

## 9m Results 2021

Opinion <sup>(1)</sup>: In line

Impact <sup>(1)</sup>: We will maintain our estimates

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**Libertas 7 (LIB)**, is a family group with headquarters in Valencia (Spain) structured around three areas: (i) property development and management, (ii) tourism management, with the leasing of 76 apartments and the management of a hotel, and (iii) financial investment, via the management of its own assets through investment in stocks and private equity. It is managed and controlled by the founding family (c. 70% of capital).

## 9m21 in line: the start of a new growth phase is confirmed. Trading at c. 0.5x P/BV

### Market Data

Market Cap (Mn EUR and USD)	42.5	49.5
EV (Mn EUR and USD) <sup>(2)</sup>	44.1	51.3
Shares Outstanding (Mn)	21.9	
-12m (Max/Med/Min EUR)	6.99 / 2.29 / 0.86	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation <sup>(3)</sup>	0.0	
Factset / Bloomberg	LIB-ES / LIB SM	
Close fiscal year	31-Dec	

**REVENUES SHOW A SIGNIFICANT STEP-UP IN SIZE (EUR 15MN VS EUR 2.2MN 9M20)...** due to the execution of title deeds on 67 properties (of the 72 expected for the year as a whole) that has translated to revenue of EUR 13.7Mn (vs EUR 11.3Mn in 1H21). Also, LIB finished the high season with turnover of c. EUR 1Mn in the tourism business (in line with our estimate for the year as a whole).

**... THAT TRANSLATES TO NET PROFIT IN LINE.** 9m21 NP was EUR 1.8Mn (vs losses of EUR -2.2Mn in 9m20). Although impacted by: (i) the adjustment made to carry the ADZ shareholding at market value and (ii) the restatement of the property investments (total impact in 1H21 c. EUR 1.7Mn).

### Shareholders Structure (%)

Noguera Family and others	80.0
Treasury stock	4.5
Free Float	15.5

**KEEPING NET DEBT UNDER CONTROL (NET DEBT -15% VS 2020)...** that ended 3Q at EUR 30.9Mn (-15% vs 2020) despite the c. EUR 2Mn net purchase balance in the investment portfolio. In addition, LIB announced payment of an interim dividend for 2021 of EUR 0.4Mn. The DPS (EUR 0.02/share) will be paid out on 29 October next (dividend yield of c. 1%).

Financials (Mn EUR)	2020	2021e	2022e	2023e
Adj. n° shares (Mn)	21.1	21.9	21.9	21.9
Total Revenues	3.9	18.4	16.5	13.1
Rec. EBITDA <sup>(4)</sup>	-0.7	1.8	2.0	1.9
% growth	-83.0	358.3	9.8	-3.6
% Rec. EBITDA/Rev.	n.a.	9.8	12.0	14.5
% Inc. EBITDA sector <sup>(5)</sup>	-0.4	6.9	7.8	6.6
Net Profit	-3.6	2.3	1.0	0.9
EPS (EUR)	-0.17	0.10	0.04	0.04
% growth	-440.8	160.9	-58.3	-9.7
Ord. EPS (EUR)	-0.17	0.04	0.04	0.04
% growth	-431.7	121.7	20.3	-9.7
Rec. Free Cash Flow <sup>(6)</sup>	-5.4	3.9	-0.1	-4.5
Pay-out (%)	0.0	19.2	46.1	51.1
DPS (EUR)	0.00	0.02	0.02	0.02
Net financial debt	34.1	30.6	31.1	36.0
ND/Rec. EBITDA (x)	n.a.	17.0	15.7	18.9
ROE (%)	n.a.	2.6	1.1	0.9
ROCE (%) <sup>(6)</sup>	n.a.	1.4	1.6	1.5

### ...ALLOWING THE ANNOUNCEMENT OF THE PURCHASE OF TWO NEW PLOTS OF LAND IN VALENCIA THAT CONFIRMS THE BEGINNING OF A NEW GROWTH PHASE.

LIB has acquired and paid a deposit on two new plots of land in the city of Valencia (to add to the existing 11,000m<sup>2</sup> land bank), that, in our view, represents a very important turning point as it confirms the beginning of a new growth phase for the property business (the title deeds executed in 2021 have reduced the value of inventories to EUR 11.9Mn).

**TRADING AT 0.5X P/BV.** The equity value (crucial for a company like LIB) is EUR 97.3Mn (favoured by the performance of the equity portfolio, that closed 3Q with a cumulative return of 12.7%; vs 9% for the IBEX 35 and 14% for the Stoxx 600). The equity story remains intact: LIB is a highly diversified group (due to a combination of three businesses with a significant weighting in terms of equity value) for which “the return” of its development business points to a step-up in size (and value) in the long term. Trading at c. 0.5x P/BV (vs c. 1x for the sector).

### Ratios & Multiples (x) <sup>(7)</sup>

P/E	n.a.	18.7	44.7	49.5
Ord. P/E	n.a.	53.8	44.7	49.5
P/BV	0.5	0.5	0.5	0.5
Dividend Yield (%)	0.0	1.0	1.0	1.0
EV/Sales	11.24	2.39	2.68	3.35
EV/Rec. EBITDA	n.a.	24.5	22.3	23.2
EV/EBIT	n.a.	27.6	24.9	25.9
FCF Yield (%) <sup>(6)</sup>	n.a.	9.3	n.a.	n.a.

### Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-2.0	-22.4	39.8	39.8	52.9	-10.3
vs Ibex 35	-3.1	-24.9	6.7	26.7	51.2	-8.3
vs Ibex Small Cap Index	-2.2	-19.9	12.0	38.2	21.2	-47.8
vs Eurostoxx 50	-2.9	-24.8	5.9	18.6	16.5	-34.1
vs Sector benchmark <sup>(5)</sup>	-4.3	-22.6	10.6	23.6	33.5	-22.3

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.2Mn higher due to IFRS 16.

