

Financial and EPRA information

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In 2021, Lar España has successfully issued two unsecured senior green bonds, amounting to a total of EUR 700 million.



4.1 Internal Control Over Financial Reporting (ICFR) System

The Internal control over financial reporting, (hereinafter, ICFR) system has been designed and configured to provide reasonable assurance as to the reliability of the financial information disclosed to the markets.

In the following table is a summary of the bodies involved in the ICFR, their responsibilities and duties with respect to it:

Body/Part	 Board of Directors	 Audit and Control Committee
Responsibility	Ultimately responsible for the existence and maintenance of a suitable and effective ICFR system.	Supervising the ICFR system (with the support of the Internal Audit Director), control of compliance and reporting to the Board of Directors.
Duties	<ul style="list-style-type: none"> • Approving the financial information which the organisation must report periodically in its capacity as a listed entity. • Approving the risk control and management policy and the periodic monitoring of the internal information and control systems. 	<ul style="list-style-type: none"> • Supervising the effectiveness of the internal controls of the Company and its group and of its enterprise risk management systems. • Analysing, in conjunction with the external auditor, any material internal control system weaknesses uncovered during the audit process. • Supervising the preparation and presentation process of regulated financial information, reviewing compliance with regulatory requirements, the scope of consolidation and the correct application of accounting criteria.



Corporate & Financial Management

Responsible for the design, implementation and workings of the ICFR system.

- Defining, proposing and implementing a model for generating financial information.
- Defining, implementing and documenting the ICFR system.
- Assisting the Audit and Control Committee in preparing the financial statements and other financial information and selecting the criteria used in the process.
- Verifying, at least annually, the comprehensiveness and suitability of ICFR documentation and performance.
- Reporting on developments in terms of ICFR documentation to the Audit and Control Committee and to the Internal Audit Director (IAD) so they are familiar with and can appraise such developments.



Internal Audit Director (IAD)

Supporting supervision of the ICFR system, a duty vested in it by the Audit and Control Committee.

- Supervising the operation of the ICFR system and its general controls and processes.
- Collaborating on the definition and classification of incidents and on the design of any required action plans, and monitoring the latter.
- Reporting to the Audit and Control Committee on the incidents detected during the evaluation and oversight process.
- Assisting Corporate and Financial Management to prepare reports on the status and description of the ICFR system.



Process owners involved in the financial reporting process

Staff with financial reporting responsibilities.

- Collaboration with Corporate & Financial Management to define, document and update internal processes and procedures.
- Executing the control activities as designed and intended and documenting evidence of their performance for traceability purposes.
- Reporting to Corporate and Financial Management on any change to their modus operandi or transactions that could trigger the need to update how their processes and controls are defined and documented and on any control shortcomings they may detect.
- Defining and implementing action plans in response to incidents observed within their sphere of responsibility.

Corporate & Financial Management, following the guidelines set by the Board of Directors, ensures the existence of an adequate organisational structure, allocation of roles and accountability and the staggered deployment of sufficient procedures, which are allocated among the parties intervening in the processes.

The Corporate Director & CFO can call on the resources, whether internal or external, he or she needs to manage the different activities of the Company, for assistance and advice. Against this backdrop, Lar España has entered into a **Management Agreement with Grupo Lar** under which the Manager undertakes to devote the staff and resources needed to fulfil its functions, including its **financial reporting** related duties.

Lar España's ICFR Manual provides that whenever the services provided by a "service organisation" are part of the Company's financial reporting system, they must be encompassed by the **ICFR evaluation process** either by means of specific and direct assessment of the controls applied by the service organisation or by obtaining an internationally recognised SSAE certificate (Statement on Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organization) or by carrying out alternative procedures ⁽¹⁾.

(1) The second option is currently being followed through a confirmation from the accounting third party.



Training

Corporate & Financial Management, in its capacity as the party responsible for the design, implementation and operation of the ICFR system, is obliged to make sure that all staff involved in preparing the Group's financial statements have received **sufficient and up-to-date training on the International Financial Reporting Standards (IFRS)** and the internal control over financial reporting principles.

Corporate & Financial Management directly checks with the accounting expert engaged to prepare the Company's financial and accounting information that the teams assigned to these activities have the required ICFR-related skills and knowledge.

The Corporate Director & CFO, who is responsible for ICFR, boasts an **extensive background in accounting and financial reporting**, acquired during his years in auditing and financial management work. During the year, the Corporate & Financial Management team is kept informed about any changes affecting the preparation and supervision of financial information. This is done both via subscriptions to information updates and newsletters from external sources, as well as by attending conferences and seminars about specific subjects and technical updates organised by **companies that are experts in financial regulation, accounting and audit**.

Lar España has a relatively small staff which is, however, bolstered by the **assistance provided by external** advisers in certain areas, specifically including, as detailed in other sections, some of the activities related to the financial statement preparation process and the implementation and rollout of the ICFR system.

Lar España selects providers to outsource these activities rigorously. **It only works with specialist firms of renowned prestige**, that are chosen for their quality and expertise. Corporate and Financial Management ensures that these advisors indeed have the expertise required and continuous learning policies relevant for these areas of expertise.

In addition, the **Internal Audit Plan** prepared by the Internal Audit Director and approved by the **Audit and Control Committee of Lar España** contemplates the training needed by the people involved in these matters.

Financial reporting risk assesment

The process identifying financial **reporting risks**, including risks of error or fraud, is one of the most important aspects of Lar España's ICFR methodology. This process is documented in an internal methodology guide explaining the ICFR management and assessment process: **"Internal Control over Financial Reporting (ICFR) Manual of Lar España Real Estate SOCIMI"**, which have been updated during 2021.

Lar España assess periodically the risks associated with its own financial accounting. Having determined the level of risk associated with each account, the most significant risks were related with the Company processes which generate and control its material financial information. The aim of this association is to identify the processes and business units within the Group, that play the most important role in generating financial information.

Lar España **has documented the most significant processes** through descriptions, flow charts and a risk/control matrix. This documentation identifies and analyses, amongst other things, transaction flows, possible risks of error or fraud in the financial information, as well as **key controls** established in the Company, that adequately mitigate the risks associated with the processes on a timely basis.

Control activities

Lar España has documented the Organisation's **General Controls and its most significant processes** (including the period-end closing providing for a specific review of critical judgements, estimates, valuations and projections, revenue recognition, asset appraisals and property acquisitions).

In 2021, with the aim of managing and reducing third-party risks relating to **information security** – and with regard to the drafting and publishing of financial information – Lar España developed a **Model for the management of third-party cybersecurity risks** in line with the standards and best practices in this field.

In addition to the ICFR supervision process (which is entrusted to the Audit and Control Committee, with the support of the Internal Audit Director), Lar España's ICFR Manual envisages the performance of an **internal evaluation process** each year, with the aim of verifying that the ICFR controls are valid, well designed and effective for the objectives sought. During 2021, we carried out a **review and update of the ICFR system**. More specifically, we updated the ICFR Manual, the company's General Controls Matrix and the Narrative for the rental income cycle.

Information and communication

Lar España has an effective and duly-approved Accounting Policy Manual, which has been revised and updated during 2021, encompassing, in a structured manner, the accounting rules, policies and criteria being applied in general at all of the organization's companies.

The book-keeping process per se is handled at present by an outsourced, prestigious, specialist firm which is working with Lar España on the definition and application of accounting criteria, in keeping with prevailing legislation. This process is being **supervised continually by Corporate & Financial Management**, which is reporting to the **Audit and Control Committee** on the progress made on a regular basis. In addition, accounting experts are being contacted as required to confirm certain approaches taken in order to resolve any questions and avoid any potential conflicts arising from the interpretation of any given accounting standard.

Lastly, the **Board of Directors** approves the financial information which the Company must report periodically in its capacity as a listed entity.



System monitoring

During the course of 2021, the documentation corresponding to some of the **significant processes was reviewed and updated**. Work was also carried out to **verify the operation of the controls** over, among others, the property valuation processes, the management and registration of the Management Company fees, and in relation to compliance with the SOCIMI framework, with the treasury process of accounts payable and receivable, monitoring of investments and with the rental income cycle. No significant incidents were found. Management and the Audit and Control Committee received information corresponding to the performance of the activities described.

In addition, **Corporate & Financial Management and the Audit and Control Committee reviewed** the financial information submitted to the securities market regulator (and its timeliness) quarterly.

