

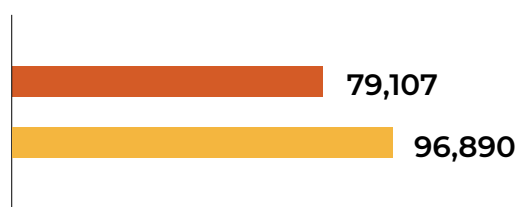
4.2 Financial Information

I. Key Indicators

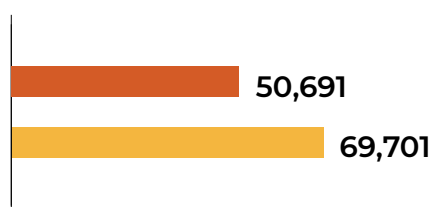
During 2021 Lar España generated revenues of **79,107 thousand Euros** and a **EBITDA of 50,691 thousand Euros**, being the most relevant figures the following:

● 2021 ● 2020

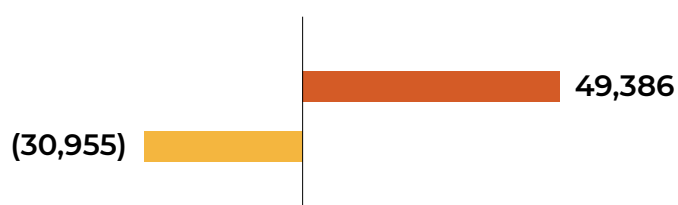
Revenues (*)
(Thousands of euros)



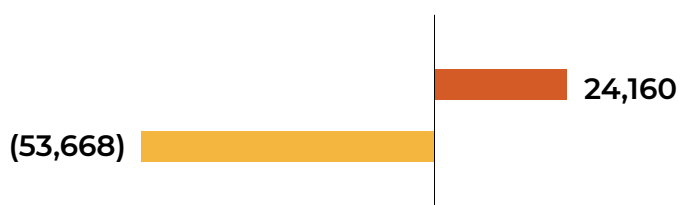
EBITDA
(Thousands of euros)



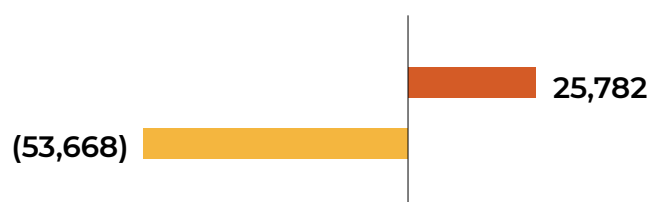
EBIT
(Thousands of euros)



EBT
(Thousands of euros)



Net Profit
(Thousands of euros)



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

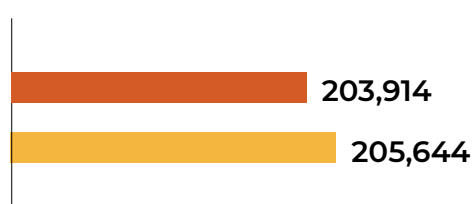
(*) Includes Revenues and Other income.

Other Financial Indicators

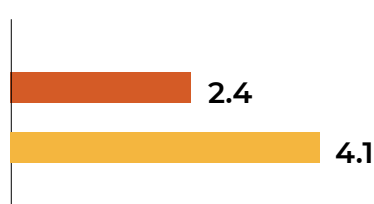
The Group presents the following financial indicators:

● 31/12/2021 ● 31/12/2020

Working capital (Thousands of euros)



Liquidity ratio (%)



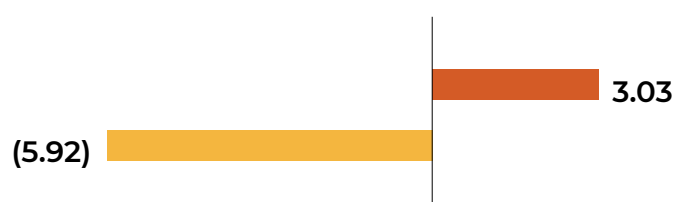
Solvency ratio (%)



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

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

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.

