of 20,142 thousand Euros at 31 December 2019).

**Financial expenses** 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.



## 4.3

### Consolidated Statement of Financial Position

| <i>Assets (Thousands of euros)</i>  | <b>31/12/2020</b> | <b>31/12/2019</b> |
|---|-------------------|-------------------|
| Intangible assets   | 2                 | 2                 |
| Investment properties   | 1,373,480         | 1,449,344         |
| Equity-accounted investees  | 1,082             | 5,100             |
| Non-current financial assets  | 13,618            | 13,149            |
| Trade and other receivables non-current                                   | 17,996            | 3,857             |
| <b>NON-CURRENT ASSETS</b>   | <b>1,406,178</b>  | <b>1,471,452</b>  |
| Non-current assets held for sale  | 106,755           | 103,790           |
| Trade and other receivables   | 28,463            | 14,644            |
| Other current financial assets  | 369               | 189               |
| Other current assets  | 3,038             | 2,650             |
| Cash and cash equivalents   | 134,028           | 160,527           |
| <b>CURRENT ASSETS</b>   | <b>272,653</b>    | <b>281,800</b>    |
| <b>TOTAL ASSETS</b>   | <b>1,678,831</b>  | <b>1,753,252</b>  |
| <i>Equity and liabilities (Thousands of euros)</i>                        | <b>31/12/2020</b> | <b>31/12/2019</b> |
| Capital   | 175,267           | 175,267           |
| Share premium   | 475,130           | 475,130           |
| Other reserves  | 281,005           | 254,358           |
| Treasury shares   | (16,474)          | (762)             |
| Retained earnings   | (53,668)          | 80,730            |
| Valuation adjustments   | (1,610)           | (1,943)           |
| <b>EQUITY</b>   | <b>859,650</b>    | <b>982,780</b>    |
| Financial liabilities from issue of bonds and other marketable securities | 139,685           | 139,376           |
| Loans and borrowings  | 570,608           | 506,641           |
| Deferred tax liabilities  | 17,201            | 17,201            |
| Derivatives   | 4,685             | 2,846             |
| Other non-current liabilities   | 19,993            | 19,593            |
| <b>NON-CURRENT LIABILITIES</b>  | <b>752,172</b>    | <b>685,657</b>    |
| Liabilities related to non-current assets held for sale                   | 1,576             | 1,570             |
| Financial liabilities from issue of bonds and other marketable securities | 3,482             | 3,482             |
| Loans and borrowings  | 40,593            | 41,127            |
| Derivatives   | 3,137             | 2,393             |
| Other financial liabilities   | -                 | 3,199             |
| Trade and other payables  | 18,221            | 33,044            |
| <b>CURRENT LIABILITIES</b>  | <b>67,009</b>     | <b>84,815</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                       | <b>1,678,831</b>  | <b>1,753,252</b>  |

## Non-current assets

### Investment properties

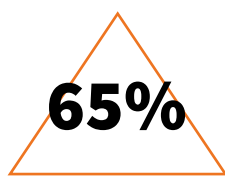
At 31 December 2020, **investments properties** are classified as non-current assets, at a fair value of **1,373,480 thousand Euros** (1,449,344 thousand Euros at 31 December 2019), except for the shopping centres Las Huertas, Txingudi and the Eroski's hypermarkets amounting to 102,010 thousands Euros which is classified under "Non-current assets held for sale".

The Group's investment properties, including the assets classified under "Non-current assets held for sale", consist of nine shopping centres, five retail parks and twenty-two retail units.

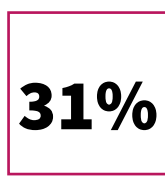
| <i>Net Investment</i> (Thousands of euros) | 31/12/2020       | 31/12/2019       |
|--|------------------|------------------|
| Shopping Centres                           | 952,250          | 1,018,143        |
| Retail Parks                               | 463,820          | 478,301          |
| Other Retail                               | 58,870           | 54,120           |
| Others                                     | 550              | 1,000            |
| <b>INVESTMENT PROPERTIES (*)</b>           | <b>1,475,490</b> | <b>1,551,564</b> |

(\*) This amount includes Las Huertas, Txingudi and the Eroski's Hypermarkets investment properties for an amount of 102,010 thousand Euros, which has been reclassified to "Non-current assets held for sale"

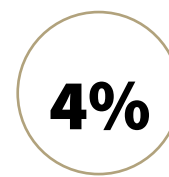
### Investment properties by asset class



**Shopping Centres**



**Retail Parks**



**Other Retail**

## Equity-accounted investees

As of 31 December 2020 and 31 December 2019, 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.

In addition, at 31 December 2020 the investee Inmobiliaria Juan Bravo 3, S.L. **has repaid the shareholders contributions from the Group**, amounting to 4,275 thousand euros (corresponding to 50% of the Group's investment), thereby decreasing the value of the equity-accounted investment held by the Group. This repayment of shareholders contributions has not affected the percentage of interest held by the Group held in said company.

## Non-current financial assets

At 31 December 2020 and 31 December 2019, the Group has recognised as non-current financial assets mainly security deposits received from tenants, which the Group has deposited with the corresponding public bodies.

(\* IFRS (International Financial Reporting Standards).

## Current assets

### Assets and liabilities held for sale

At 31 December 2020 and 31 December 2019, this heading included 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 2020 assets and liabilities held for sale are as follows:

#### Non-current assets held for sale

| <i>(Thousands of euros)</i>                   | <i>31/12/2020</i> |
|---|-------------------|
| Investment properties                         | 102,010           |
| Non-current financial assets                  | 1,102             |
| Cash and cash equivalents                     | 3,365             |
| Trade and other receivables                   | 278               |
| <b>TOTAL NON-CURRENT ASSETS HELD FOR SALE</b> | <b>106,755</b>    |

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

| <i>(Thousands of euros)</i>  | <i>31/12/2020</i> |
|--|-------------------|
| Other non-current liabilities  | 1,517             |
| Other current financial liabilities                                  | 59                |
| <b>TOTAL LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE</b> | <b>1,576</b>      |

## Trade and other receivables

As at 31 December 2020, this heading mainly reflects the outstanding invoiced income corresponding to the period comprised between March and December that are pending collection. Additionally it reflects the claims with public administration credits in the amount of 8,101 thousand Euros.

As of 31 December 2019, this heading mainly reflects claims on public administration credits amounting to 10,639 thousand Euros.



## Net Equity

As of 31 December 2020, 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.

On 17 March 2020, the General Shareholders' Meeting approved the **distribution of a maximum dividend** of 55,000 thousand Euros or €0.63 per share (considering all outstanding shares) with a charge to 2019 profit.