(5) Sector: Stoxx Europe 600 Real Estate.

(6) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(7) Multiples and ratios calculated over prices at the date of this report.

(\*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

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## 9m Results 2021

**Table 1. 9m21 Results**

EUR Mn	9m21 Real	9m20	9m21 Real vs 9m20	2021e	2021e vs 2020
<b>Total Revenues</b>	<b>15.0</b>	<b>2.2</b>	<b>n.a.</b>	<b>18.4</b>	<b>369.9%</b>
<b>EBITDA</b>	<b>2.9</b>	<b>-1.6</b>	<b>277.1%</b>	<b>1.8</b>	<b>268.7%</b>
<i>EBITDA/Revenues</i>	<i>19.3%</i>	<i>-73.1%</i>	<i>92.4 p.p.</i>	<i>9.8%</i>	<i>36.9 p.p.</i>
<b>EBIT</b>	<b>2.7</b>	<b>-1.9</b>	<b>244.1%</b>	<b>1.6</b>	<b>226.1%</b>
<b>NP</b>	<b>1.8</b>	<b>-2.2</b>	<b>179.9%</b>	<b>2.3</b>	<b>163.3%</b>
<b>Ordinary NP<sup>1</sup></b>	<b>0.0</b>	<b>-1.3</b>	<b>98.8%</b>	<b>0.8</b>	<b>122.6%</b>
Net Debt	30.9	36.4	-15.0%	30.6	-10%
Book value	97.3	87.9	10.7%		
Investment Portfolio <sup>2</sup>	53.1	46.1	15.2%		
Product for sale	4.0	11.2	-64.3%		

Note 1: Ordinary Net profit adjusted to strip out the extraordinary impact of: (i) the adjustment made to record the Adolfo Domínguez (ADZ) shareholding at market value now it is no longer an associate (EUR 0.8Mn) and (ii) the restatement of the property investments (EUR 0.9Mn). Total impact in 1H21 EUR 1.7Mn.

Note 2: Investment portfolio at market value.

## Valuation inputs

### Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value <sup>(1)</sup>			
Free Cash Flow "To the Firm"	4.9	0.5	(3.9)	n.a.			
Market Cap	42.5	At the date of this report					
Net financial debt	30.9	Debt net of Cash (9m Results 2021)					
					Best Case	Worst Case	
Cost of Debt	1.6%	Net debt cost			1.4%	1.9%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	1.3%	Kd = Cost of Net Debt * (1-T)			1.1%	1.5%	
Risk free rate (rf)	0.5%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%	
Beta (B)	1.2	B (own estimate)			1.1	1.3	
Cost of Equity	11.3%	Ke = Rf + (R * B)			9.9%	12.9%	
Equity / (Equity + Net Debt)	57.9%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	42.1%	D			=	=	
WACC	7.1%	WACC = Kd * D + Ke * E			6.2%	8.1%	
G "Fair"	2.0%				2.0%	1.5%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

### Inputs for the Multiples Valuation Approach

Company	Ticker	Mkt. Cap	P/E 21e	EPS 21e-23e	EV/EBITDA 21e	EBITDA 21e-23e	EV/Sales 21e	Revenues 21e-23e	EBITDA/Sales 21e	FCF Yield 21e	FCF 21e-23e
Metrovacesa	MVC-ES	1,075.4	58.4	60.4%	29.3	35.5%	2.8	19.8%	9.4%	5.4%	85.4%
Aedas Homes	AEDAS-ES	1,116.3	11.2	19.2%	9.2	17.1%	1.8	15.7%	19.2%	n.a.	n.a.
Neinor Homes	HOME-ES	871.9	8.2	-1.3%	6.1	-0.5%	1.0	-3.5%	17.3%	n.a.	55.1%
Insur	ISUR-ES	151.2	15.6	24.0%	15.0	11.8%	3.0	4.9%	20.0%	n.a.	87.1%
<b>Real estate</b>			<b>23.3</b>	<b>25.6%</b>	<b>14.9</b>	<b>16.0%</b>	<b>2.1</b>	<b>9.2%</b>	<b>16.5%</b>	<b>5.4%</b>	<b>75.9%</b>
Playa Hotels & Resorts	PLYA-US	1,183.0	n.a.	61.2%	29.3	63.6%	4.5	20.3%	15.2%	6.7%	-8.8%
PPHE Hotel Group	PPH-GB	679.1	n.a.	53.6%	n.a.	n.a.	8.1	52.8%	7.8%	n.a.	51.2%
Pierre et Vacances	VAC-FR	96.1	n.a.	n.a.	n.a.	n.a.	3.8	24.6%	n.a.	n.a.	n.a.
<b>Tourism</b>			<b>n.a.</b>	<b>57.4%</b>	<b>29.3</b>	<b>63.6%</b>	<b>5.5</b>	<b>32.6%</b>	<b>11.5%</b>	<b>6.7%</b>	<b>21.2%</b>
LIB	LIB-ES	42.5	18.7	-38.6%	24.5	2.9%	2.4	-15.5%	9.8%	9.3%	-77.2%

### Free Cash Flow sensitivity analysis (2022e)

#### A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 22e	EBITDA 22e	EV/EBITDA 22e
Max	13.2%	2.2	20.3x
Central	12.0%	2.0	22.3x
Min	10.8%	1.8	24.8x

#### B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 22e			Scenario	Rec. FCF/Yield 22e		
EBITDA 22e	1.8%	2.0%	2.2%		Max	Central	Min
2.2	0.2	0.1	0.1	Max	0.4%	0.3%	0.3%
2.0	(0.0)	(0.1)	(0.1)	Central	n.a.	n.a.	n.a.
1.8	(0.2)	(0.3)	(0.3)	Min	n.a.	n.a.	n.a.