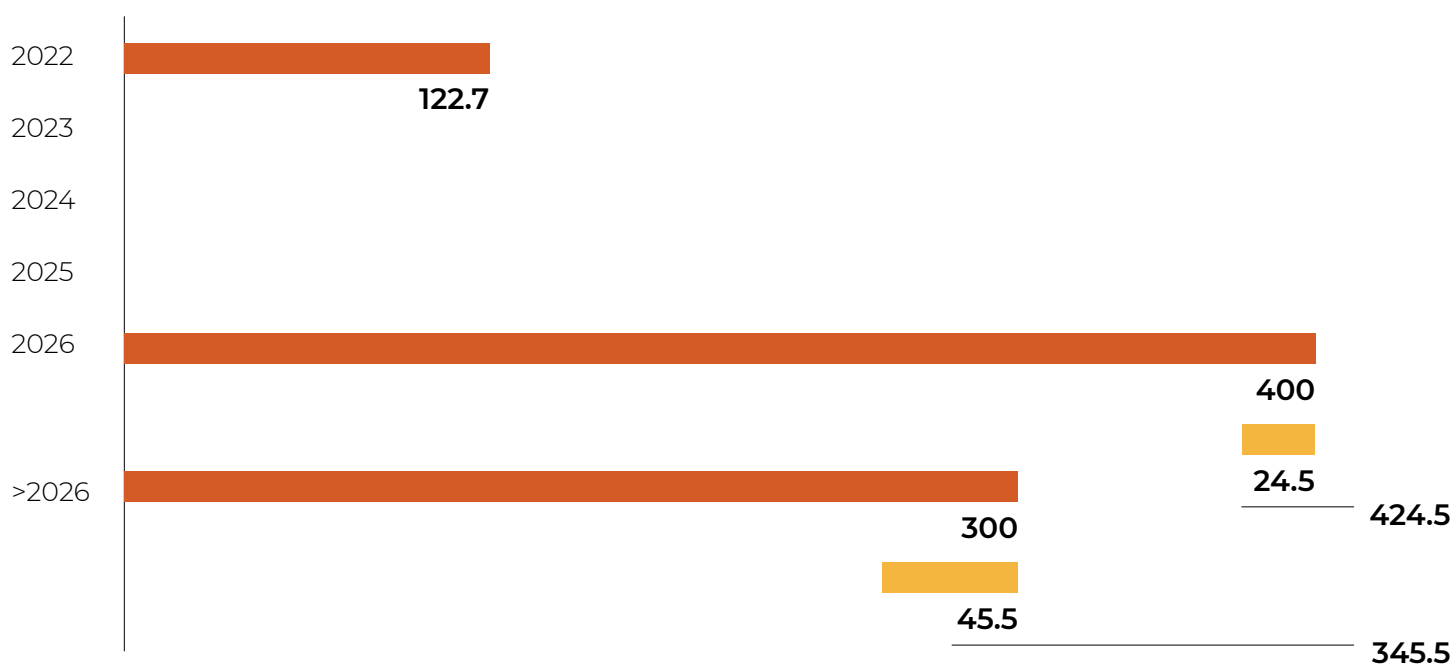
Thus, as of the the date of publication of of this report, Lar España's financial debt amounts to €770 million, with an average cost of 1.8% and an average maturity period of 5.4 years.

Back-Loaded Amortisation Profile

(€ Million)

● Bank Debt

● Senior Bonds



A photograph of a person wearing a tan jacket, holding a smartphone in their right hand and pointing at the screen with their left index finger. The background is a blurred industrial setting with yellow and blue elements.

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.