The total pay-out was **54,094 thousand Euros** (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company's equity and totals 924 thousand Euros), given the amount per share approved and shares outstanding at the time of approval by the General Shareholders' Meeting on 17 March 2020. The dividend pay-out was settled in full on 16 April 2020.

During 2020, the Company has carried out its own share sale and purchase transactions, as described below:



















|                         | <i>Number of<br/>shares</i> | <i>Thousands of<br/>euros</i> |
|-------------------------|-----------------------------|-------------------------------|
| <b>31 December 2019</b> | <b>103,820</b>              | <b>762</b>                    |
| Additions               | 2,994,520                   | 15,885                        |
| Disposals               | (23,668)                    | (173)                         |
| <b>31 December 2020</b> | <b>3,074,672</b>            | <b>16,474</b>                 |

The negative balance arising from the sale of own shares during 2020 amounted to 6 thousand Euros, recorded under "Other reserves".

## Financial liabilities

### Loans & Borrowings

The characteristics of the Loans & Borrowings at 31 December 2020 are as follows:

| Type                        | Project                            | Entity   | Interest rate <sup>(1)</sup> | Maturity date | Nominal amount<br>(Thousands of euros) | Current<br>(Thousands of euros) | Non-Current<br>(Thousands of euros) |
|-----------------------------|------------------------------------|--|------------------------------|---------------|--|---------------------------------|-------------------------------------|
| Mortgage Loan               | El Rosal                           |  CaixaBank  | EUR 3M + 1.75%               | 07/07/2030    | 50,000                                 | 3,117                           | 45,621                              |
| Mortgage Loan               | VidaNova Parc                      |  BBVA   | EUR 3M + 1.85%               | 31/12/2024    | 28,000                                 | -                               | 27,449                              |
| Mortgage Loan               | Megapark + Megapark leisure area   | <br><br>  | EUR 3M + 1.70%               | 24/02/2023    | 105,250                                | 253                             | 102,562                             |
| Mortgage Loan               | Portal de la Marina                | <br><br>  | EUR 3M + 1.70%               | 24/02/2023    | 60,000                                 | 156                             | 58,887                              |
| Mortgage Loan               | Vistahermosa                       |  BBVA   | EUR 3M + 1.85%               | 02/03/2022    | 21,550                                 | 34                              | 21,419                              |
| Mortgage Loan               | Parque Abadia + commercial gallery |    | 1.80% and 1.93%              | 23/05/2024    | 42,060                                 | 2,597                           | 38,948                              |
| Mortgage Loan               | Gran Vía de Vigo                   |  ING  | EUR 3M + 1.75%               | 14/03/2022    | 82,400                                 | -                               | 81,683                              |
| Mortgage Loan               | Rivas Futura                       |  BBVA   | 1.90%                        | 19/12/2024    | 34,500                                 | -                               | 34,333                              |
| Developer's Loan            | Lagoh                              | <br><br><br> | EUR 3M + 2.00%               | 29/06/2025    | 98,500                                 | 4,311                           | 89,806                              |
| Corporate Loan              | LRE                                |  bankinter  | EUR 12M + 1.60%              | 16/05/2021    | 30,000                                 | 29,940                          | -                                   |
| Corporate Loan              | LRE                                |   | 1.67%                        | 04/05/2027    | 70,000                                 | 185                             | 69,900                              |
| <b>LOANS AND BORROWINGS</b> |                                    |  |                              |               |  | <b>40,593</b>                   | <b>570,608</b>                      |

(1) The 71% of the principal is covered by derivatives.

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

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

Below you will find the net Loan To Value calculation as at 31 December 2020:

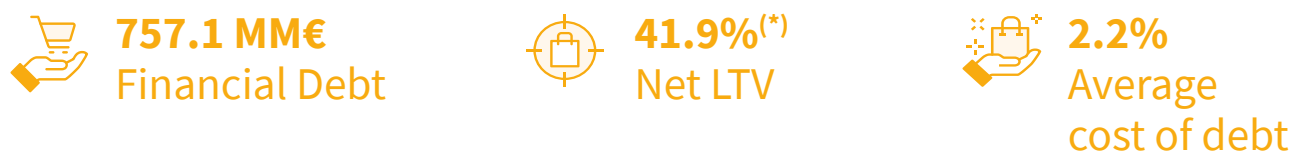
| (Thousands of euros)                        | 31/12/2020                     |
|---|--------------------------------|
| <b>GAV</b>                                  | <b>1,475,490</b>               |
| Full Consolidation Gross Debt               | 757,106                        |
| Equity Method Gross Debt                    | -                              |
| <b>Total gross debt</b>                     | <b>757,106</b>                 |
| Cash (Full Consolidation and Equity Method) | 139,268 <sup>(1)</sup>         |
| <b>Total net debt</b>                       | <b>617,838</b>                 |
| <b>NET LTV</b>                              | <b>41.9%</b> <sup>(2)(3)</sup> |

(1) Only available cash considered | (2) Result of Total net debt/GAV | (3) The net LTV after 22 supermarkets portfolio divestment, would be 39.4%

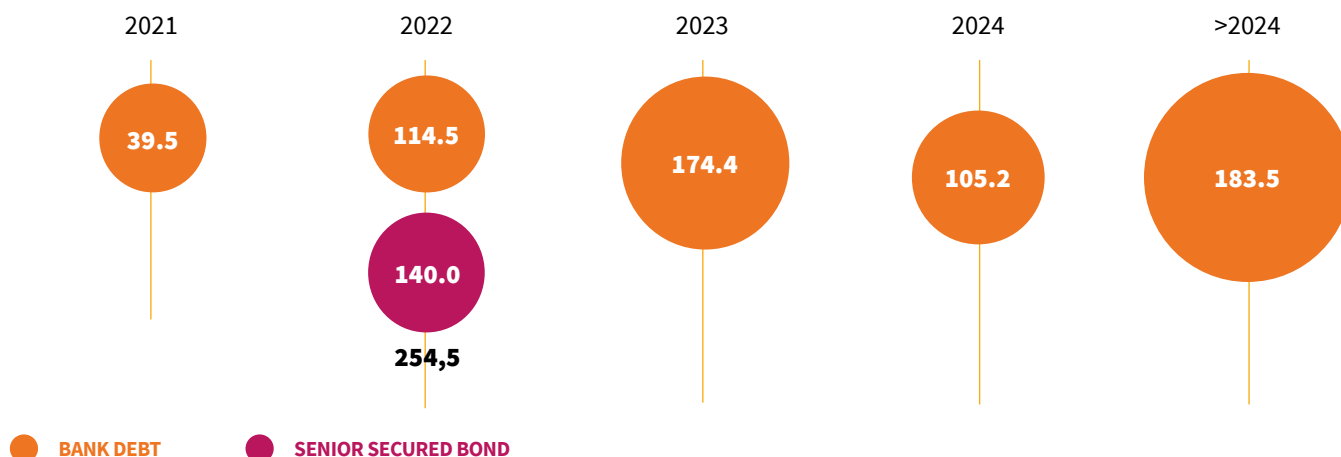


At 31 December 2020, Lar España's debt stood at **757,106 thousand Euros**, with an **average cost of 2.2%** and a **net LTV ratio of 41.9%**. The average debt maturity stood at 3 years.