Lastly, it is worth noting in this respect that Corporate Director & CFO meets regularly with the **Internal Audit Director and other advisors**, to discuss its proposed financial reporting criteria and review and update activities relating to SCIIF. All required steps were taken to implement the provisions contained in the Board Regulations with respect to its own mandate to the Audit and Control Committee, specifically that of:

- Analysing, in conjunction with the external auditor, any material internal control system weaknesses uncovered during the audit process and adopting the opportune measures for addressing them, as required.
- Establishing the opportune relationship with the auditor in order to receive feedback on any issues that could jeopardise its independence.

ICFR information have been **reviewed by the external auditor** and no inconsistencies or incidences were raised that could affect this.

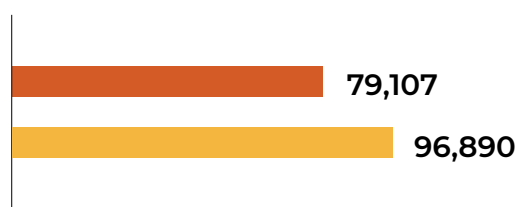
4.2 Financial Information

I. Key Indicators

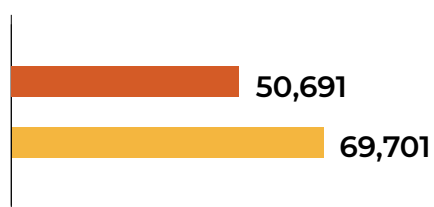
During 2021 Lar España generated revenues of **79,107 thousand Euros** and a **EBITDA of 50,691 thousand Euros**, being the most relevant figures the following:

● 2021 ● 2020

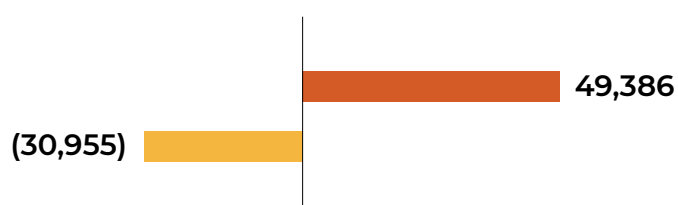
Revenues (*)
(Thousands of euros)



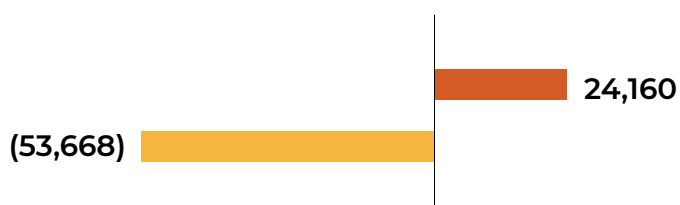
EBITDA
(Thousands of euros)



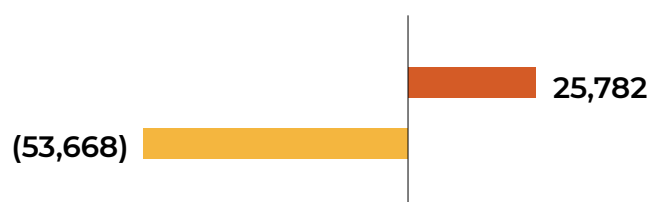
EBIT
(Thousands of euros)



EBT
(Thousands of euros)



Net Profit
(Thousands of euros)



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

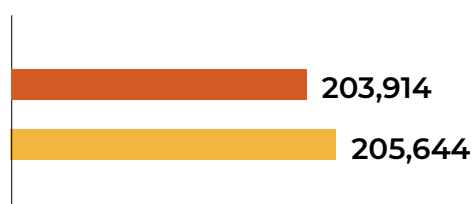
(*) Includes Revenues and Other income.

Other Financial Indicators

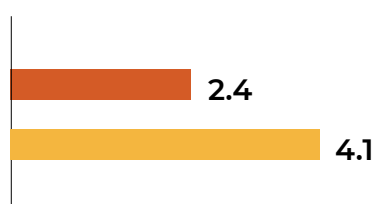
The Group presents the following financial indicators:

● 31/12/2021 ● 31/12/2020

Working capital (Thousands of euros)



Liquidity ratio (%)



Solvency ratio (%)



Net LTV (%)



ROE (%)



ROA (%)



At 31 December 2021, and 31 December 2020, the Group exhibited ratios related to liquidity (working capital and liquidity ratio) with very high values, showing that the Group has sufficient liquidity and a high safety margin to meet its payments.

At 31 December 2021, the **ROE ("Return on Equity")**, which measures Group's profitability as a percentage of shareholders equity, amounted to **3.03%** (-5.92% at 31 December 2020), 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 **1.51%** (-3.14% at 31 December 2020).



II. Consolidated Financial Statements 31.12.2021 (IFRS)

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Statement of Financial
Position at 31 December 2021 ^(*)

ASSETS (Thousands of euros)	31/12/2021	31/12/2020
Intangible assets	2	2
Investment properties	1,423,848	1,373,480
Equity-accounted investees	1,477	1,082
Non-current financial assets	14,422	13,618
Trade and other receivables non-current	11,586	17,996
NON-CURRENT ASSETS	1,451,335	1,406,178
Non-current assets held for sale	-	106,755
Trade and other receivables	25,452	28,463
Other current financial assets	3,944	369
Other current assets	3,752	3,038
Cash and cash equivalents	313,199	134,028
CURRENT ASSETS	346,347	272,653
TOTAL ASSETS	1,797,682	1,678,831

() These financial statements are an integral part of the 2021 Consolidated Annual Accounts.
On February 25 2022 Deloitte issued its unqualified audit report.*



LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Statement of Financial Position at 31 December 2021 ^(*)

Equity and Liabilities (Thousands of euros)	31/12/2021	31/12/2020
Capital	167,386	175,267
Share premium	466,176	475,130
Other reserves	196,903	281,005
Retained earnings	25,782	(53,668)
Treasury shares	(860)	(16,474)
Valuation adjustments	-	(1,610)
EQUITY	855,387	859,650
Financial liabilities from issue of bonds and other marketable securities	693,647	139,685
Loans and borrowings	69,921	570,608
Deferred tax liabilities	15,578	17,201
Derivatives	-	4,685
Other non-current liabilities	20,716	19,993
NON-CURRENT LIABILITIES	799,862	752,172
Liabilities related to non-current assets held for sale	-	1,576
Financial liabilities from issue of bonds and other marketable securities	129,702	3,482
Loans and borrowings	185	40,593
Derivatives	-	3,137
Trade and other payables	12,546	18,221
CURRENT LIABILITIES	142,433	67,009
TOTAL EQUITY AND LIABILITIES	1,797,682	1,678,831

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25,782
 Thousand of euros

Profit
 for the period

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Income of Financial Position at 31 December 2021 ^(*)

TOTAL (Thousands of euros)	2021	2020
Revenues ^(**)	76,271	93,324
Other income	2,836	3,566
Personnel expenses	(592)	(474)
Other expenses	(27,888)	(26,715)
Changes in the fair value of investment properties	(1,305)	(100,656)
Results of disposals of investments properties	64	-
RESULTS FROM OPERATIONS	49,386	(30,955)
Financial income	7	40
Financial expenses	(25,628)	(23,010)
Share in profit (loss) for the period of equity accounted companies	395	257
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	24,160	(53,668)
Income tax	1,622	-
PROFIT/(LOSS) FOR THE PERIOD	25,782	(53,668)

^(*) These financial statements are an integral part of the 2021 Consolidated Annual Accounts. On February 25 2022 Deloitte issued its unqualified audit report.