## Appendix 1. Financial Projections<sup>(1)</sup>

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
Intangible assets	0.1	0.1	0.1	2.0	2.2	2.2	2.2	2.2		
Fixed assets	26.0	34.1	36.3	38.6	38.0	39.3	39.6	39.8		
Other Non Current Assets	34.8	34.4	35.4	35.3	36.8	36.8	36.8	36.8		
Financial Investments	65.2	60.8	52.5	53.6	43.3	44.3	44.4	44.5		
Goodwill & Other Intangibles	5.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6		
Current assets	12.8	13.6	15.4	16.7	22.0	17.1	18.4	23.1		
<b>Total assets</b>	<b>144.4</b>	<b>143.5</b>	<b>140.2</b>	<b>146.7</b>	<b>143.0</b>	<b>140.2</b>	<b>141.9</b>	<b>146.9</b>		
Equity	95.7	96.4	91.9	96.1	87.9	89.7	90.2	90.6		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	9.3	11.0	11.7	13.4	13.4	13.4	13.4	13.4		
Other Non Current Liabilities	-	-	-	2.1	2.2	2.2	2.2	2.2		
Net financial debt	37.8	35.1	34.5	31.3	34.1	30.6	31.1	36.0		
Current Liabilities	1.7	1.1	2.1	3.8	5.4	4.3	5.0	4.7		
<b>Equity &amp; Total Liabilities</b>	<b>144.4</b>	<b>143.5</b>	<b>140.2</b>	<b>146.7</b>	<b>143.0</b>	<b>140.2</b>	<b>141.9</b>	<b>146.9</b>		
P&L (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
<b>Total Revenues</b>	<b>9.1</b>	<b>7.9</b>	<b>5.0</b>	<b>5.6</b>	<b>3.9</b>	<b>18.4</b>	<b>16.5</b>	<b>13.1</b>	<b>-19.0%</b>	<b>49.7%</b>
<i>Total Revenues growth</i>	11.2%	-13.1%	-37.1%	11.4%	-29.4%	369.9%	-10.6%	-20.2%		
COGS	(1.9)	(0.8)	(1.1)	(1.4)	(1.4)	(12.6)	(10.3)	(7.0)		
<b>Gross Margin</b>	<b>7.3</b>	<b>7.2</b>	<b>3.9</b>	<b>4.2</b>	<b>2.5</b>	<b>5.9</b>	<b>6.1</b>	<b>6.1</b>	<b>-23.1%</b>	<b>34.1%</b>
<i>Gross Margin/Revenues</i>	79.5%	90.3%	77.4%	75.4%	64.7%	31.8%	37.2%	46.5%		
Personnel Expenses	(1.5)	(1.5)	(1.7)	(2.2)	(1.7)	(1.9)	(2.0)	(2.0)		
Other Operating Expenses	(0.7)	(1.6)	(2.3)	(2.4)	(1.5)	(2.1)	(2.2)	(2.2)		
<b>Recurrent EBITDA</b>	<b>5.1</b>	<b>4.0</b>	<b>(0.2)</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>1.8</b>	<b>2.0</b>	<b>1.9</b>	<b>-20.9%</b>	<b>67.9%</b>
<i>Recurrent EBITDA growth</i>	76.3%	-20.3%	-104.1%	-128.5%	-83.0%	358.3%	9.8%	-3.6%		
<i>Rec. EBITDA/Revenues</i>	55.6%	51.0%	n.a.	n.a.	n.a.	9.8%	12.0%	14.5%		
Restructuring Expense & Other non-rec.	(0.5)	(0.7)	0.2	0.0	(0.4)	-	-	-		
<b>EBITDA</b>	<b>4.6</b>	<b>3.3</b>	<b>(0.0)</b>	<b>(0.4)</b>	<b>(1.1)</b>	<b>1.8</b>	<b>2.0</b>	<b>1.9</b>	<b>-22.2%</b>	<b>55.9%</b>
Depreciation & Provisions	2.5	0.5	(0.0)	0.1	(0.0)	(0.0)	(0.0)	(0.0)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
<b>EBIT</b>	<b>7.1</b>	<b>3.8</b>	<b>(0.0)</b>	<b>(0.5)</b>	<b>(1.3)</b>	<b>1.6</b>	<b>1.8</b>	<b>1.7</b>	<b>-21.5%</b>	<b>49.5%</b>
<i>EBIT growth</i>	n.a.	-46.3%	-100.4%	n.a.	-163.9%	226.1%	11.0%	-4.0%		
<i>EBIT/Revenues</i>	77.2%	47.7%	n.a.	n.a.	n.a.	8.7%	10.8%	12.9%		
Impact of Goodwill & Others	-	-	3.3	2.5	(0.1)	-	-	-		
Net Financial Result	(2.1)	(0.7)	(0.6)	(0.6)	(0.9)	(0.7)	(0.7)	(0.7)		
Income by the Equity Method	(0.7)	(1.6)	(1.7)	0.1	(1.7)	0.1	0.1	0.1		
<b>Ordinary Profit</b>	<b>4.3</b>	<b>1.5</b>	<b>1.0</b>	<b>1.5</b>	<b>(3.9)</b>	<b>1.0</b>	<b>1.2</b>	<b>1.1</b>	<b>-30.6%</b>	<b>31.6%</b>
<i>Ordinary Profit Growth</i>	142.7%	-65.8%	-31.3%	48.7%	-360.3%	125.5%	20.3%	-9.7%		
Extraordinary Results	-	-	-	-	-	1.9	-	-		
<b>Profit Before Tax</b>	<b>4.3</b>	<b>1.5</b>	<b>1.0</b>	<b>1.5</b>	<b>(3.9)</b>	<b>2.8</b>	<b>1.2</b>	<b>1.1</b>	<b>-30.6%</b>	<b>31.6%</b>
Tax Expense	(3.3)	(1.0)	(0.9)	(0.4)	0.3	(0.6)	(0.2)	(0.2)		
<i>Effective Tax Rate</i>	78.3%	65.7%	86.2%	28.8%	n.a.	20.0%	20.0%	20.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>0.9</b>	<b>0.5</b>	<b>0.1</b>	<b>1.1</b>	<b>(3.6)</b>	<b>2.3</b>	<b>1.0</b>	<b>0.9</b>	<b>-55.9%</b>	<b>30.8%</b>
<i>Net Profit growth</i>	-20.7%	-46.0%	-72.5%	669.2%	-440.8%	163.3%	-58.3%	-9.7%		
<b>Ordinary Net Profit</b>	<b>3.3</b>	<b>1.5</b>	<b>0.6</b>	<b>1.1</b>	<b>(3.5)</b>	<b>0.8</b>	<b>1.0</b>	<b>0.9</b>	<b>-32.2%</b>	<b>30.9%</b>
<i>Ordinary Net Profit growth</i>	292.5%	-54.2%	-61.3%	79.4%	-431.8%	122.6%	20.3%	-9.7%		
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
<b>Recurrent EBITDA</b>						<b>1.8</b>	<b>2.0</b>	<b>1.9</b>	<b>-20.9%</b>	<b>67.9%</b>
Rentals (IFRS 16 impact)						(0.2)	(0.2)	(0.2)		
Working Capital Increase						3.8	(0.6)	(5.0)		
<b>Recurrent Operating Cash Flow</b>						<b>5.5</b>	<b>1.2</b>	<b>-3.3</b>	<b>-27.0%</b>	<b>10.6%</b>
CAPEX						(0.3)	(0.3)	(0.3)		
Net Financial Result affecting the Cash Flow						(0.7)	(0.7)	(0.7)		
Tax Expense						(0.6)	(0.2)	(0.2)		
<b>Recurrent Free Cash Flow</b>						<b>3.9</b>	<b>(0.1)</b>	<b>(4.5)</b>	<b>-47.5%</b>	<b>6.0%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>3.9</b>	<b>(0.1)</b>	<b>(4.5)</b>	<b>-37.7%</b>	<b>-4.5%</b>
Capital Increase						-	-	-		
Dividends						(0.4)	(0.4)	(0.4)		
<b>Net Debt Variation</b>						<b>(3.5)</b>	<b>0.5</b>	<b>4.9</b>		