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



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



#### Deferred tax liabilities

At 31 December 2020, 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. in 2018 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.

(\*) The net LTV after 22 supermarkets portfolio divestment, would be **39.4%**.

## 4.4

### Consolidated Statement of Cash Flows

|   | 2020            | 2019             |
|---|-----------------|------------------|
| <b>A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>                      | <b>8,538</b>    | <b>16,797</b>    |
| <b>1. Profit/(loss) for the period before tax</b>                             | <b>(53,668)</b> | <b>79,628</b>    |
| <b>2. Adjustments for:</b>  | <b>123,369</b>  | <b>(21,150)</b>  |
| Profit / (loss) from adjustments to fair value of investment properties (+/-) | 100,656         | (40,037)         |
| Impairment (+/-)  | -               | 226              |
| Financial income (-)  | (40)            | (12)             |
| Financial expenses (+)  | 20,096          | 18,977           |
| Inclusion of financial expenses in assets                                     | -               | (659)            |
| Changes in Fair value of financial instruments (+/-)                          | 2,914           | 1,836            |
| Share in profit (loss) for the period of equity-accounted companies (+/-)     | (257)           | (473)            |
| Results of disposal of investments properties (+/-)                           | -               | (1,008)          |
| <b>3. Changes in operating assets and liabilities</b>                         | <b>(44,387)</b> | <b>(26,247)</b>  |
| Trade and other receivables (+/-)   | (28,211)        | (1,061)          |
| Other current assets and liabilities (-)                                      | (662)           | (981)            |
| Trade and other payables (-)  | (15,514)        | (24,205)         |
| <b>4. Other cash flows used in operating activities</b>                       | <b>(16,776)</b> | <b>(15,434)</b>  |
| Interest paid (-)   | (16,776)        | (15,434)         |
| <b>B) CASH FLOWS USED IN INVESTING ACTIVITIES</b>                             | <b>(24,582)</b> | <b>(53,114)</b>  |
| <b>1. Payments for investments (-)</b>  | <b>(24,582)</b> | <b>(134,373)</b> |
| Investment property   | (24,582)        | (134,373)        |
| <b>2. Proceeds from divestments (+)</b>                                       | <b>-</b>        | <b>81,259</b>    |
| Investment property   | -               | 78,259           |
| Inflow of cash in business sales  | -               | 3,000            |
| <b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>                                | <b>(7,570)</b>  | <b>5,613</b>     |
| <b>1. Payments made and received for equity instruments</b>                   | <b>(15,719)</b> | <b>(39,551)</b>  |
| Proceeds from issue of share capital (+)                                      | -               | 6,425            |
| Acquisition/disposal of treasury shares (- /+)                                | (15,719)        | (45,976)         |
| <b>2. Proceeds from and payments for financial liability instruments</b>      | <b>62,243</b>   | <b>117,764</b>   |
| a) Issue of:  | 102,327         | 160,055          |
| Bank borrowings (+)   | 101,327         | 156,955          |
| Liabilities with associates (+)   | 1,000           | 3,100            |
| b) Redemption and repayment of:   | (40,084)        | (42,291)         |
| Bank borrowings (-)   | (40,084)        | (42,291)         |
| <b>3. Payments for dividends and remuneration on other equity instruments</b> | <b>(54,094)</b> | <b>(72,600)</b>  |
| Dividends (-)   | (54,094)        | (72,600)         |
| <b>D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE</b>       | <b>(2,885)</b>  | <b>(97)</b>      |
| <b>E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>                 | <b>(26,499)</b> | <b>(30,801)</b>  |
| <b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                    | <b>160,527</b>  | <b>191,328</b>   |
| <b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)</b>                    | <b>134,028</b>  | <b>160,527</b>   |

A photograph of a modern shopping center building with a glass facade. The building has a prominent glass section on the upper floor. In the foreground, there is a dark sign with the words "DROP OFF" in large, white, illuminated letters. The background shows some trees and a clear sky.

**DROP OFF**

## 4.5

### 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 maximum amount of:

- **€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 2020 total **8,496 thousand Euros.**

| <i>Base Fee</i>                                  | <i>Thousands of Euros</i> |
|--|---------------------------|
| <b>EPRA NAV 13.12.19</b>                         | <b>1,003,760</b>          |
| Gross fee  | 10,028                    |
| Grupo Lar expenses incurred by Lar España        | (170)                     |
| Fees indirectly paid in subsidiary companies (*) | (1,028)                   |
| Fee reduction due to the COVID-19 crisis         | (334)                     |
| <b>BASE FEE</b>                                  | <b>8,496</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) over **10% → 16%** of the amount beyond the 10% of annual increase.
- **Annual increase of the market capitalization** (net of capital increase and shareholders distributions) over **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>             | <i>Thousands of Euros</i> |
|---------------------------------------|---------------------------|
| EPRA NAV 31.12.19                     | 1,003,760                 |
| EPRA NAV 31.12.20                     | 881,376                   |
| <b>Gross difference</b>               | <b>(122,384)</b>          |
| 2019 Dividend paid in 2020            | 55,000                    |
| <b>Net difference</b>                 | <b>(67,384)</b>           |
| <b>INCREASE % 31.12.19 - 31.12.20</b> | <b>(6.71%)</b>            |
| Return above 10%                      | 0,00%                     |
| <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>     | <i>Thousands of Euros</i> |
|--|---------------------------|
| Market capitalisation 31.12.19 (*)         | 648,621                   |
| Market capitalisation 31.12.20 (*)         | 420,949                   |
| <b>Gross difference</b>                    | <b>(227,672)</b>          |
| 2019 Dividend paid in 2020                 | 55,000                    |
| <b>Net difference</b>                      | <b>(172,672)</b>          |
| <b>EVOLUTION % 31.12.2019 - 31.12.2020</b> | <b>(26.62%)</b>           |
| Return above 10%                           | 0,00%                     |
| <b>PERFORMANCE FEE</b>                     | <b>-</b>                  |

(\*) Calculated taken into account the average closing price of the last 20 sessions

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

Therefore, the sum of **8,496 thousand Euros** that results from adding the base fee to the performance fee is entered in the Global dated Income Statement at 31 December 2020 under the heading "Other Costs". See section 4, "Consolidated Financial Statements".