^(**) For more details on revenue obtained during 2021, see pages 80 and 81 of the FY 2021 Results Report available at the following link: <https://www.larespana.com/wp-content/uploads/2018/09/FY-2021-Results-Report-1.pdf>



LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Cash Flows Position at 31 December 2021 ^(*)

(Thousands of euros)	2021	2020
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	32,069	8,538
Profit/(loss) for the period before tax	24,160	(53,668)
Adjustments	27,909	123,369
Changes in operating assets and liabilities	693	(44,387)
Other cash flows used in operating activities	(20,693)	(16,776)
B) CASH FLOWS USED IN INVESTING ACTIVITIES	47,469	(24,582)
Payments for investments (-)	(12,108)	(24,582)
Proceeds from divestments (+)	59,577	-
C) CASH FLOWS FROM FINANCING ACTIVITIES	97,007	(7,570)
Payments made and received for equity instruments	(5,149)	(15,719)
Proceeds from and payments for financial liability instruments	128,613	62,243
Payments for dividends and remuneration on other equity instruments	(26,457)	(54,094)
D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE	2,626	(2,885)
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	179,171	(26,499)
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	134,028	160,527
G) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (E+F)	313,199	134,028

() These financial statements are an integral part of the 2021 Consolidated Annual Accounts. On February 25 2022 Deloitte issued its unqualified audit report.*

III. Financial debt

At 31 December 2021, Lar España's debt stood at **892,700 thousand Euros**, with an **average cost of 1.9%** and a net LTV ratio of **40.7%**. **The average debt maturity stood at 5 years.**

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

(Thousands of euros)	31/12/2021	31/12/2020
GAV	1,423,848	1,475,490
Full Consolidation Gross Debt ⁽¹⁾	892,700	757,106
Cash ⁽²⁾	313,472	139,268
Total net debt ⁽¹⁾	579,228	617,838
Net LTV ⁽¹⁾	40.7%	41.9%
Average cost of debt	1.9% ⁽³⁾	2.2%
Average maturity period (years)	4.9 ⁽³⁾	3.0

(1) Full consolidation and equity method figures included.

(2) Only available cash considered.

(3) On February 2022 the Company refunded the outstanding amount of €122.7 million related to the first bond issued by the Company in 2015.

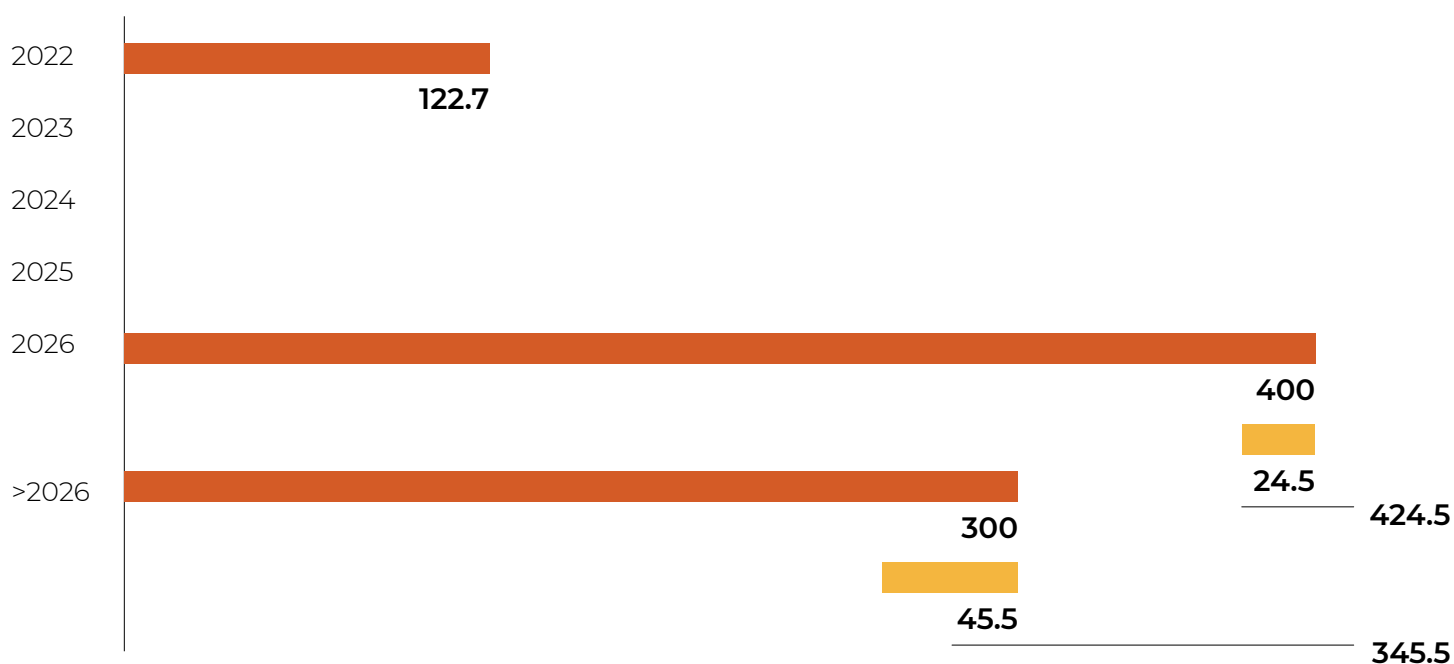
Thus, as of the the date of publication of of this report, Lar España's financial debt amounts to €770 million, with an average cost of 1.8% and an average maturity period of 5.4 years.

Back-Loaded Amortisation Profile

(€ Million)

● Bank Debt

● Senior Bonds





As of the date of publication of this report, financial debt amounts to **€770 million**, with an **average cost of 1.8%** and an average maturity of **5.4 years**.

Net LTV

40.7%

In 2021, Lar España **successfully issued two unsecured senior green bonds, amounting to a total of EUR 700 million.**

As part of this issue, **ISS-ESG conducted an independent review of the company's sustainability strategy**, based on the 2021 Green Bond Principles issued by the ICMA (International Capital Markets Association).

IV. Green Bond Issuance

On July 2021, Lar España **successfully placed an issue of unsecured senior green bonds** maturing in July 2026. The pre-established maximum amount of **€400 million** was almost five times oversubscribed, with an annual coupon set at a fixed rate of **1.75%**.

Afterwards, on **November 2021**, Lar España **successfully placed a new issue of unsecured senior green bonds** maturing in 7 years. The pre-established maximum amount of **€300 million** was again more than **four times** oversubscribed. This new issuance, along with the preceding, represent the culmination of the refinancing process of Lar España's debt, with a total of **€700 million** green bonds issued.

