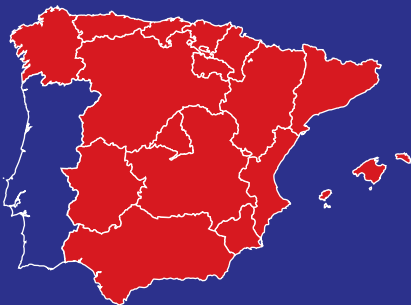


FINANCIAL INNOVATION OF THE YEAR

LAR ESPAÑA – GREEN BOND ALLOCATION



LOCATION:

Spain

SECTOR:

Retail

DATE:

Q3 2023

HIGHLIGHTED FEATURES:

Innovative financial structure with own funds reducing indebtedness from 38.9% to 37.6%, followed by a bond buyback with positive result of €20M

Prior to the bond issues, Lar España was in a situation where its financial structure was marked by considerable debt. With debt of 38.9% of total asset valuation, the company faced challenges in terms of financial flexibility and capacity to undertake new investments. The debt was mainly in the form of bonds with a nominal value of 110 million euros.

The first bond issue - of senior unsecured green bonds - was carried out on the Luxembourg Stock Exchange's Euro MTF Market multilateral trading system and valued at €302 million. With a maturity in 2026 and an annual coupon of 1.75% at a fixed rate, these bonds represented a significant step towards diversifying the company's sources of financing.

Subsequently, Lar España opted for a second issue, valued at €288 million, scheduled to mature in November 2028 and offered an annual coupon of 1.84% at a fixed rate. These additional issues not only strengthened Lar España's financial position, but also demonstrated its ongoing commitment to sustainability and corporate responsibility.

After completing the bond issues, Lar España was able to reduce its indebtedness from 38.9% to 37.6% of total asset valuation. The debt was now concentrated in senior unsecured green bonds, which amounted to a total of €590 million. This strategy not only improved the company's capital structure, but also strengthened its competitive position in the real estate market.

Prior to the bond buyback process, Lar España held an investment grade credit rating from the rating agency Fitch, with a BBB rating and a stable outlook. However, the company decided to continue to optimise its financial structure by repurchasing a portion of its debt. This strategy proved successful, as the bond buyback for a nominal value of EUR 110 million generated a positive impact on Lar España's financial results for the year 2023, estimated at around EUR 20 million. In addition, this transaction allowed the company to maintain solid liquidity, with funds in excess of €100 million, which positioned it favourably for future investment and growth opportunities.