Fixed and variable fees have been taken into account in the EPRA Cost Ratios calculation (section 5 "EPRA Information").

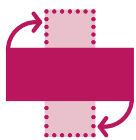
## 4.6

### Proposed Shareholder Remuneration

Lar España was founded with the aim of generating strong returns for its shareholders via a significant dividend pay-out. In line with recent company notifications, and despite the unprecedented situation experienced in 2020, the Company has confirmed that it **will continue to retain an attractive dividend policy.**

Based on the cash generated in 2020, the dividend pay-out will amount to **€27.5 million.**

Therefore, the pay-out to shareholders for the financial year ended on 31 December 2020 to be presented at the Annual General Meeting will be **€27.5 million**, equating to earnings of **€0.31 per share.**

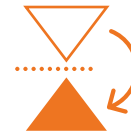


**Dividend**  
**€27.5 Mn**

**€0.31 per share**



**3.1%**  
Dividend Yield over  
NAV (31.12.20)



**6.7%**  
Dividend Yield over  
market capitalization  
(31.12.20)

## 4.7 Shareholder return

The **shareholder rate of return** in 2020 stood at **(3.66%)**. 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.

$$\text{Shareholder Rate of Return} = \frac{\text{Growth (NAV + Dividend) per share}}{\text{EPRA NAV per share 31.12.2019}}$$

|                                | <i>€/share</i> |
|--------------------------------|----------------|
| EPRA NAV 31.12.19              | 11.47          |
| EPRA NAV 31.12.20              | 10.42          |
| <b>NAV Growth 2020</b>         | <b>(1.05)</b>  |
| 2019 Dividend paid in 2020     | 0.63           |
| <b>Growth (NAV + Dividend)</b> | <b>(0.42)</b>  |
| <b>SHAREHOLDER RETURN 2020</b> | <b>(3.66%)</b> |



**Shareholder  
Rate of Return  
(3.66%)**



# 5

## EPRA INFORMATION

*p.96*

### 5.1 EPRA Earnings

*p.100*

### 5.2 EPRA Net Asset Value Ratios

*p.101*

### 5.3 EPRA NIY and EPRA “topped-up” NIY

*p.106*

### 5.4 EPRA Vacancy Rate

*p.108*

### 5.5 EPRA Cost Ratios

*p.109*







← Centro Comercial

## EPRA Awards

- In October 2019, 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 standardizing 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 a 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 2020, for the sixth consecutive year, Lar España was awarded the **EPRA Gold Award** for the quality of **financial information** made available to its main interest groups. Regarding the information published about **ESG**, Lar España has again obtained the highest distinction by EPRA, achieving for the third consecutive year the **Gold Award**.

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

2015



2016



2017



2018



2019



2020



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

| <i>Indicator</i>   | <i>31/12/2020<br/>(Thousands of<br/>euros)/%</i> | <i>31/12/2020<br/>(Euros per share)</i> |
|--|--|---|
| <b>EPRA Earnings</b>   | <b>49,902</b>                                    | 0.58                                    |
| <b>EPRA NAV</b>  | <b>881,376</b>                                   | 10.42                                   |
| <b>EPRA NNNAV</b>  | <b>859,650</b>                                   | 10.17                                   |
| <b>EPRA NRV<sup>(*)</sup></b>                                  | <b>881,376</b>                                   | 10.42                                   |
| <b>EPRA NTA<sup>(*)</sup></b>                                  | <b>881,376</b>                                   | 10.42                                   |
| <b>EPRA NDV<sup>(*)</sup></b>                                  | <b>859,650</b>                                   | 10.17                                   |
| <b>EPRA Net Initial Yield (NIY)</b>                            | <b>5.7%</b>                                      | -                                       |
| <b>EPRA “topped-up” NIY</b>                                    | <b>5.9%</b>                                      | -                                       |
| <b>EPRA Vacancy Rate</b>                                       | <b>4.5%</b>                                      | -                                       |
| <b>EPRA Cost Ratio</b>   | <b>15.7% (**)</b>                                | -                                       |
| <b>EPRA Cost Ratio<br/>(excluding costs of direct vacancy)</b> | <b>13.5% (**)</b>                                | -                                       |

*(\*) New EPRA ratios calculated according to the latest modifications included in the EPRA “Best Practices and Recommendations” document. For more details see section 5.2 EPRA NAV ratios.*

*(\*\*) Ratio calculated considering recurring expenses. See terms definitions in Glossary, section 8.*



## 5.1 EPRA Earnings

| <i>(Thousands of Euros)</i>  | <b>2020</b>       | <b>2019</b>       |
|--|-------------------|-------------------|
| <b>EARNINGS PER IFRS INCOME STATEMENT</b>  | <b>(53,668)</b>   | <b>80,730</b>     |
| Change in value of investment properties   | 100,656           | (40,037)          |
| Profits or losses on disposal of investment properties, development properties held for investment and other interests | -                 | (1,008)           |
| Tax on profits or losses on disposals  | -                 | (1,102)           |
| Negative goodwill  | -                 | -                 |
| Changes in fair value of financial instruments and associated close-out costs  | 2,914             | 1,836             |
| Acquisition costs on share deals and non-controlling joint venture interests   | -                 | -                 |
| Deferred tax in respect of EPRA adjustments  | -                 | -                 |
| Adjustments to above in respect of joint ventures  | -                 | -                 |
| Non-controlling interests in respect of the above  | -                 | -                 |
| <b>EPRA EARNINGS</b>   | <b>49,902</b>     | <b>40,419</b>     |
| <b>Weighted average number of shares (excluding treasury shares)</b>   | <b>85,605,283</b> | <b>89,879,866</b> |
| <b>EPRA EARNINGS PER SHARE (EUROS)</b>   | <b>0.58</b>       | <b>0.45</b>       |



**EPRA Earnings  
per share +29%**  
vs 2019

## 5.2 EPRA Net Asset Value Ratios

In October 2019, **EPRA published an update** of its “Best Practices and Recommendations” document in which, at 31 December 2020, the calculation of the EPRA NAV and EPRA NNAV ratios is replaced by three new indicators: **EPRA NRV, EPRA NTA and EPRA NDV<sup>(1)</sup>**.

The EPRA Net Asset Value indicator set makes adjustments to the company’s own funds in accordance with the IFRS financial statements to provide investors with the most relevant information on the fair value of the assets and liabilities of a property investment firm, in different scenarios.