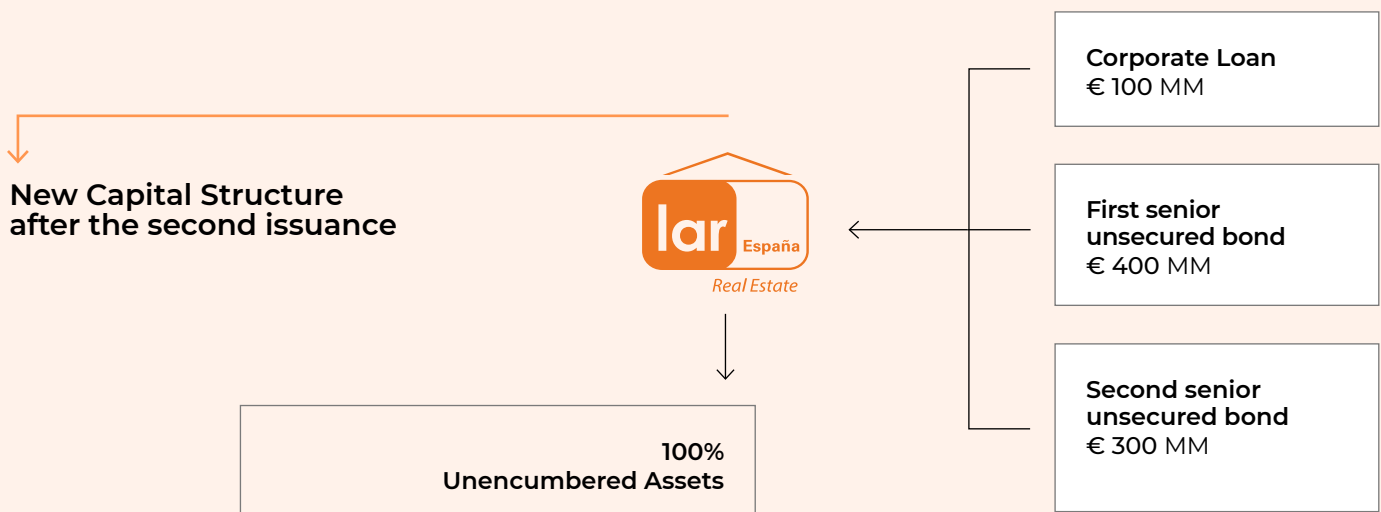
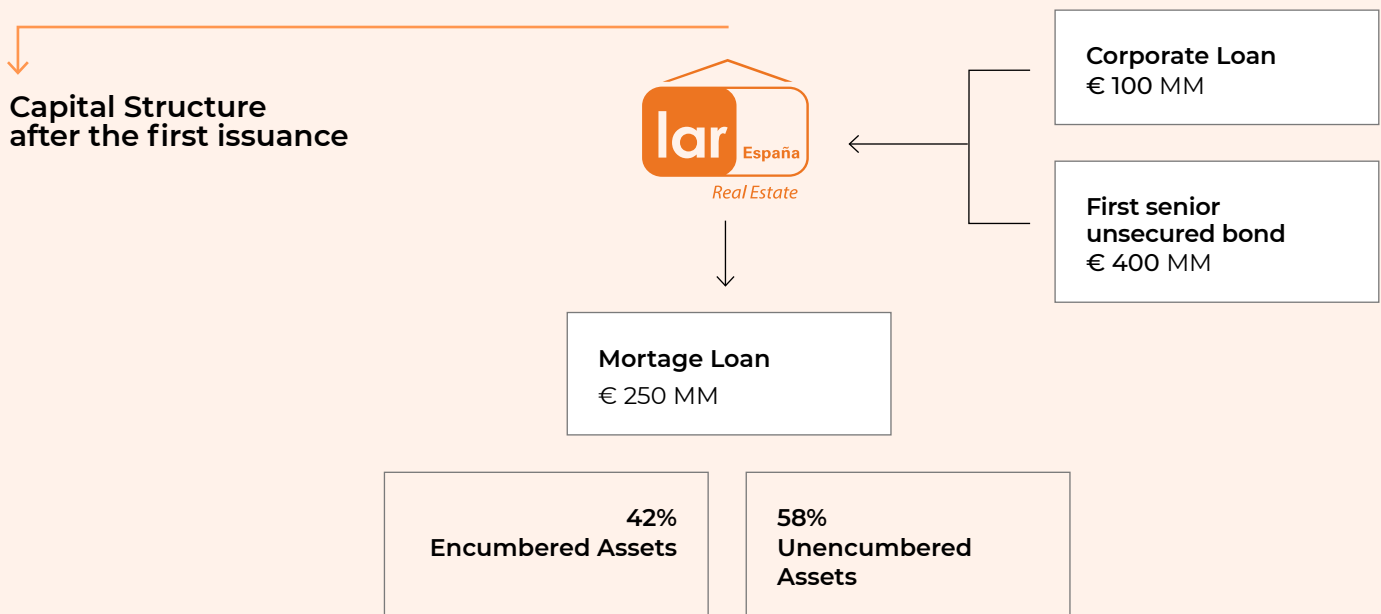
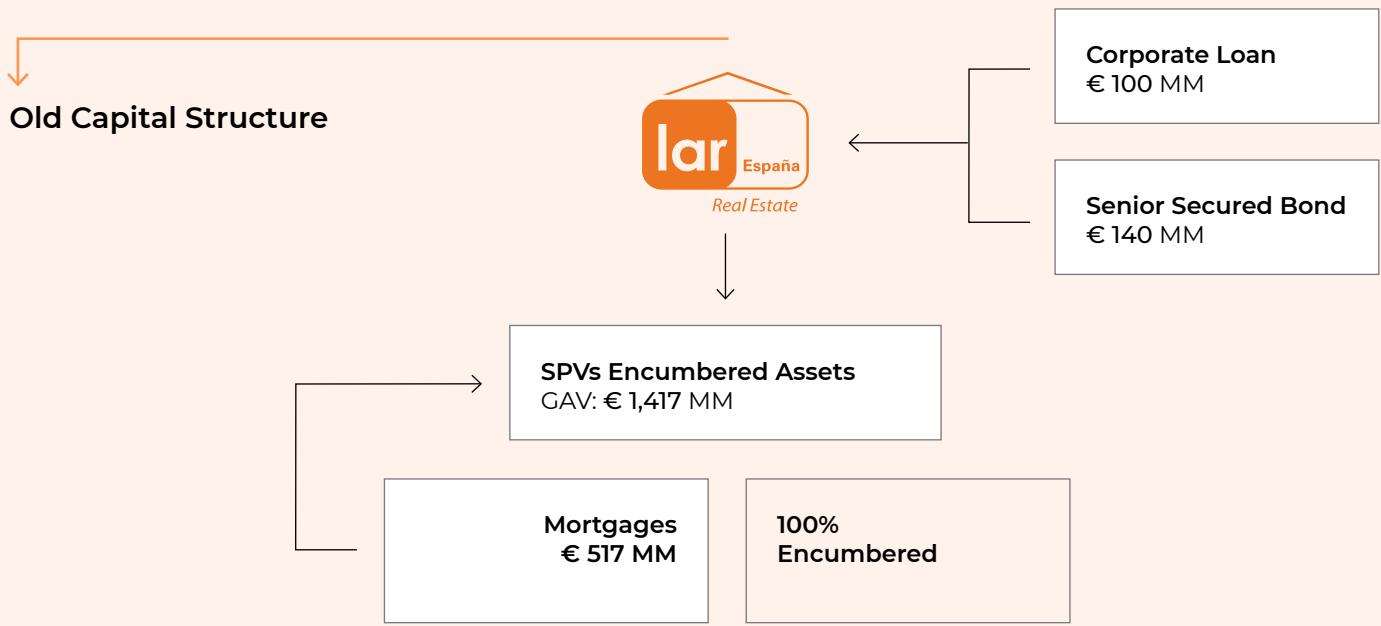
The rating agency Fitch assigned an investment grade or BBB rating to both Lar España and its green bond issue, qualification that was ratified in the second issue.