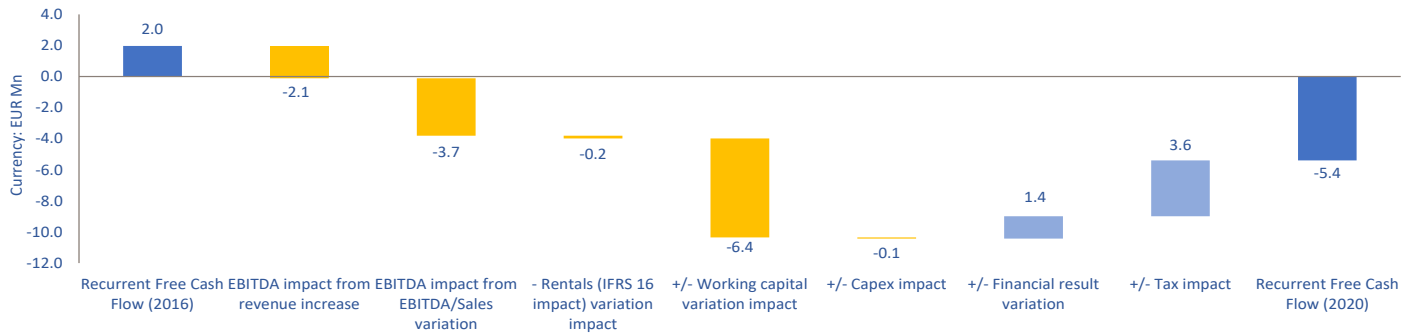
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.2Mn higher due to IFRS 16.