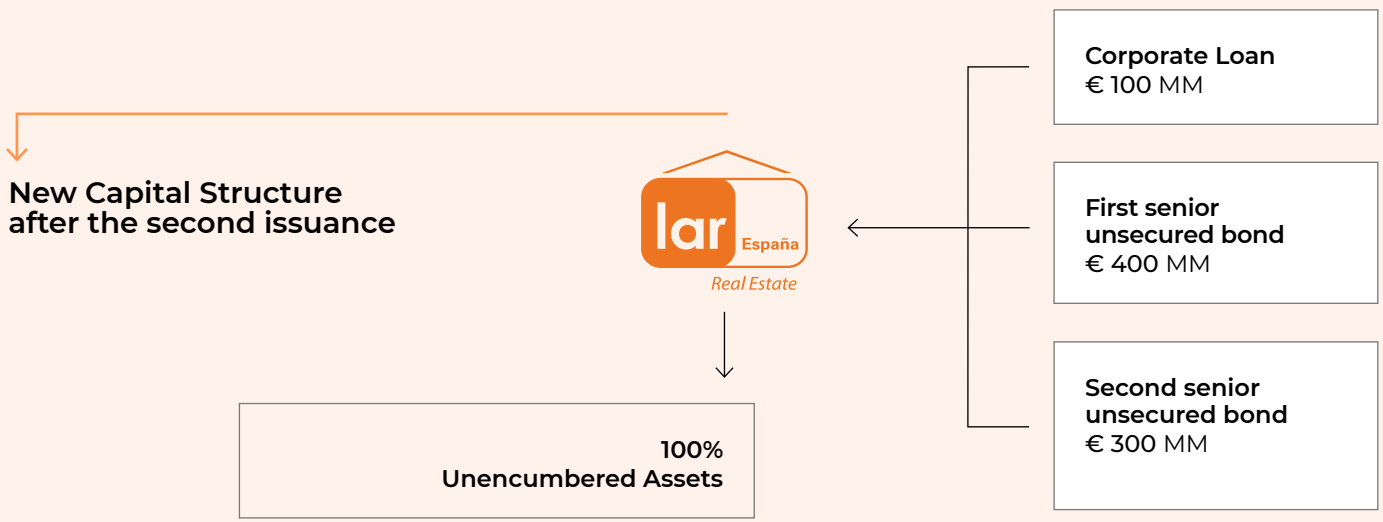
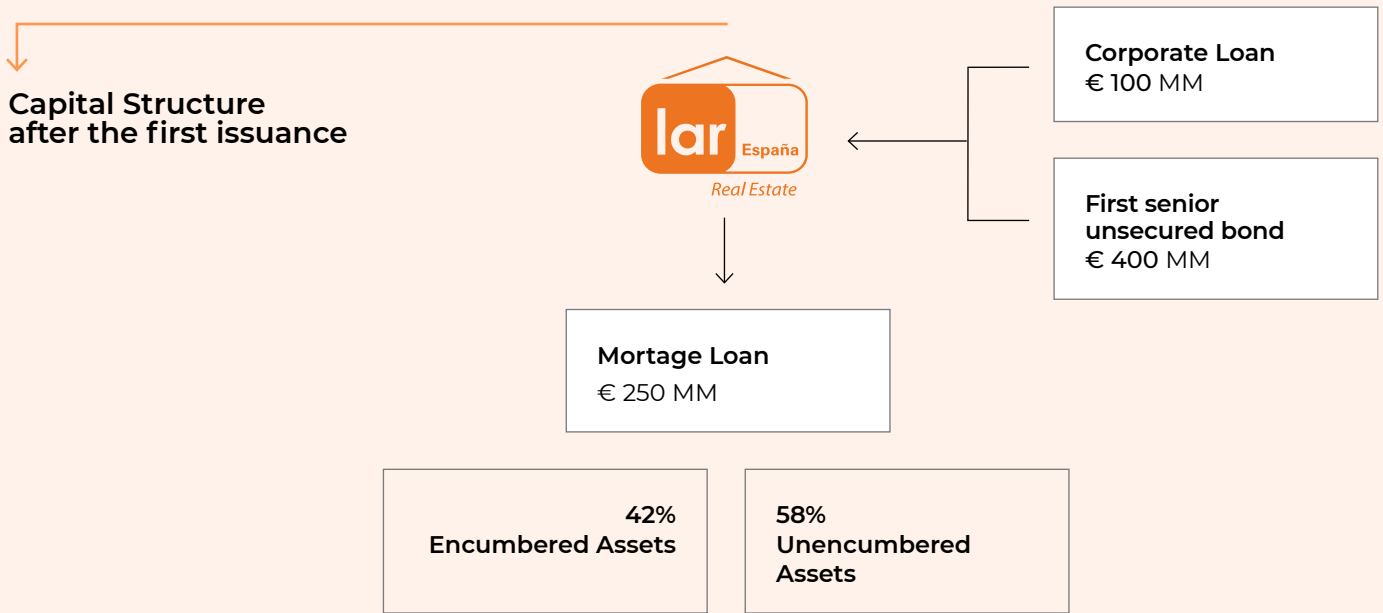
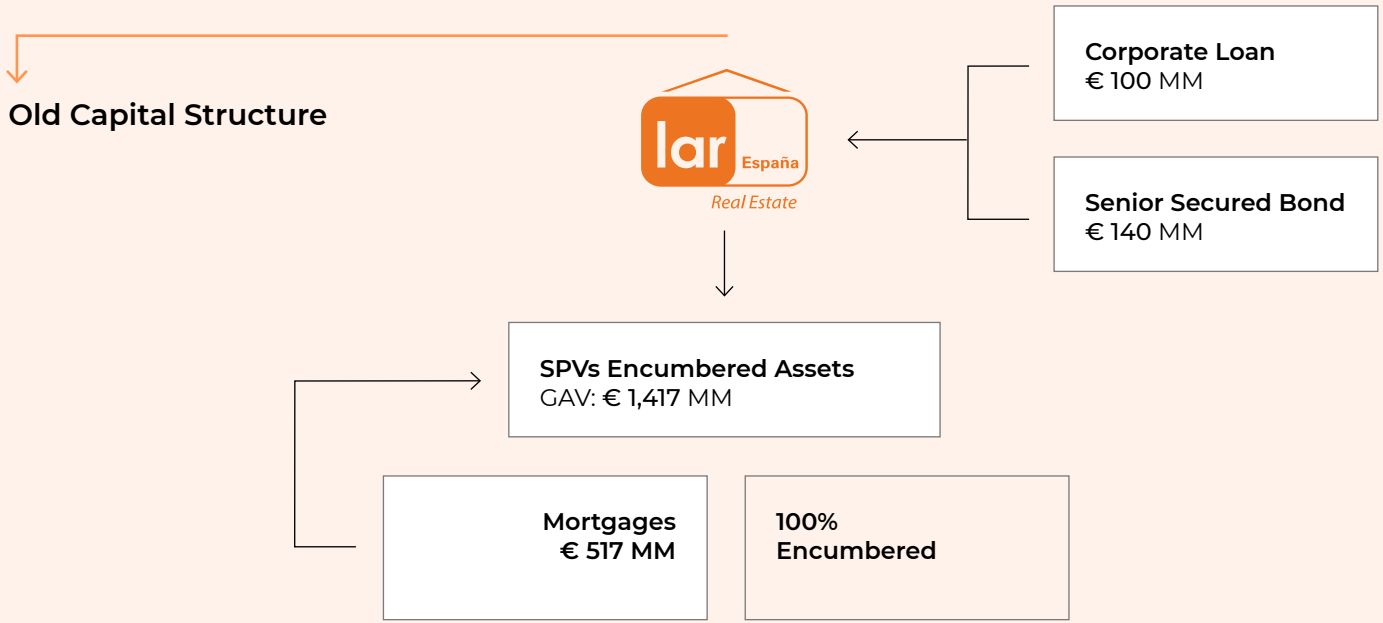
The rating agency Fitch assigned an investment grade or BBB rating to both Lar España and its green bond issue, qualification that was ratified in the second issue.

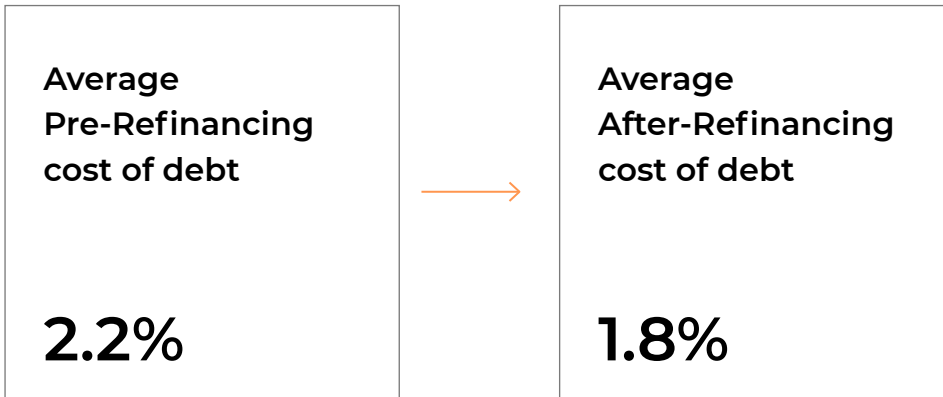
The annual coupon was set at a **fixed rate of 1.843%**, 9 basic points higher than the bond issued in July 2021. However, those rates involve a **significant decrease as compared with a 2.9% interest rate of the bond issued in 2015, and consequently they allow the Company to reduce its average cost of debt from 2.2% to 1.8%.**

	Rating	Outlook
FitchRatings	<i>BBB</i>	<i>Stable</i>

This will also **bring liquidity to a very robust level**, with long-term debt at around 41% of the asset value, turning all the Company's debt into unsecured while keeping mostly fixed interest rates. In addition, it has been possible to extend the **average maturity period of debt from 2.6 years to 6 years.**

Both issues were led by Morgan Stanley Europe, acting as the global coordinator and advising on the issue's sustainable structure. The issues were placed with qualified investors and are quoted on the Luxembourg Stock Exchange's Euro MTF market. Lar España plans to use the green bonds funds to fully or partially refinance a selection of real estate assets so as **to reduce carbon emissions by assuring that the assets are environmentally friendly and meet the 2021 Green Bond Principles of the ICMA (International Capital Markets Association).**