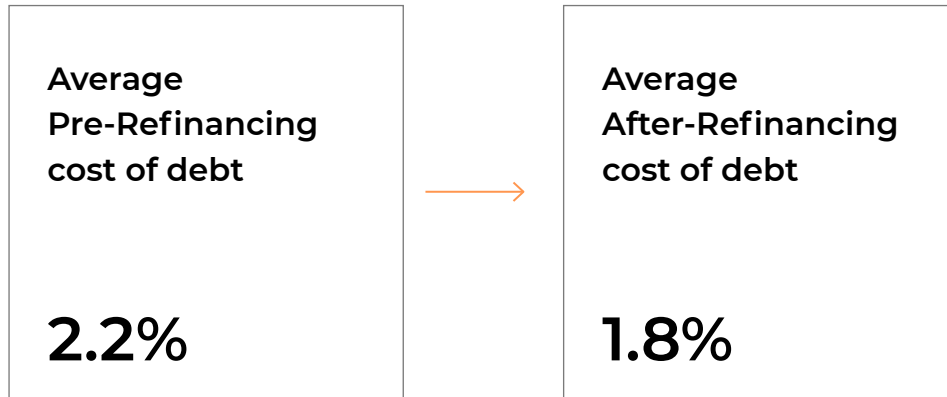
The annual coupon was set at a **fixed rate of 1.843%**, 9 basic points higher than the bond issued in July 2021. However, those rates involve a **significant decrease as compared with a 2.9% interest rate of the bond issued in 2015, and consequently they allow the Company to reduce its average cost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