## Appendix 2. Free Cash Flow<sup>(1)</sup>

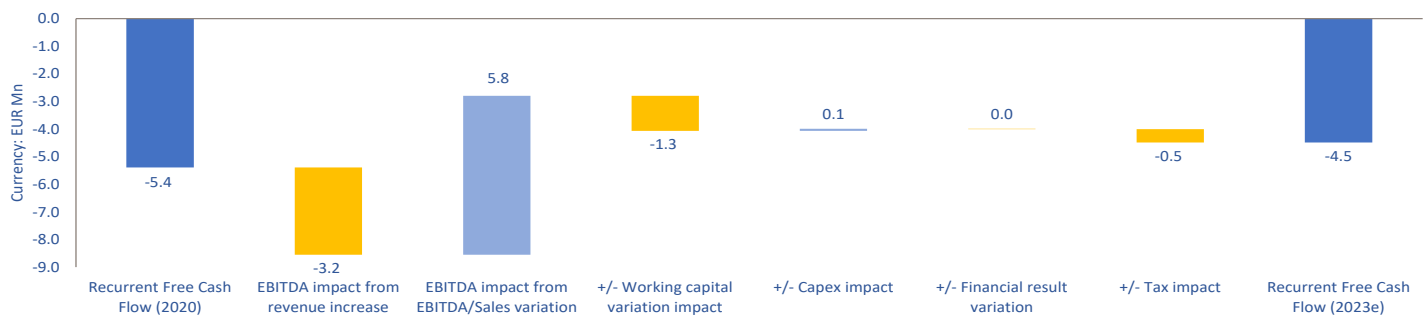
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
<b>Recurrent EBITDA</b>	<b>4.0</b>	<b>(0.2)</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>1.8</b>	<b>2.0</b>	<b>1.9</b>	<b>-29.5%</b>	<b>67.9%</b>
<i>Recurrent EBITDA growth</i>	-20.3%	-104.1%	-128.5%	-83.0%	358.3%	9.8%	-3.6%		
<i>Rec. EBITDA/Revenues</i>	51.0%	n.a.	n.a.	n.a.	9.8%	12.0%	14.5%		
- Rentals (IFRS 16 impact)	-	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(1.4)	(0.7)	0.5	(3.7)	3.8	(0.6)	(5.0)		
<b>= Recurrent Operating Cash Flow</b>	<b>2.6</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>(4.6)</b>	<b>5.5</b>	<b>1.2</b>	<b>(3.3)</b>	<b>-55.6%</b>	<b>10.6%</b>
<i>Rec. Operating Cash Flow growth</i>	-66.0%	-134.6%	88.5%	n.a.	218.1%	-78.6%	-382.0%		
<i>Rec. Operating Cash Flow / Sales</i>	33.0%	n.a.	n.a.	n.a.	29.7%	7.1%	n.a.		
- CAPEX	(0.2)	(0.2)	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)		
- Net Financial Result affecting Cash Flow	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)		
- Taxes	(1.0)	(0.9)	(0.4)	0.3	(0.6)	(0.2)	(0.2)		
<b>= Recurrent Free Cash Flow</b>	<b>0.8</b>	<b>(2.7)</b>	<b>(1.3)</b>	<b>(5.4)</b>	<b>3.9</b>	<b>(0.1)</b>	<b>(4.5)</b>	<b>n.a.</b>	<b>6.0%</b>
<i>Rec. Free Cash Flow growth</i>	-61.6%	-452.6%	52.5%	-324.7%	173.0%	-101.4%	n.a.		
<i>Rec. Free Cash Flow / Revenues</i>	9.6%	n.a.	n.a.	n.a.	21.3%	n.a.	n.a.		
- Restructuring expenses & others	0.7	(0.2)	(0.0)	0.4	-	-	-		
- Acquisitions / + Divestments	-	3.5	3.6	1.1	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow</b>	<b>1.5</b>	<b>0.6</b>	<b>2.3</b>	<b>(3.9)</b>	<b>3.9</b>	<b>(0.1)</b>	<b>(4.5)</b>	<b>-67.0%</b>	<b>-4.5%</b>
<i>Free Cash Flow growth</i>	-39.9%	-57.9%	279.0%	-267.0%	200.2%	-101.4%	n.a.		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	1.8%	n.a.	n.a.	n.a.	9.3%	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	3.5%	1.5%	5.5%	n.a.	9.3%	n.a.	n.a.		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
<b>Recurrent FCF(FY - 1)</b>	<b>2.0</b>	<b>0.8</b>	<b>(2.7)</b>	<b>(1.3)</b>	<b>(5.4)</b>	<b>3.9</b>	<b>(0.1)</b>		
EBITDA impact from revenue increase	(0.7)	(1.5)	(0.0)	0.1	(2.6)	(0.2)	(0.4)		
EBITDA impact from EBITDA/Sales variation	(0.4)	(2.7)	(0.2)	(0.4)	5.1	0.4	0.3		
<b>= Recurrent EBITDA variation</b>	<b>(1.0)</b>	<b>(4.2)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>2.5</b>	<b>0.2</b>	<b>(0.1)</b>		
- Rentals (IFRS 16 impact) variation impact	-	-	(0.2)	-	-	-	-		
+/- Working capital variation impact	(4.1)	0.7	1.2	(4.2)	7.6	(4.5)	(4.4)		
<b>= Recurrent Operating Cash Flow variation</b>	<b>(5.1)</b>	<b>(3.5)</b>	<b>0.8</b>	<b>(4.5)</b>	<b>10.1</b>	<b>(4.3)</b>	<b>(4.5)</b>		
+/- CAPEX impact	0.0	(0.0)	0.2	(0.3)	0.1	(0.1)	0.1		
+/- Financial result variation	1.4	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)		
+/- Tax impact	2.4	0.1	0.4	0.7	(0.8)	0.3	0.0		
<b>= Recurrent Free Cash Flow variation</b>	<b>(1.2)</b>	<b>(3.4)</b>	<b>1.4</b>	<b>(4.1)</b>	<b>9.3</b>	<b>(4.0)</b>	<b>(4.4)</b>		
<b>Recurrent Free Cash Flow</b>	<b>0.8</b>	<b>(2.7)</b>	<b>(1.3)</b>	<b>(5.4)</b>	<b>3.9</b>	<b>(0.1)</b>	<b>(4.5)</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
<b>EBIT</b>	<b>3.8</b>	<b>(0.0)</b>	<b>(0.5)</b>	<b>(1.3)</b>	<b>1.6</b>	<b>1.8</b>	<b>1.7</b>	<b>-32.7%</b>	<b>49.5%</b>
* <i>Theoretical Tax rate</i>	30.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(1.1)	-	-	-	(0.3)	(0.4)	(0.3)		
<b>Recurrent EBITDA</b>	<b>4.0</b>	<b>(0.2)</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>1.8</b>	<b>2.0</b>	<b>1.9</b>	<b>-29.5%</b>	<b>67.9%</b>
- Rentals (IFRS 16 impact)	-	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
+/- Working Capital increase	(1.4)	(0.7)	0.5	(3.7)	3.8	(0.6)	(5.0)		
<b>= Recurrent Operating Cash Flow</b>	<b>2.6</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>(4.6)</b>	<b>5.5</b>	<b>1.2</b>	<b>(3.3)</b>	<b>-55.6%</b>	<b>10.6%</b>
- CAPEX	(0.2)	(0.2)	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)		
- Taxes (pre- Financial Result)	(1.1)	-	-	-	(0.3)	(0.4)	(0.3)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>1.3</b>	<b>(1.1)</b>	<b>(0.2)</b>	<b>(5.0)</b>	<b>4.9</b>	<b>0.5</b>	<b>(3.9)</b>	<b>-81.1%</b>	<b>7.7%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-76.3%	-191.0%	84.8%	n.a.	198.0%	-90.0%	-902.5%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	15.9%	n.a.	n.a.	n.a.	26.4%	3.0%	n.a.		
- Acquisitions / + Divestments	-	3.5	3.6	1.1	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>1.3</b>	<b>2.3</b>	<b>3.4</b>	<b>(3.9)</b>	<b>4.9</b>	<b>0.5</b>	<b>(3.9)</b>	<b>-71.8%</b>	<b>-0.3%</b>
<i>Free Cash Flow (To the Firm) growth</i>	-76.3%	83.0%	49.5%	-212.3%	225.7%	-90.0%	-902.5%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	2.9%	n.a.	n.a.	n.a.	11.0%	1.1%	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	2.9%	5.2%	7.8%	n.a.	11.0%	1.1%	n.a.		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.2Mn higher due to IFRS 16.