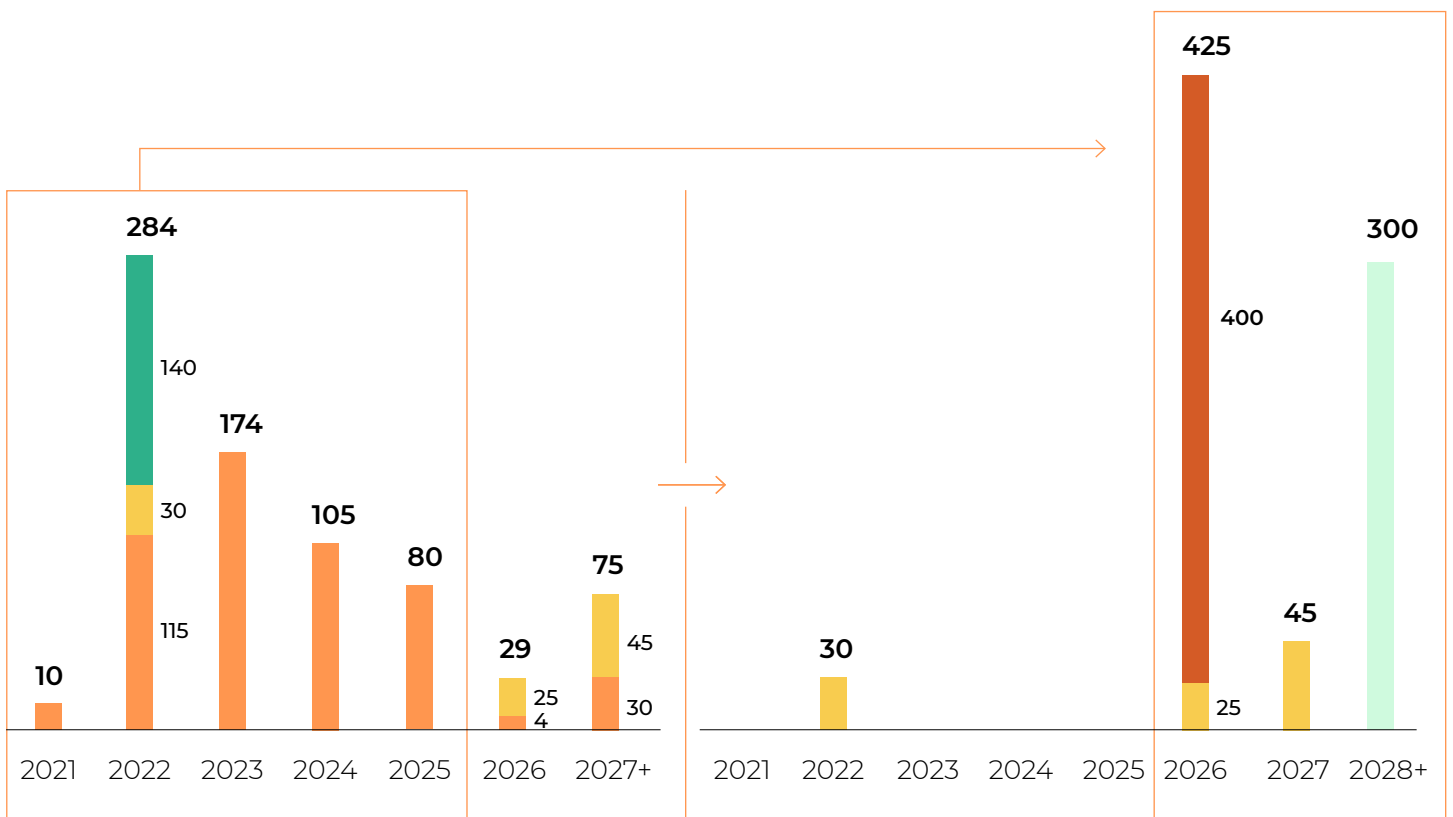




Thanks to its green bond issues, Lar España has refinanced virtually all of its debt. The only **type of financing that the Company now has is unsecured** debt, and it has significantly reduced its average cost of debt, **extending the average maturity from 2.6 to 6 years.**

Maturity Profile - Pre-Refinancing Debt (€MM)

Maturity Profile - After-Refinancing Debt (€MM)



- Mortgage Loan
- First Senior Unsecured Bond
- Corporate Loan
- Second Senior Unsecured Bond
- Senior Secured Bond

V. Shareholder Return

The **shareholder rate of return** in 2021 stood at **2.88%**. 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 NTA per share.
- Dividend per share distributed during the financial year.

$$\text{Shareholder Rate of Return} = \frac{\text{Growth (NTA + Dividend) per share}}{\text{EPRA NTA per share 31.12.2020}}$$

Shareholder Rate of Return

2.88%

Shareholder Rate of Return	€/share
EPRA NTA 31.12.20	10.42
EPRA NTA 31.12.21	10.41
NTA Growth 2021	(0.01)
2020 Dividend paid in 2021	0.31
Growth (NTA + Dividend)	0.30
SHAREHOLDER RETURN 2021	2.88%

VI. Proposed Shareholder Remuneration

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

Based on the cash generated in 2021, the dividend pay-out will amount to **€30.0 million.**



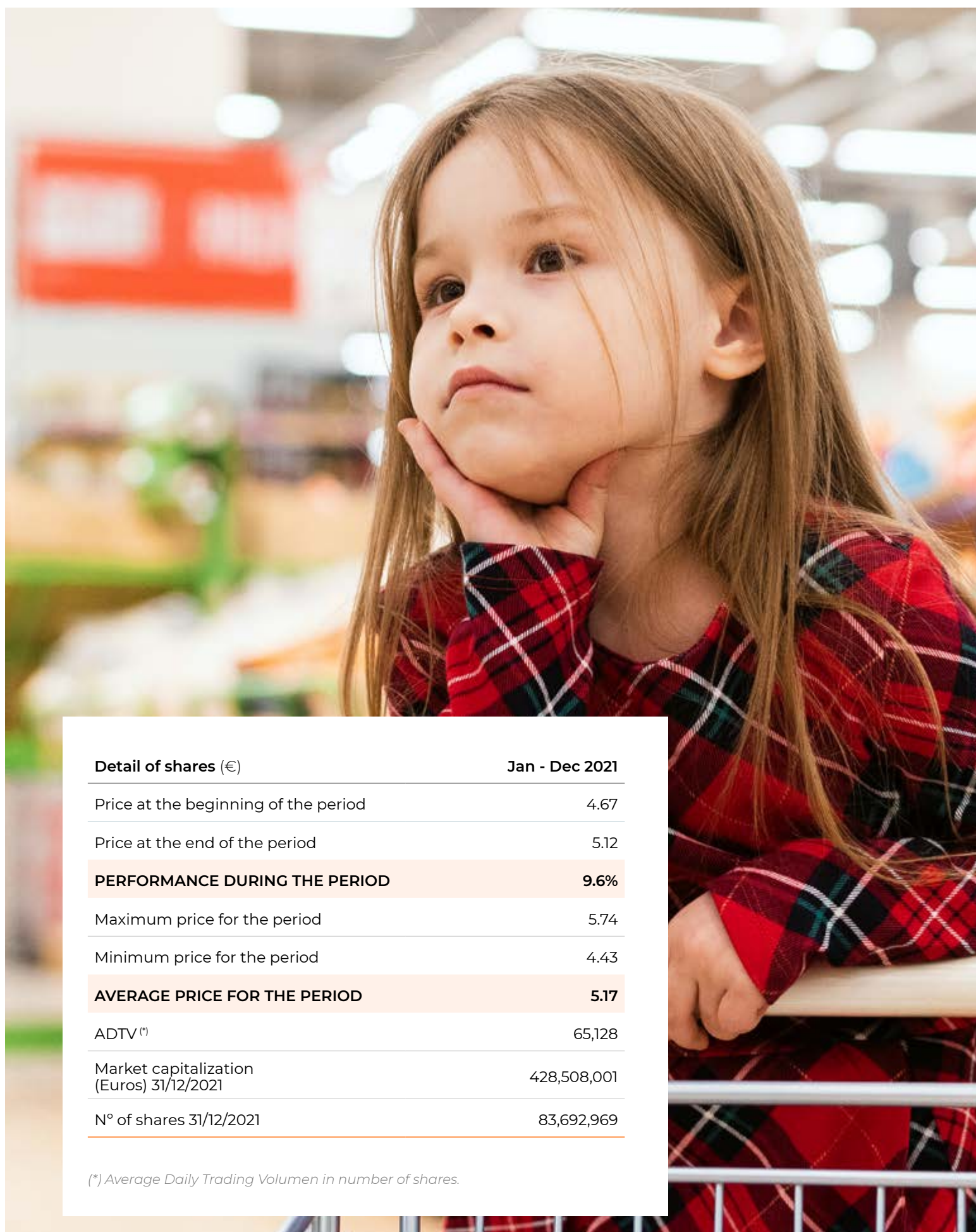
Therefore, the pay-out to shareholders for the financial year ended on 31 December 2021 to be presented at the Annual General Meeting would be **€30.0 million**, equating to earnings of **€0.36 per share.**

Lar España has formed part, once again, of the **Ibex Top Dividendo**, a group comprising 25 shares listed on the Ibex 35, the Ibex Medium Cap or the Ibex Small Cap that offer shareholders the highest return in terms of dividends. This has further advanced our aim of generating value for our investors.