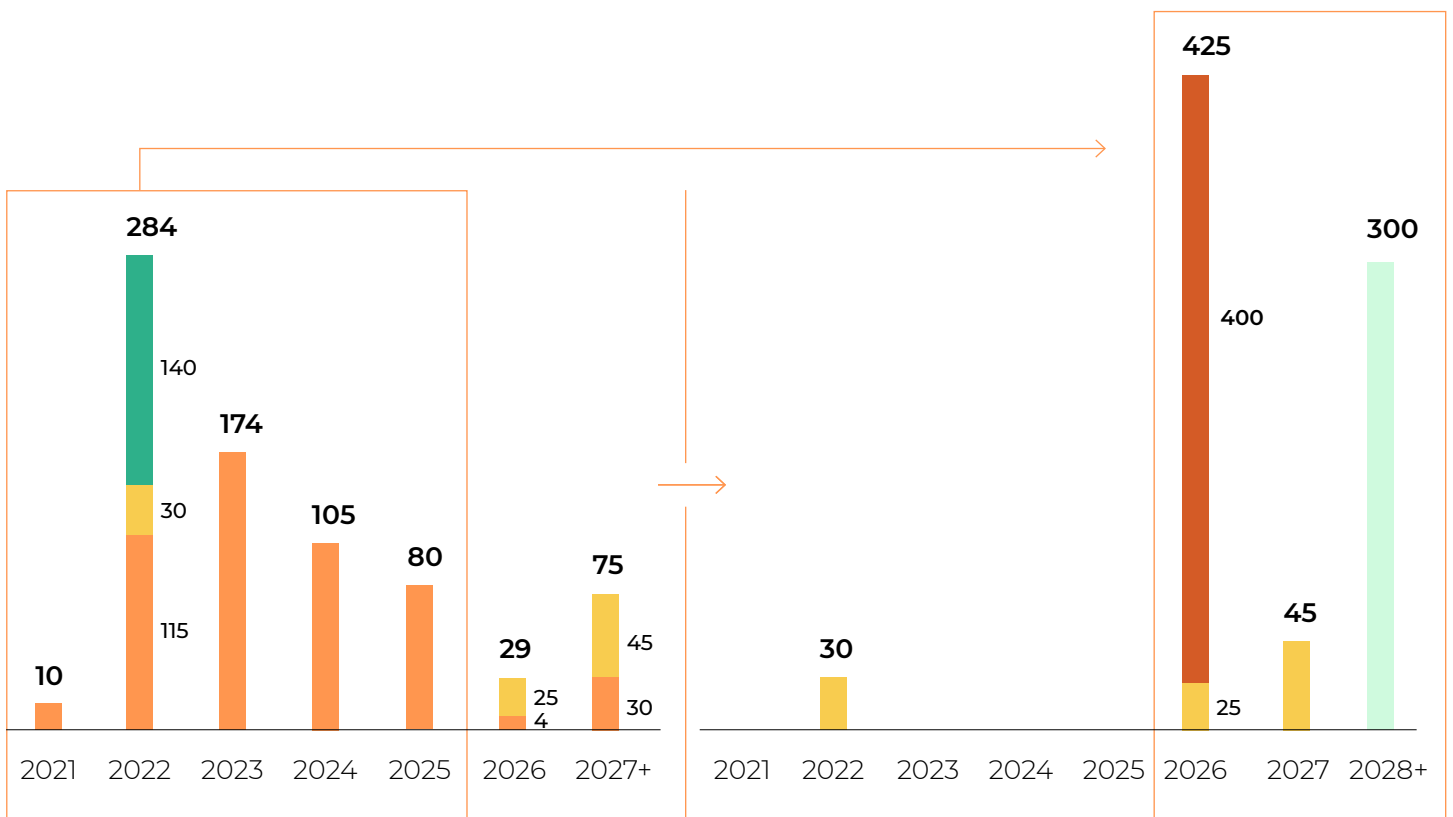




Thanks to its green bond issues, Lar España has refinanced virtually all of its debt. The only **type of financing that the Company now has is unsecured** debt, and it has significantly reduced its average cost of debt, **extending the average maturity from 2.6 to 6 years.**