(1) For further information, please consult the official EPRA website: [https://www.epra.com/application/files/2315/7321/0568/EPRA\\_FAQ\\_-\\_FINAL\\_version.pdf](https://www.epra.com/application/files/2315/7321/0568/EPRA_FAQ_-_FINAL_version.pdf)

### Previous methodology

#### EPRA NAV

| <i>(Thousands of Euros)</i>                         | <b>31/12/2020</b>          | <b>31/12/2019</b> |
|---|----------------------------|-------------------|
| <b>NET ASSET VALUE PER THE FINANCIAL STATEMENTS</b> | <b>859,650</b>             | <b>982,780</b>    |
| Fair value of financial instruments                 | 4,525                      | 3,779             |
| Debt fair value                                     | -                          | -                 |
| Deferred tax liabilities                            | 17,201                     | 17,201            |
| <b>EPRA NAV</b>                                     | <b>881,376</b>             | <b>1,003,760</b>  |
| Number of shares (excluding treasury shares)        | 84,559,058                 | 87,529,910        |
| <b>EPRA NAV PER SHARE (EUROS)</b>                   | <b>10.42<sup>(*)</sup></b> | <b>11.47</b>      |

#### EPRA NNAV

| <i>(Thousands of Euros)</i>                  | <b>31/12/2020</b>          | <b>31/12/2019</b> |
|--|----------------------------|-------------------|
| <b>EPRA NAV</b>                              | <b>881,376</b>             | <b>1,003,760</b>  |
| Fair value of financial instruments          | (4,525)                    | (3,779)           |
| Debt fair value                              | -                          | -                 |
| Deferred tax liabilities                     | (17,201)                   | (17,201)          |
| <b>EPRA NNAV</b>                             | <b>859,650</b>             | <b>982,780</b>    |
| Number of shares (excluding treasury shares) | 84,559,058                 | 87,529,910        |
| <b>EPRA NNAV PER SHARE (EUROS)</b>           | <b>10.17<sup>(*)</sup></b> | <b>11.23</b>      |

(\*) When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/share).

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.

## EPRA Net Asset Value new methodology

According to the new recommendations contained in the EPRA “Best Practices and Recommendations”, **the new ratios replacing the to the calculated previous EPRA NAV and EPRA NNNAV** indicators calculated under the old methodology are as follows:

### EPRA Net Reinstatement Value (NRV):

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

### EPRA Net Tangible Assets (NTA):

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability

### EPRA Net Disposal Value (NDV):

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a “liquidation NAV” because, in many cases, fair values do not represent liquidation values.



## New EPRA Net Asset Value metrics

|   | 31/12/2020                     |                            |                            |                             |                               |
|---|--------------------------------|----------------------------|----------------------------|-----------------------------|-------------------------------|
|   | New methodology                |                            |                            | Previous methodology        |                               |
|   | NRV<br>Net Reinstatement Value | NTA<br>Net Tangible Assets | NDV<br>Net Disposal Value  | NAV<br>Previous methodology | NNNAV<br>Previous methodology |
| <i>(Thousands of Euros)</i>                             |                                |                            |                            |                             |                               |
| <b>Equity attributable to shareholders</b>              | <b>859,650</b>                 | <b>859,650</b>             | <b>859,650</b>             | <b>859,650</b>              | <b>859,650</b>                |
| Hybrid Instruments                                      | -                              | -                          | -                          | -                           | -                             |
| <b>Diluted NAV</b>                                      | <b>859,650</b>                 | <b>859,650</b>             | <b>859,650</b>             | <b>859,650</b>              | <b>859,650</b>                |
| <b>Include</b>  |                                |                            |                            |                             |                               |
| Revaluation of investment properties                    | -                              | -                          | -                          | -                           | -                             |
| Revaluation of investment properties under construction | -                              | -                          | -                          | -                           | -                             |
| Revaluation of other non-current investments            | -                              | -                          | -                          | -                           | -                             |
| Revaluation of tenant leases held as finance leases     | -                              | -                          | -                          | -                           | -                             |
| Revaluation of trading properties                       | -                              | -                          | -                          | -                           | -                             |
| <b>Diluted NAV at Fair Value</b>                        | <b>859,650</b>                 | <b>859,650</b>             | <b>859,650</b>             | <b>859,650</b>              | <b>859,650</b>                |
| <b>Exclude</b>  |                                |                            |                            |                             |                               |
| Deferred Tax in relation to fair value gains of IP      | 17,201                         | 17,201                     | n.a                        | 17,201                      | -                             |
| Fair value of financial instruments                     | 4,525                          | 4,525                      | n.a                        | 4,525                       | -                             |
| Goodwill as a result of deferred tax                    | -                              | -                          | -                          | -                           | -                             |
| Goodwill as per the IFRS balance Sheet                  | n.a                            | -                          | -                          | n.a                         | -                             |
| Intangibles as per the IFRS balance sheet               | n.a                            | -                          | n.a                        | n.a                         | -                             |
| <b>Include</b>  |                                |                            |                            |                             |                               |
| Fair value of fixed interest rate debt                  | n.a                            | n.a                        | -                          | n.a                         | -                             |
| Revaluation of intangibles to fair value                | -                              | n.a                        | n.a                        | -                           | -                             |
| Real estate transfer tax                                | -                              | -                          | n.a                        | -                           | -                             |
| <b>NAV</b>  | <b>881,376</b>                 | <b>881,376</b>             | <b>859,650</b>             | <b>881,376</b>              | <b>859,650</b>                |
| Number of shares (excluding treasury shares)            | 84,559,058                     | 84,559,058                 | 84,559,058                 | 84,559,058                  | 84,559,058                    |
| <b>NAV per share</b>                                    | <b>10.42<sup>(*)</sup></b>     | <b>10.42<sup>(*)</sup></b> | <b>10.17<sup>(*)</sup></b> | <b>10.42<sup>(*)</sup></b>  | <b>10.17<sup>(*)</sup></b>    |

(\*) When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/share).