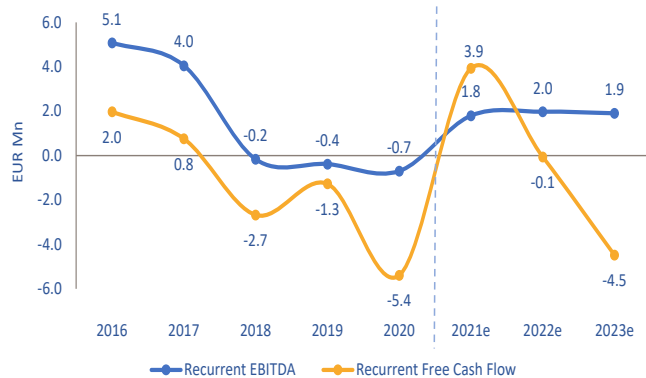
**Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)**



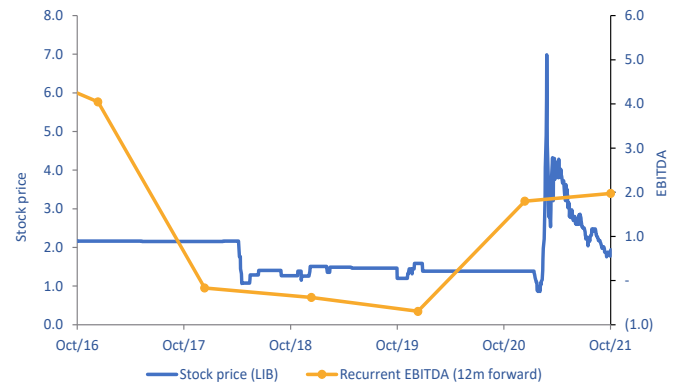
**Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)**



**Recurrent EBITDA vs Recurrent Free Cash Flow**



**Stock performance vs EBITDA 12m forward**



**Appendix 3. EV breakdown at the date of this report**

	EUR Mn	Source
Market Cap	42.5	
+ Minority Interests	-	9m Results 2021
+ Provisions & Other L/T Liabilities	-	9m Results 2021
+ Net financial debt	30.9	9m Results 2021
- Financial Investments	4.4	9m Results 2021
+/- Others <sup>(1)</sup>	(24.9)	9m Results 2021
<b>Enterprise Value (EV)</b>	<b>44.1</b>	

(1) Related to: (i) deferred tax assets and liabilities amounting to EUR 36.7Mn and EUR 13.3Mn, respectively (the net amounts to EUR 23.0Mn) and (ii) the market value of treasury stock (EUR 1.9Mn)



## Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
															10-20	20-23e
<b>Total Revenues</b>	<b>20.8</b>	<b>16.2</b>	<b>48.5</b>	<b>12.5</b>	<b>17.0</b>	<b>8.2</b>	<b>9.1</b>	<b>7.9</b>	<b>5.0</b>	<b>5.6</b>	<b>3.9</b>	<b>18.4</b>	<b>16.5</b>	<b>13.1</b>	<b>-15.3%</b>	<b>49.7%</b>
<b>Total Revenues growth</b>	<b>36.8%</b>	<b>-21.8%</b>	<b>199.1%</b>	<b>-74.2%</b>	<b>36.3%</b>	<b>-51.9%</b>	<b>11.2%</b>	<b>-13.1%</b>	<b>-37.1%</b>	<b>11.4%</b>	<b>-29.4%</b>	<b>369.9%</b>	<b>-10.6%</b>	<b>-20.2%</b>		
<b>EBITDA</b>	<b>2.4</b>	<b>0.8</b>	<b>(31.6)</b>	<b>(5.7)</b>	<b>9.6</b>	<b>3.4</b>	<b>4.6</b>	<b>3.3</b>	<b>(0.0)</b>	<b>(0.4)</b>	<b>(1.1)</b>	<b>1.8</b>	<b>2.0</b>	<b>1.9</b>	<b>-9.3%</b>	<b>55.9%</b>
<b>EBITDA growth</b>	<b>779.9%</b>	<b>-68.0%</b>	<i>n.a.</i>	<b>82.1%</b>	<b>268.9%</b>	<b>-64.2%</b>	<b>34.2%</b>	<b>-27.6%</b>	<b>-100.2%</b>	<i>n.a.</i>	<b>-182.9%</b>	<b>268.7%</b>	<b>9.8%</b>	<b>-3.6%</b>		
<b>EBITDA/Sales</b>	<b>11.8%</b>	<b>4.8%</b>	<i>n.a.</i>	<i>n.a.</i>	<b>56.1%</b>	<b>41.8%</b>	<b>50.4%</b>	<b>42.0%</b>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<b>9.8%</b>	<b>12.0%</b>	<b>14.5%</b>	
<b>Net Profit</b>	<b>0.2</b>	<b>(77.8)</b>	<b>(29.5)</b>	<b>(48.5)</b>	<b>0.7</b>	<b>1.2</b>	<b>0.9</b>	<b>0.5</b>	<b>0.1</b>	<b>1.1</b>	<b>(3.6)</b>	<b>2.3</b>	<b>1.0</b>	<b>0.9</b>	<b>-35.3%</b>	<b>30.8%</b>
<b>Net Profit growth</b>	<b>-97.4%</b>	<i>n.a.</i>	<b>62.1%</b>	<b>-64.1%</b>	<b>101.4%</b>	<b>68.2%</b>	<b>-20.7%</b>	<b>-46.0%</b>	<b>-72.5%</b>	<b>669.2%</b>	<b>-440.8%</b>	<b>163.3%</b>	<b>-58.3%</b>	<b>-9.7%</b>		
<b>Adjusted number shares (Mn)</b>	<b>20.9</b>	<b>20.9</b>	<b>20.9</b>	<b>20.9</b>	<b>21.1</b>	<b>21.1</b>	<b>21.1</b>	<b>21.1</b>	<b>21.1</b>	<b>21.1</b>	<b>21.1</b>	<b>21.9</b>	<b>21.9</b>	<b>21.9</b>		
<b>EPS (EUR)</b>	<b>0.01</b>	<b>-3.73</b>	<b>-1.41</b>	<b>-2.32</b>	<b>0.03</b>	<b>0.06</b>	<b>0.04</b>	<b>0.02</b>	<b>0.01</b>	<b>0.05</b>	<b>-0.17</b>	<b>0.10</b>	<b>0.04</b>	<b>0.04</b>	<b>-35.1%</b>	<b>30.6%</b>
<b>EPS growth</b>	<b>-97.4%</b>	<i>n.a.</i>	<b>62.0%</b>	<b>-64.2%</b>	<i>n.a.</i>	<b>68.3%</b>	<b>-20.7%</b>	<b>-46.0%</b>	<b>-72.5%</b>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<b>-58.3%</b>	<b>-9.7%</b>		
<b>Ord. EPS (EUR)</b>	<b>0.01</b>	<b>-3.73</b>	<b>-1.41</b>	<b>-2.33</b>	<b>0.03</b>	<b>0.04</b>	<b>0.16</b>	<b>0.07</b>	<b>0.03</b>	<b>0.05</b>	<b>-0.17</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>-34.8%</b>	<b>30.8%</b>
<b>Ord. EPS growth</b>	<b>-97.4%</b>	<i>n.a.</i>	<b>62.0%</b>	<b>-64.7%</b>	<i>n.a.</i>	<b>19.0%</b>	<i>n.a.</i>	<b>-54.2%</b>	<b>-61.4%</b>	<b>79.3%</b>	<i>n.a.</i>	<i>n.a.</i>	<b>20.3%</b>	<b>-9.7%</b>		
<b>CAPEX</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>		
<b>CAPEX/Sales %</b>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<b>2.9%</b>	<b>2.8%</b>	<b>4.8%</b>	<b>1.3%</b>	<b>8.7%</b>	<b>1.5%</b>	<b>2.0%</b>	<b>2.0%</b>		
<b>Free Cash Flow</b>	<b>(5.3)</b>	<b>(11.4)</b>	<b>47.0</b>	<b>10.3</b>	<b>17.8</b>	<b>3.9</b>	<b>2.5</b>	<b>1.5</b>	<b>0.6</b>	<b>2.3</b>	<b>(3.9)</b>	<b>3.9</b>	<b>(0.1)</b>	<b>(4.5)</b>	<b>2.9%</b>	<b>-4.5%</b>
<b>ND/EBITDA (x)<sup>(3)</sup></b>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<b>4.8x</b>	<b>11.9x</b>	<b>8.2x</b>	<b>10.5x</b>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<b>17.0x</b>	<b>15.7x</b>	<b>18.9x</b>		
<b>P/E (x)</b>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<b>70.3x</b>	<b>39.1x</b>	<b>49.3x</b>	<b>90.9x</b>	<i>n.a.</i>	<b>31.6x</b>	<i>n.a.</i>	<b>18.7x</b>	<b>44.7x</b>	<b>49.5x</b>		
<b>EV/Sales (x)</b>	<b>18.39x</b>	<b>13.71x</b>	<b>1.83x</b>	<b>1.79x</b>	<b>2.78x</b>	<b>7.87x</b>	<b>6.63x</b>	<b>7.53x</b>	<b>8.86x</b>	<b>8.02x</b>	<b>10.56x</b>	<b>2.39x</b>	<b>2.68x</b>	<b>3.35x</b>		
<b>EV/EBITDA (x)<sup>(3)</sup></b>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<b>5.0x</b>	<b>18.9x</b>	<b>13.2x</b>	<b>17.9x</b>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<b>24.5x</b>	<b>22.3x</b>	<b>23.2x</b>		
<b>Absolute performance</b>	<b>-10.2%</b>	<b>-60.0%</b>	<b>-46.3%</b>	<b>-64.9%</b>	<b>135.0%</b>	<b>-6.4%</b>	<b>0.0%</b>	<b>-0.5%</b>	<b>-30.0%</b>	<b>5.3%</b>	<b>-12.5%</b>	<b>39.8%</b>	<b>39.8%</b>	<b>39.8%</b>		
<b>Relative performance vs Ibxex 35</b>	<b>8.8%</b>	<b>-54.0%</b>	<b>-43.7%</b>	<b>-71.1%</b>	<b>126.7%</b>	<b>0.8%</b>	<b>2.1%</b>	<b>-7.3%</b>	<b>-17.7%</b>	<b>-5.9%</b>	<b>3.5%</b>	<b>26.7%</b>				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices.