<p>Dividend</p> <p>30.0 € Million</p>	<p>Dividend per share</p> <p>0.36 €/ share</p>	<p>Dividend Yield over NAV (*) (31.12.21)</p> <p>3.4%</p>	<p>Dividend Yield over market capitalization (31.12.21)</p> <p>7.0%</p>
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(*) EPRA NTA

VII. Share Price Performance

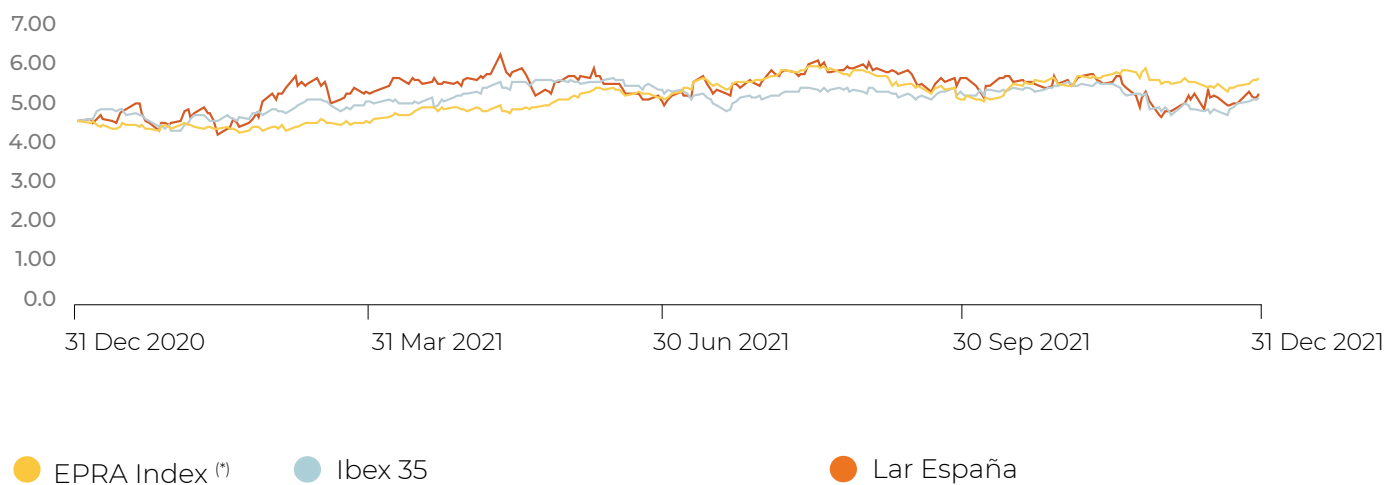


Detail of shares (€)	Jan - Dec 2021
Price at the beginning of the period	4.67
Price at the end of the period	5.12
PERFORMANCE DURING THE PERIOD	9.6%
Maximum price for the period	5.74
Minimum price for the period	4.43
AVERAGE PRICE FOR THE PERIOD	5.17
ADTV ^(*)	65,128
Market capitalization (Euros) 31/12/2021	428,508,001
N° of shares 31/12/2021	83,692,969

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

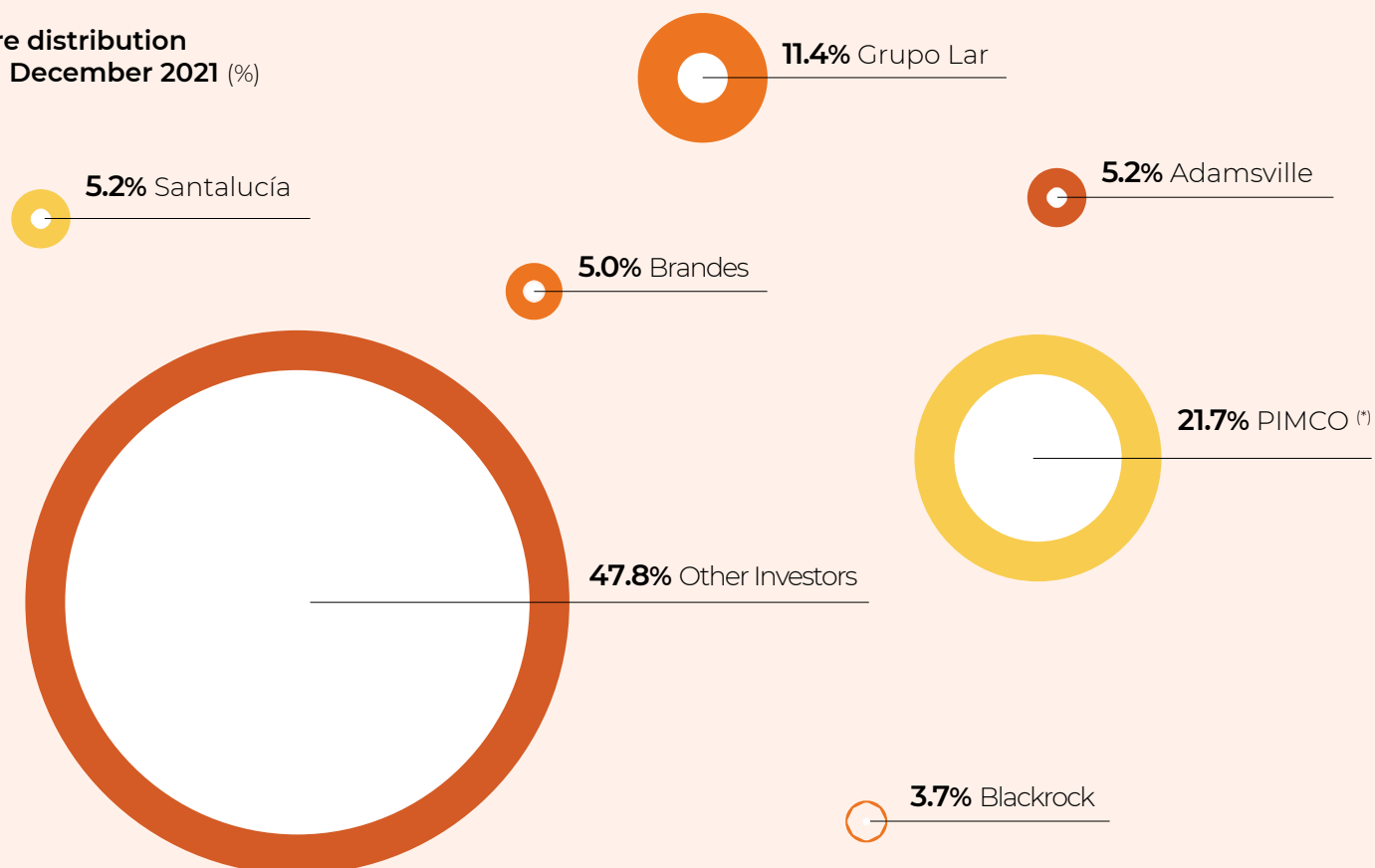
The **share price performance** during 2021 compared with the IBEX 35 and EPRA Index performance can be seen in the following graph:

Lar España share price performance vs Ibex 35 and EPRA Index
(January-December 2021)



(*) Sectoral European reference index.

Share distribution at 31 December 2021 (%)



(*) On 28 January 2022, PIMCO Bravo II Fund L.P. sold its total stake in Lar España to Castellana Properties SOCIMI, S.A.

Analyst Recommendations

As of the date of this report, Lar España has the coverage of 10 analysts, whose average target price is **€7.13**.