31/12/2019

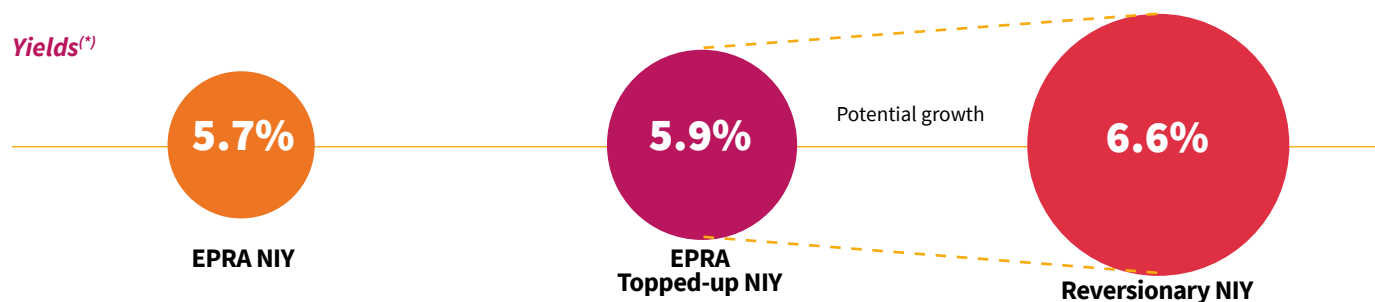
|   | New methodology                |                            |                           | Previous methodology        |                               |
|---|--------------------------------|----------------------------|---------------------------|-----------------------------|-------------------------------|
|   | NRV<br>Net Reinstatement Value | NTA<br>Net Tangible Assets | NDV<br>Net Disposal Value | NAV<br>Previous methodology | NNNAV<br>Previous methodology |
| <i>(Thousands of Euros)</i>                             |                                |                            |                           |                             |                               |
| <b>Equity attributable to shareholders</b>              | <b>982,780</b>                 | <b>982,780</b>             | <b>982,780</b>            | <b>982,780</b>              | <b>982,780</b>                |
| Hybrid Instruments                                      | -                              | -                          | -                         | -                           | -                             |
| <b>Diluted NAV</b>                                      | <b>982,780</b>                 | <b>982,780</b>             | <b>982,780</b>            | <b>982,780</b>              | <b>982,780</b>                |
| <b>Include</b>  |                                |                            |                           |                             |                               |
| Revaluation of investment properties                    | -                              | -                          | -                         | -                           | -                             |
| Revaluation of investment properties under construction | -                              | -                          | -                         | -                           | -                             |
| Revaluation of other non-current investments            | -                              | -                          | -                         | -                           | -                             |
| Revaluation of tenant leases held as finance leases     | -                              | -                          | -                         | -                           | -                             |
| Revaluation of trading properties                       | -                              | -                          | -                         | -                           | -                             |
| <b>Diluted NAV at Fair Value</b>                        | <b>982,780</b>                 | <b>982,780</b>             | <b>982,780</b>            | <b>982,780</b>              | <b>982,780</b>                |
| <b>Exclude</b>  |                                |                            |                           |                             |                               |
| Deferred Tax in relation to fair value gains of IP      | 17,201                         | 17,201                     | n.a                       | 17,201                      | -                             |
| Fair value of financial instruments                     | 3,779                          | 3,779                      | n.a                       | 3,779                       | -                             |
| Goodwill as a result of deferred tax                    | -                              | -                          | -                         | -                           | -                             |
| Goodwill as per the IFRS balance Sheet                  | n.a                            | -                          | -                         | n.a                         | -                             |
| Intangibles as per the IFRS balance sheet               | n.a                            | -                          | n.a                       | n.a                         | -                             |
| <b>Include</b>  |                                |                            |                           |                             |                               |
| Fair value of fixed interest rate debt                  | n.a                            | n.a                        | -                         | n.a                         | -                             |
| Revaluation of intangibles to fair value                | -                              | n.a                        | n.a                       | -                           | -                             |
| Real estate transfer tax                                | -                              | -                          | n.a                       | -                           | -                             |
| <b>NAV</b>  | <b>1,003,760</b>               | <b>1,003,760</b>           | <b>982,780</b>            | <b>1,003,760</b>            | <b>982,780</b>                |
| Number of shares (excluding treasury shares)            | 87,529,910                     | 87,529,910                 | 87,529,910                | 87,529,910                  | 87,529,910                    |
| <b>NAV per share</b>                                    | <b>11.47</b>                   | <b>11.47</b>               | <b>11.23</b>              | <b>11.47</b>                | <b>11.23</b>                  |

## 5.3

### EPRA NIY and EPRA “topped-up” NIY (31/12/2020)

| (Thousands of Euros)  | TOTAL SHOPPING CENTRES | TOTAL RETAIL PARKS | TOTAL OTHER RETAIL | TOTAL LAR ESPAÑA |
|---|------------------------|--------------------|--------------------|------------------|
| Completed Property Portfolio  | 952,250                | 463,820            | 58,870             | 1,474,940        |
| Allowance for estimated purchasers costs                                | 19,386                 | 8,060              | 908                | 28,354           |
| <b>Gross up completed property portfolio valuation (A)</b>              | <b>971,636</b>         | <b>471,880</b>     | <b>59,778</b>      | <b>1,503,294</b> |
| Annualised cash passing rental income                                   | 59,933                 | 30,563             | 3,966              | 94,462           |
| Property outgoings  | -5,315                 | -3,167             | -14                | -8,496           |
| <b>Annualised net rents (B)</b>   | <b>54,618</b>          | <b>27,395</b>      | <b>3,952</b>       | <b>85,966</b>    |
| Notional rent expiration of rent free periods or other lease incentives | 2,259                  | 1,202              | 0                  | 3,461            |
| <b>Topped-up net annualised rents (C)</b>                               | <b>56,877</b>          | <b>28,598</b>      | <b>3,952</b>       | <b>89,427</b>    |
| <b>EPRA NET INITIAL YIELD (B/A)</b>                                     | <b>5.6%</b>            | <b>5.8%</b>        | <b>6.6%</b>        | <b>5.7%</b>      |
| <b>EPRA TOPPED-UP NET INITIAL YIELD (C/A)</b>                           | <b>5.9%</b>            | <b>6.1%</b>        | <b>6.6%</b>        | <b>5.9%</b>      |

#### Yields<sup>(\*)</sup>



(\*) The figures of EPRA NIY, EPRA Topped-up NIY and Reversionary Yield at 31/12/2019 (excluding Ànec Blau shopping centre because was through a comprehensive refurbishment project) were: **5.6%, 5.9% and 6.2%**, respectively.



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## 5.4

### EPRA Vacancy Rate

|                         | <i>ERV</i><br>(Thousands of Euros) | <i>ERV Vacancy</i><br>(Thousands of Euros) | <i>EPRA</i><br><b>VACANCY RATE %</b> |
|-------------------------|------------------------------------|--|--------------------------------------|
| SHOPPING CENTRES        | 63,636                             | 2,957                                      | 4.6%                                 |
| RETAIL PARKS            | 32,848                             | 1,535                                      | 4.7%                                 |
| OTHER RETAIL            | 3,391                              | 0  | 0.0%                                 |
| <b>TOTAL LAR ESPAÑA</b> | <b>99,875</b>                      | <b>4,492</b>                               | <b>4.5%</b>                          |



**4.5%<sup>(\*)</sup>**  
EPRA Vacancy Rate

(\*) EPRA Vacancy at 31/12/2019 (excluding Ànec Blau shopping centre because was through a comprehensive refurbishment project) was: **3.5%**.