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>
---	--	---	---

(*) EPRA NTA

VII. Share Price Performance

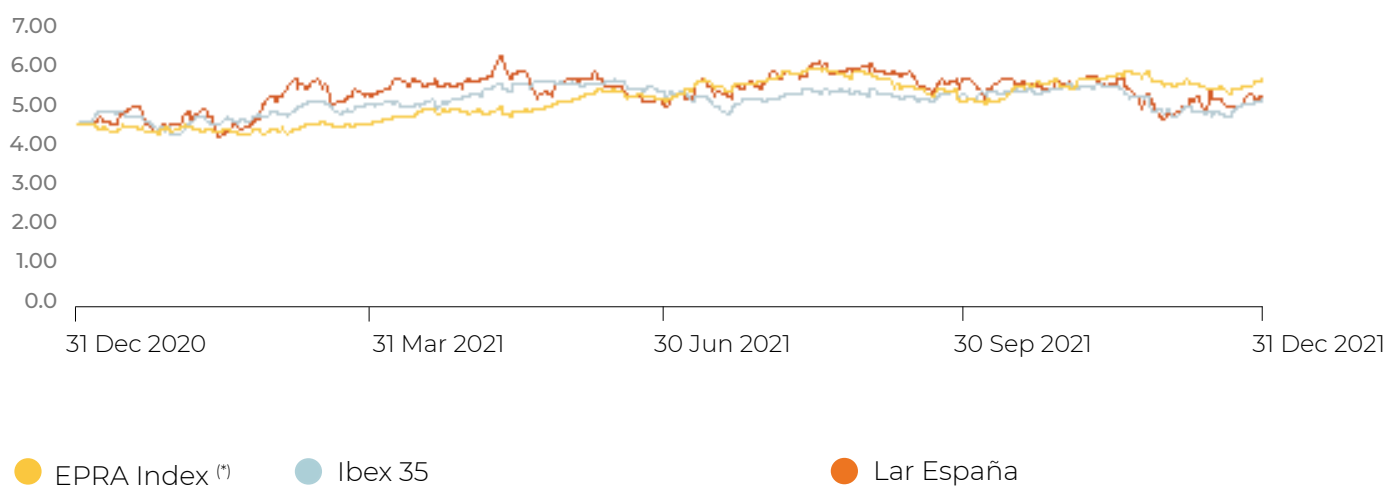


Detail of shares (€)	Jan - Dec 2021
Price at the beginning of the period	4.67
Price at the end of the period	5.12
PERFORMANCE DURING THE PERIOD	9.6%
Maximum price for the period	5.74
Minimum price for the period	4.43
AVERAGE PRICE FOR THE PERIOD	5.17
ADTV (*)	65,128
Market capitalization (Euros) 31/12/2021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