39.3%^(*)

**Potential
Return**

60% | Buy





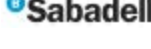





+

30% | Hold

=

10% | Sell

-

Broker	Recommendation	Analysis Date	Target Price (€)
 Kempen	Hold	14/01/2022	5.40
 GVC Gaesco	Buy	21/12/2021	8.29
 BESTINVER <small>acciona</small>	Buy	20/12/2021	7.70
 renta4banco	Buy	20/12/2021	7.30
 Sabadell	Buy	20/12/2021	6.94
 JBCapitalMarkets	Buy	20/12/2021	7.40
 intermoney valores sv	Buy	20/12/2021	8.00
 bankinter.	Hold	20/12/2021	5.38
 MIRABAUD	Sell	17/05/2021	6.00
 Santander	Hold	15/05/2020	8.90

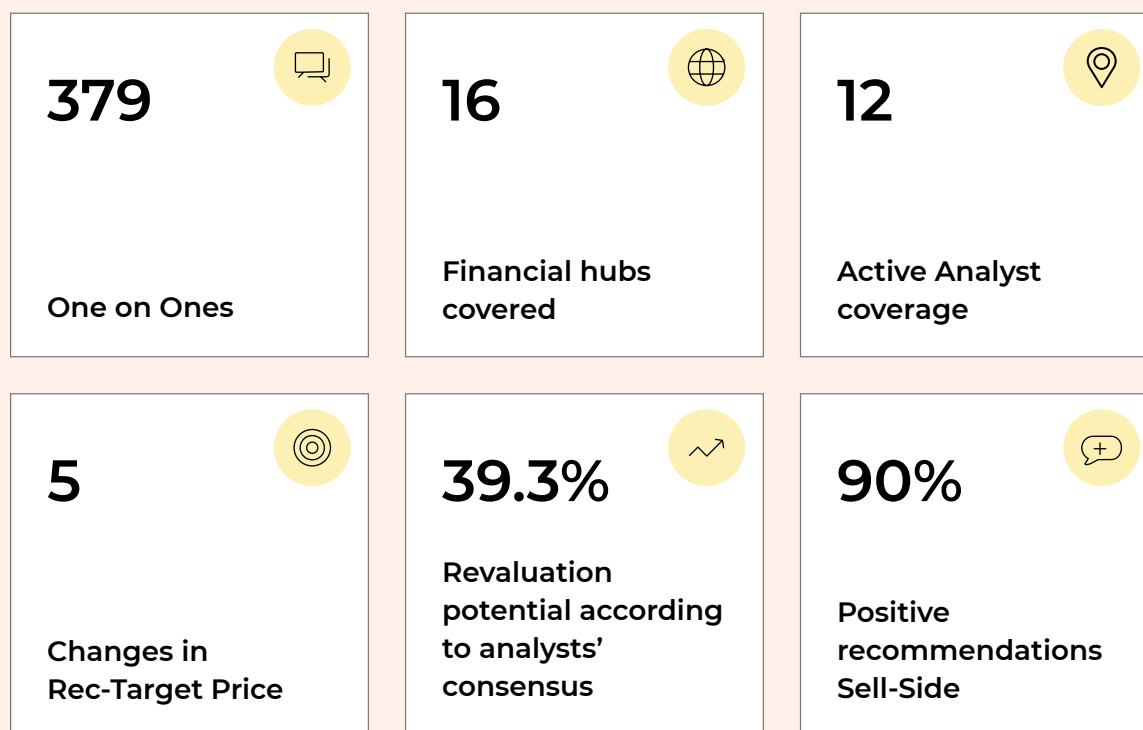
Source: Bloomberg

(*) Taken into account the average target price and the price at the end of the period, at 31 December 2021.

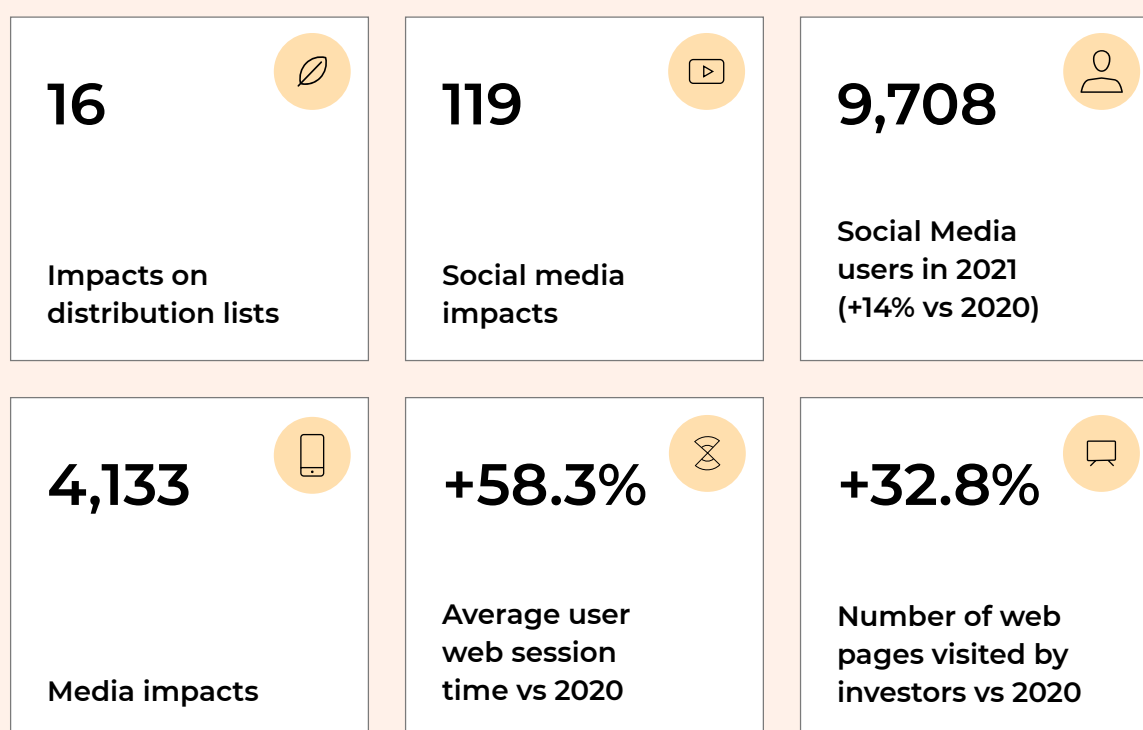


Shopping Centre
Txingudi (Guipúzcoa)

Investor relations activity in 2021



Media



€18.4 Mn

Written and digital press advertisement value estimated, €18.4 Mn



Shopping Centre
Las Huertas (Palencia)

In September 2021, for the **seventh consecutive year**, Lar España has been awarded the **EPRA Gold Award** for the quality of **financial information** made available to its main interest groups and for the **fourth consecutive year** for the quality of the **ESG information**.

4.3 EPRA Information

In **October** 2019, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association⁽¹⁾) updated its Best Practices Recommendations⁽²⁾ 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.

It is important to note that all EPRA indicators related to ESG/Sustainability included in this report have been verified by an independent external. The Independent Review Report is included in Annex 5.4.

In **September 2021**, for the **seventh consecutive year**, Lar España has been 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 also obtained the highest distinction by EPRA, achieving for the **fourth consecutive year** the **Gold Award**. This highlights the **international recognition for the information reported by Lar España** and made available to its shareholders.



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

(2) "Best Practices Recommendations - BPR" available at www.epra.com.

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

Indicator	Description	Reference	31/12/2021	31/12/2021
			(Thousands of euros) (%)	(Euros per share)
EPRA Earnings	Earnings from operational activities	Page 238	23,936	0.28
EPRA NTA ^(*)	Net Tangible Assets, assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	Page 240	869,501	10.41
EPRA NRV ^(*)	Net Reinstatement Value, assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	Page 240	895,774	10.72
EPRA NDV ^(*)	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.	Page 240	855,387	10.24
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.	Page 242	5.7%	
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).	Page 242	5.9%	
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	Page 243	4.8%	
EPRA Cost Ratio	Administrative & operating costs (including direct vacancy costs) divided by gross rental income.	Page 244	30.2%	
EPRA Cost Ratio (excluding costs of direct vacancy)	Administrative & operating costs (excluding direct vacancy costs) divided by gross rental income.	Page 244	27.3%	

EPRA Earnings

(Thousands of euros)	2021	2020
EARNINGS PER IFRS INCOME STATEMENT	25,782	(53,668)
Change in value of investment properties	1,305	100,656
Profits or losses on disposal of investment properties, development properties held for investment and other interests	(64)	-
Tax on profits or losses on disposals	(1,622)	-
Negative goodwill	-	-
Changes in fair value of financial instruments and associated close-out costs	(1,465)	2,914
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	-	-
EPRA EARNINGS	23,936	49,902
<i>Weighted average number of shares (excluding treasury shares)</i>	<i>84,189,058</i>	<i>85,605,283</i>
EPRA EARNINGS PER SHARE (EUROS)	0.28	0.58



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⁽¹⁾**.