## 5.5 EPRA Cost Ratios

|  | <b>Recurring</b> |                 | <b>TOTAL</b>    |                 |
|--|------------------|-----------------|-----------------|-----------------|
|  | <b>2020</b>      | <b>2019</b>     | <b>2020</b>     | <b>2019</b>     |
| <i>(Thousands of Euros)</i>  |                  |                 |                 |                 |
| Administrative expenses  | (474)            | (424)           | (474)           | (424)           |
| Operating costs net of recoverable income <sup>(1) (2) (3)</sup>   | (13,551)         | (16,472)        | (20,520)        | (19,595)        |
| Administrative/operating expenses in associates                    | -                | -               | -               | -               |
| <b>EPRA Cost (including vacancy Cost) (A)</b>                      | <b>(14,025)</b>  | <b>(16,896)</b> | <b>(20,994)</b> | <b>(20,019)</b> |
| Direct vacancy costs   | (1,941)          | (2,060)         | (1,941)         | (2,060)         |
| <b>EPRA Cost (excluding vacancy Cost) (B)</b>                      | <b>(12,083)</b>  | <b>(14,836)</b> | <b>(19,053)</b> | <b>(17,959)</b> |
| Gross Rental Income less ground rent costs-per IFRS <sup>(4)</sup> | 95,476           | 83,304          | 95,476          | 83,304          |
| Net associated costs ( <i>net service charge</i> ) <sup>(3)</sup>  | (6,195)          | (6,131)         | (6,195)         | (6,131)         |
| <b>Gross Rental Income (C)</b>                                     | <b>89,281</b>    | <b>77,173</b>   | <b>89,281</b>   | <b>77,173</b>   |
| <b>EPRA COST RATIO (including direct vacancy costs) A/C</b>        | <b>15.7%</b>     | <b>21.9%</b>    | <b>23.5%</b>    | <b>25.9%</b>    |
| <b>EPRA COST RATIO (excluding direct vacancy costs) B/C</b>        | <b>13.5%</b>     | <b>19.2%</b>    | <b>21.3%</b>    | <b>23.3%</b>    |

(1) Maintenance costs are included.

(2) Fixed management fee included. No variable fees have been accrued in either period.

(3) The sum of these two headings corresponds to the item "Other expenses" in point 4.2 Consolidated Statement of Comprehensive Income (page 82).

(4) It includes the item "Revenue" in point 4.2 Consolidated Statement of Comprehensive Income (page 82) and the mall income which is included in the item "Other income" in point 4.2 Consolidated Statement of Comprehensive Income (page 82).

# 6

## SHARE PRICE PERFORMANCE

*p.110*

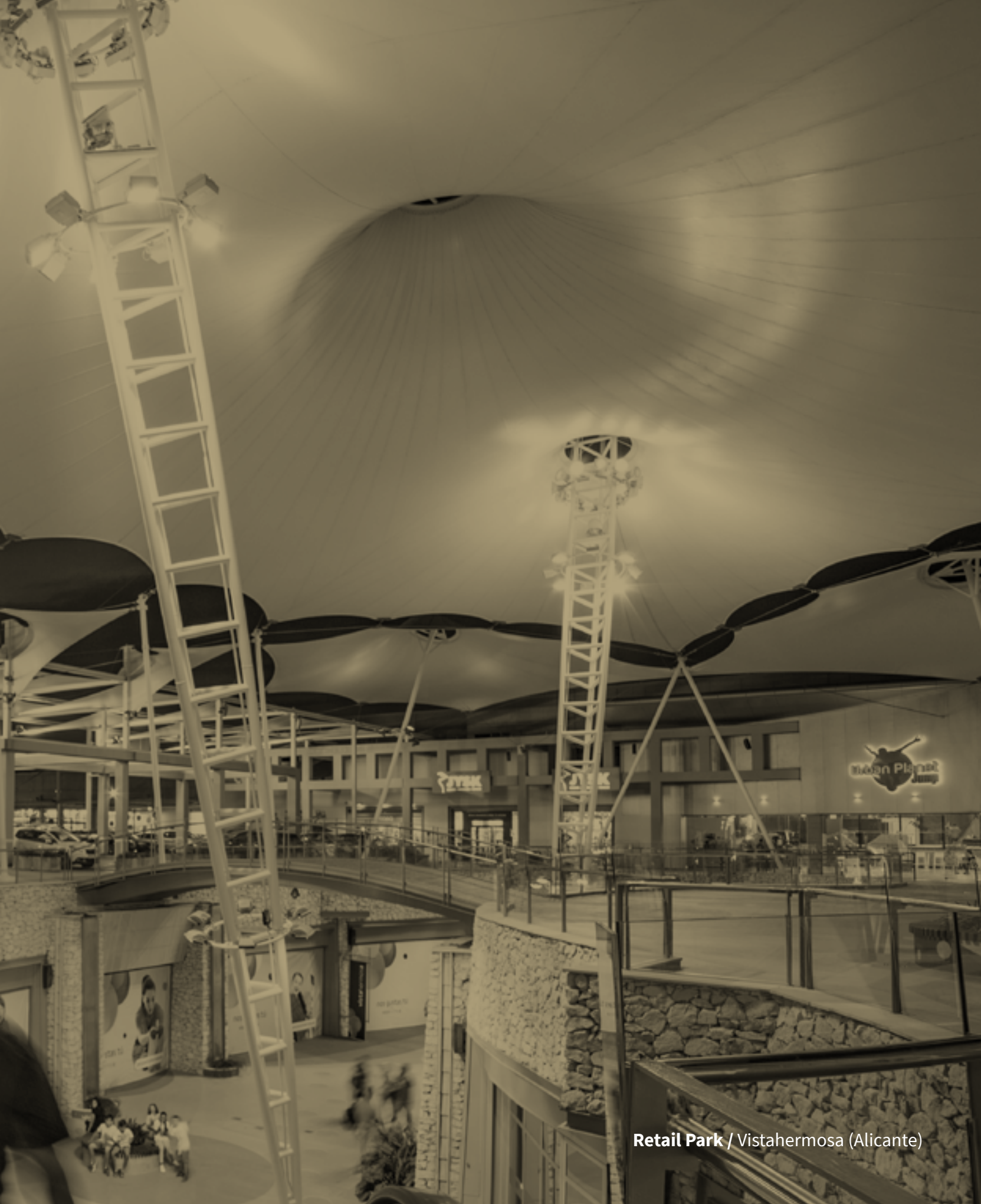
**6.1** Share price information and performance

*p.112*

**6.2** Analyst Recommendations

*p.113*





Retail Park / Vistahermosa (Alicante)