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

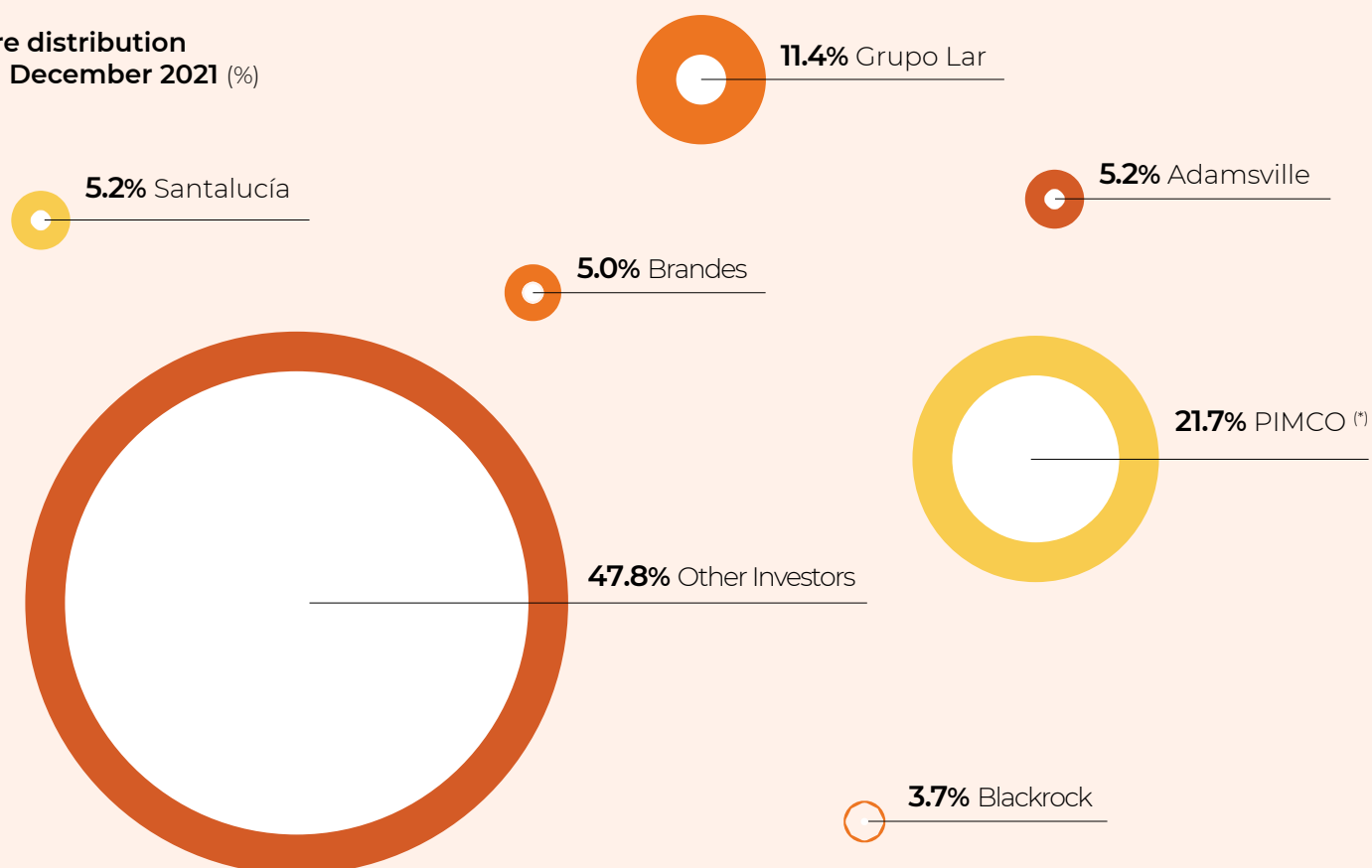
The **share price performance** during 2021 compared with the IBEX 35 and EPRA Index performance can be seen in the following graph:

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




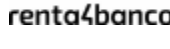
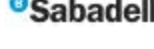