The EPRA Net Asset Value indicator set makes adjustments to the company’s own funds in accordance with the IFRS⁽²⁾ 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.

EPRA Net Asset Value new methodology

According to the new recommendations contained in the EPRA “Best Practices and Recommendations”, **the new ratios that replace the previous EPRA NAV and EPRA NNAV indicators calculated with the old methodology** are as follows:

EPRA Net Tangible Assets (NTA):

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

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 crystallize 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 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.

(1) For more information see: https://www.epra.com/application/files/2315/7321/0568/EPRA_FAQ_-_FINAL_version.pdf.

(2) IFRS (International Financial Reporting Standards)

EPRA Net Asset Value Ratios

(Thousands of euros)	31/12/2021			31/12/2020		
	NTA Net Tangible Assets	NRV Net Reinstatement Value	NDV Net Disposal Value	NTA Net Tangible Assets	NRV Net Reinstatement Value	NDV Net Disposal Value
Equity attributable to shareholders	855,387	855,387	855,387	859,650	859,650	859,650
(i) Hybrid Instruments	-	-	-	-	-	-
Diluted NAV	855,387	855,387	855,387	859,650	859,650	859,650
Include						
(ii.a) Revaluation of investment properties	-	-	-	-	-	-
(ii.b) Revaluation of investment properties under construction	-	-	-	-	-	-
(ii.c) Revaluation of other non-current investments	-	-	-	-	-	-
(iii) Revaluation of tenant leases held as finance leases	-	-	-	-	-	-
(iv) Revaluation of trading properties	-	-	-	-	-	-
Diluted NAV at Fair Value	855,387	855,387	855,387	859,650	859,650	859,650
Exclude						
v) Deferred Tax in relation to fair value gains of IP	15,578	15,578	n.a	17,201	17,201	n.a
(vi) Fair value of financial instruments	(1,465)	(1,465)	n.a	4,525	4,525	n.a
(vii) Goodwill as a result of deferred tax	-	-	-	-	-	-
(viii.a) Goodwill as per the IFRS Balance Sheet	-	n.a	-	-	n.a	-
(viii.b) Intangibles as per the IFRS Balance Sheet	-	n.a	n.a	-	n.a	n.a
Include						
(ix) Fair value of fixed interest rate debt	n.a	n.a	-	n.a	n.a	-
(x) Revaluation of intangibles to fair value	n.a	-	n.a	n.a	-	n.a
(xi) Real estate transfer tax	-	26,273	n.a	-	-	n.a
NAV	869,501	895,774	855,387	881,376	881,376	859,650
Number of shares (excluding treasury shares)	83,561,999	83,561,999	83,561,999	84,559,058	84,559,058	84,559,058
NAV per share	10.41 (*)	10.72 (*)	10.24 (*)	10.42	10.42	10.17

Figures may not foot due to rounding.

(*) When analyzing the evolution of this measure it is important to take into account the dividend paid in Q2 2021 (0.31€/share).



Shopping Centre
El Rosal (León)

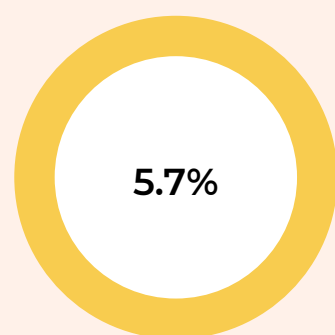
EPRA NIY and EPRA “topped-up” NIY

(Thousands of Euros)	Total Shopping Centres	Total Retail Parks	Total Lar España
Completed Property Portfolio	951,187	472,111	1,423,298
Allowance for estimated purchasers' costs	20,460	8,240	28,700
Gross up completed property portfolio valuation (A)	971,647	480,351	1,451,998
Annualised cash passing rental income	60,232	30,447	90,679
Property outgoings	(5,545)	(3,089)	(8,633)
Annualised net rents (B)	54,687	27,359	82,046
Notional rent expiration of rent free periods or other lease incentives	2,120	1,483	3,602
Topped-up net annualised rents (C)	56,807	28,841	85,648
EPRA NET INITIAL YIELD (B/A)	5.6%	5.7%	5.7%
EPRA TOPPED-UP NET INITIAL YIELD (C/A)	5.8%	6.0%	5.9%

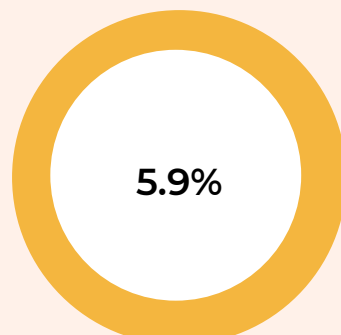
Figures may not foot due to rounding.

Yields (*)

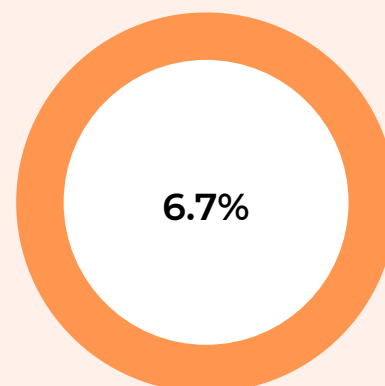
EPRA
NIY



EPRA
Topped-up NIY



Reversionary
NIY



Potential growth



(*) At 31 December 2020, EPRA NIY, EPRA Topped-up NIY and Reversionary Yield amounted to 5.7%, 5.9% and 6.6% respectively.

EPRA Vacancy Rate



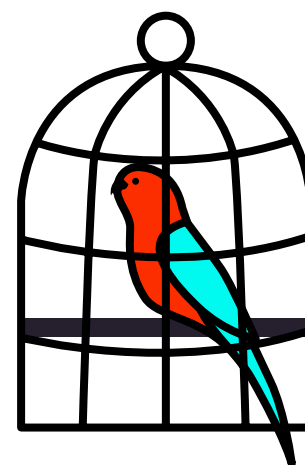
EPRA Vacancy
Rate

4.8% (*)

	ERV (Thousands of Euros)	ERV Vacancy (Thousands of Euros)	EPRA Vacancy Rate (%)
Shopping Centres	63,575	3,509	5.5%
Retail Parks	32,947	1,095	3.3%
TOTAL LAR ESPAÑA	96,522	4,604	4.8%

(*) EPRA Vacancy at 31/12/2020 was 4.5%.





EPRA Cost Ratios

(Thousands of euros)	2021	2020
Administrative expenses	(592)	(474)
Operating costs net of recoverable income ^{(1) (3)}	(21,167) ⁽²⁾	(20,520)
Administrative/operating expenses in associates	-	-
EPRA Cost (including vacancy cost) (A)	(21,759)	(20,994)
Direct vacancy costs	(2,071)	(1,941)
EPRA Cost (excluding vacancy cost) (B)	(19,688)	(19,053)
Gross Rental Income less ground rent costs-per IFRS ⁽⁴⁾	78,739	95,476
Net associated costs (net service charge) ⁽³⁾	(6,721)	(6,195)
Gross Rental Income (C)	72,018	89,281
EPRA COST RATIO (including direct vacancy costs) A/C	30.2%	23.5%
EPRA COST RATIO (excluding direct vacancy costs) B/C	27.3%	21.3%

Considering recurring expenses alone, the **EPRA Cost Ratio in 2021– including direct vacancy costs – would be 24.3%, while if we exclude those costs, this ratio would stand at 21.4%.**

The respective values for the year 2020 would be **15.7% including direct vacancy costs and 13.5% if such expenses are excluded.**

Note: According to the policy of Lar España the Company does not capitalize overheads or operating expenses.

(1) Maintenance costs are included.

(2) Fixed and variable management fees included.

(3) The sum of these two headings corresponds to the item “Other expenses” in point Consolidated Statement of Comprehensive Income (page 222).

(4) It includes the item “Revenue” and the mall income, which is included in the item “Other income” in point Consolidated Statement of Comprehensive Income (page 222).