## 6.1

### Share price information and performance

#### Share Price Performance

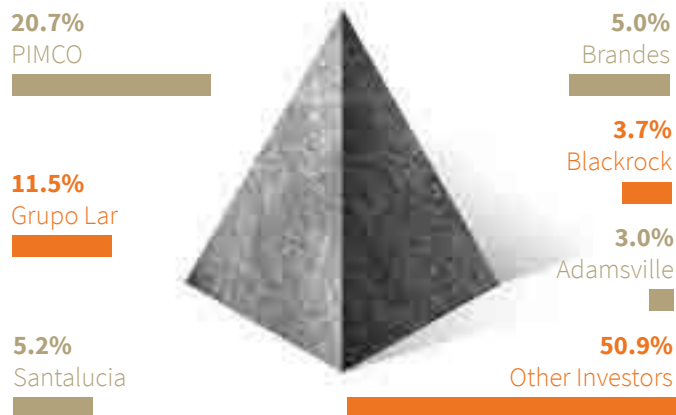
##### Detail of shares (€)

Jan-Dec 2020

|                                      |               |
|--------------------------------------|---------------|
| Price at the beginning of the period | 7.10          |
| Price at the end of the period       | 4.67          |
| <b>PERFORMANCE DURING THE PERIOD</b> | <b>-34.2%</b> |
| Maximum price for the period         | 7.43          |
| Minimum price for the period         | 3.06          |
| <b>AVERAGE PRICE FOR THE PERIOD</b>  | <b>4.77</b>   |
| ADTV (*)                             | 158,045       |
| Market Cap (Euros) 31/12/2020        | 409,249,519   |
| Number of shares 31/12/2020          | 87,633,730    |

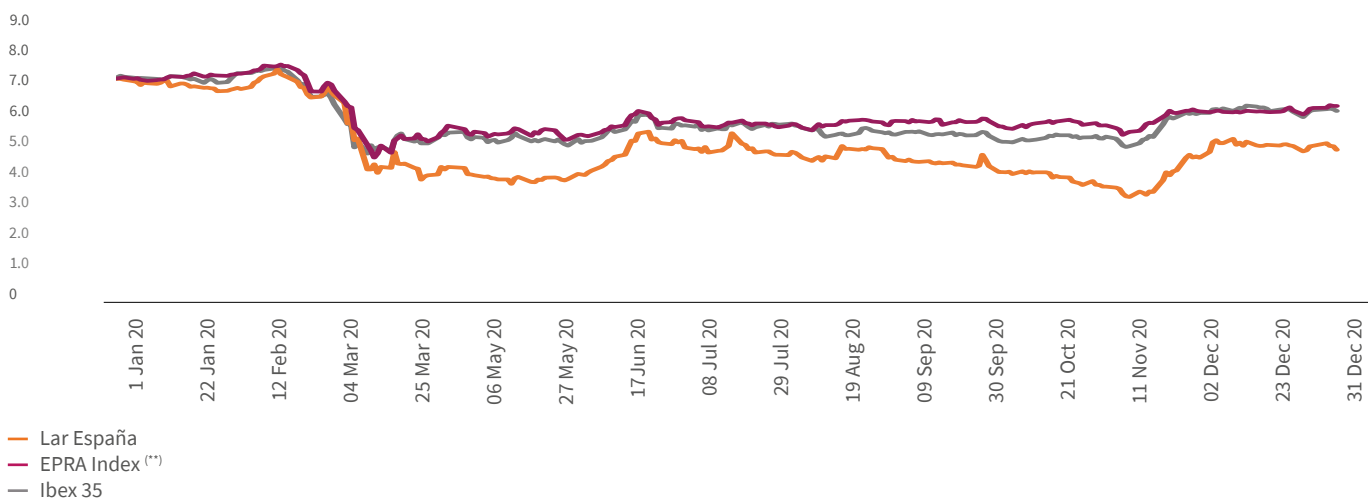
(\*) Average Daily Trading Volumen in number of shares

##### Share distribution at 31 December 2020



The **share price performance** during 2020 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 2020)



(\*\*) Sectorial European reference index.



## 6.2 Analyst Recommendations



**48.7%<sup>(\*)</sup>**  
Potencial Return

As of the date of this report, Lar España has the coverage of 10 analysts, whose average target price is **€6.94**.

| Broker           | Recommendation | Analysis Date | Target Price (Euros) |
|------------------|----------------|---------------|----------------------|
| Santander        | Hold           | 15/05/2020    | 8.90                 |
| MIRABAUDÍ        | Hold           | 15/05/2020    | 8.27                 |
| fidentiis        | Buy            | 13/11/2020    | 7.60                 |
| renfe banco      | Buy            | 13/11/2020    | 7.50                 |
| Sabadell         | Buy            | 13/11/2020    | 6.08                 |
| bankinter.       | Hold           | 13/11/2020    | 5.18                 |
| Klarna           | Hold           | 13/11/2020    | 4.50                 |
| GVC Ganaco Bolsa | Buy            | 18/12/2020    | 7.11                 |
| intermoney       | Buy            | 27/01/2021    | 8.00                 |
| JBCapitalMarkets | Buy            | 10/02/2021    | 6.30                 |

Source: Bloomberg

**60%**  
Buy

**40%**  
Hold

**0%**  
Sell

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

# 7

## EVENTS AFTER THE REPORTING PERIOD

*p.114*





**EROSKI**

city



## 7. Events after the reporting period

2020

### FEBRUARY.

23.02.2021

#### 22 Supermarkets portfolio divestment

On 23 February 2021, the Company has transferred to European real estate investment fund **Blackbrook Capital** the societies LE Retail Hipermercados I, S.L.U., Hipermercados II, S.L.U. and LE Retail Hipermercados III, S.L.U, corresponding to the **portfolio of 22 Eroski supermarkets**, with a total gross leasable area (GLA) of 27,909 square meters.

The aforementioned sale has been formalized in public deed dated 23 February 2021, for a total price of **59 million euros**. The sale price agreed for the transfer of the mentioned property represents (i) a **capital gain of 24%** on the acquisition price paid by the Company for said property in March 2017; and (ii) an **increase of 2.2%** over the last valuation of these assets made in June 2020.

The sale of the premises **will allow Lar España to increase liquidity and cash strength**, a strategic priority for the company.





8

GLOSSARY

*p.118*





de información

TOUS

## Glossary

### **PBT**

Profit Before Tax.

### **Net profit/(loss)**

Profit/(Loss) for the period after tax.

### **EBIT**

Earnings Before Interest and Tax.

### **EBITDA**

Earnings Before Interest, Tax, Depreciation and Amortisation.

### **EPRA**

European Public Real Estate Association.

### **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 Earnings**

Earnings from operational activities.

### **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 Net Reinstatement Value:**

Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

### **EPRA Net Tangible Assets:**

Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

### **EPRA Net Disposal Value:**

Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

### **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.

### **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.

**GLA**

Gross Leasable Area in sqm.

**WAULT**

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from 30 september 2016, until the first break option, weighted by the gross rent of each individual lease contract.



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