+

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

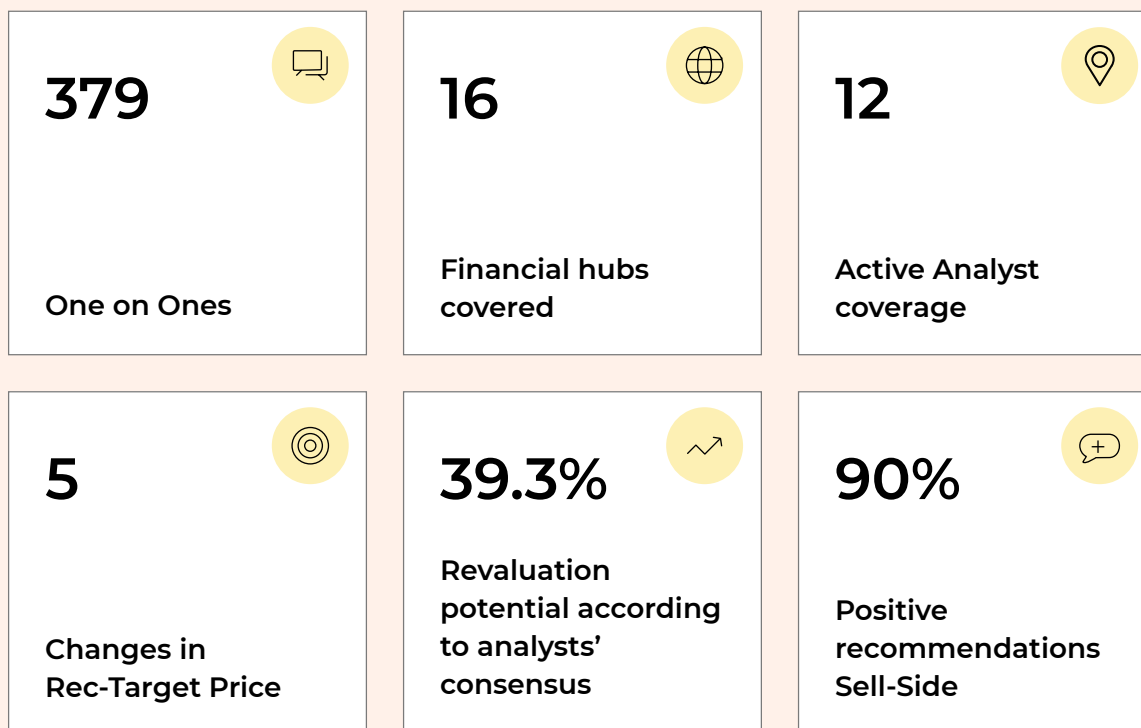
Source: Bloomberg

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

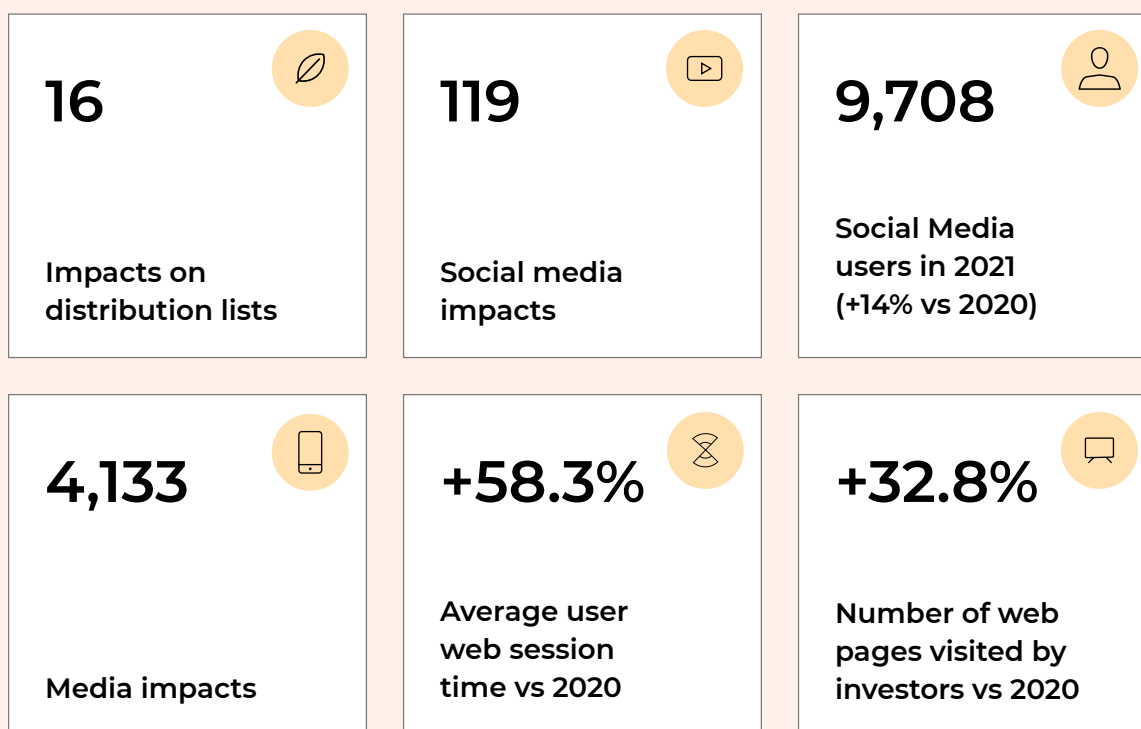


Shopping Centre
Txingudi (Guipúzcoa)

Investor relations activity in 2021



Media



€18.4 Mn

Written and digital press advertisement value estimated, €18.4 Mn



Shopping Centre
Las Huertas (Palencia)