The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 0.2Mn higher due to IFRS 16.

Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

## Appendix 5. Main peers 2021e

		Real estate					Tourism				LIB	
EUR Mn		Metrovacesa	Aedas Homes	Neinor Homes	Insur	Average	Playa Hotels & Resorts	PPHE Hotel Group	Pierre et Vacances	Average	LIB	
Market data	Ticker (Factset)	MVC-ES	AEDAS-ES	HOME-ES	ISUR-ES		PLYA-US	PPH-GB	VAC-FR		LIB-ES	
	Country	Spain	Spain	Spain	Spain		Netherlands	Netherlands	France		Spain	
	Market cap	1,075.4	1,116.3	871.9	151.2		1,183.0	679.1	96.1		42.5	
	Enterprise value (EV)	1,211.9	1,359.5	909.2	360.5		1,938.8	1,530.0	3,601.5		44.1	
Basic financial information	Total Revenues	440.1	766.4	868.0	120.0		435.7	189.2	937.2		18.4	
	Total Revenues growth	197.7%	14.1%	51.3%	35.2%	74.5%	85.7%	57.1%	-20.0%	41.0%	369.9%	
	2y CAGR (2021e - 2023e)	19.8%	15.7%	-3.5%	4.9%	9.2%	20.3%	52.8%	24.6%	32.6%	-15.5%	
	EBITDA	41.3	147.5	149.7	24.0		66.2	14.7	<i>n.a.</i>		1.8	
	EBITDA growth	131.5%	15.1%	46.9%	292.5%	121.5%	279.3%	136.4%	<i>n.a.</i>	207.8%	268.7%	
	2y CAGR (2021e - 2023e)	35.5%	17.1%	-0.5%	11.8%	16.0%	63.6%	<i>n.a.</i>	<i>n.a.</i>	63.6%	2.9%	
	EBITDA/Revenues	9.4%	19.2%	17.3%	20.0%	16.5%	15.2%	7.8%	<i>n.a.</i>	11.5%	9.8%	
	EBIT	35.0	145.7	146.9	21.0		(26.7)	(38.0)	<i>n.a.</i>		1.6	
	EBIT growth	126.6%	15.6%	50.2%	684.2%	219.1%	77.0%	57.4%	<i>n.a.</i>	67.2%	226.1%	
	2y CAGR (2021e - 2023e)	40.6%	17.2%	2.6%	13.4%	18.4%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	3.2%	
	EBIT/Revenues	7.9%	19.0%	16.9%	17.5%	15.3%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	8.7%	
	Net Profit	18.4	98.3	104.3	10.0		(83.0)	(72.7)	<i>n.a.</i>		2.3	
	Net Profit growth	111.2%	15.5%	48.8%	-52.6%	30.7%	63.2%	24.8%	<i>n.a.</i>	44.0%	163.3%	
2y CAGR (2021e - 2023e)	57.6%	19.1%	2.6%	22.5%	25.4%	58.7%	53.0%	<i>n.a.</i>	55.9%	-38.6%		
CAPEX/Sales %	16.4%	16.2%	12.5%	34.2%	19.8%	3.9%	44.4%	<i>n.a.</i>	24.1%	1.5%		
Free Cash Flow	57.5	(36.2)	(84.2)	(4.0)		79.7	(115.5)	<i>n.a.</i>		3.9		
Net financial debt	206.3	331.8	409.1	208.0		762.6	742.6	<i>n.a.</i>		30.6		
ND/EBITDA (x)	5.0	2.2	2.7	8.7	4.7	11.5	<i>n.a.</i>	<i>n.a.</i>	11.5	17.0		
Pay-out	476.1%	65.8%	43.5%	51.7%	159.3%	0.0%	0.0%	<i>n.a.</i>	0.0%	19.2%		
Multiples and Ratios	P/E (x)	58.4	11.2	8.2	15.6	23.3	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	18.7	
	P/BV (x)	0.5	1.0	0.9	1.2	0.9	2.2	2.2	<i>n.a.</i>	2.2	0.5	
	EV/Revenues (x)	2.8	1.8	1.0	3.0	2.1	4.5	8.1	3.8	5.5	2.4	
	EV/EBITDA (x)	29.3	9.2	6.1	15.0	14.9	29.3	<i>n.a.</i>	<i>n.a.</i>	29.3	24.5	
	EV/EBIT (x)	34.7	9.3	6.2	17.2	16.8	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	27.6	
	ROE	0.8	9.2	11.0	7.5	7.1	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2.6	
	FCF Yield (%)	5.4	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.4	6.7	<i>n.a.</i>	<i>n.a.</i>	6.7	9.3	
	DPS	0.58	1.45	0.61	0.28	0.73	0.00	0.00	0.00	0.00	0.02	
Dvd Yield	8.1%	6.1%	5.6%	3.5%	5.8%	0.0%	0.0%	0.0%	0.0%	1.0%		

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
25-Oct-2021	n.a.	1.94	n.a.	n.a.	9m Results 2021	David López Sánchez
02-Aug-2021	n.a.	2.26	n.a.	n.a.	6m Results 2021	David López Sánchez
07-Jul-2021	n.a.	2.60	n.a.	n.a.	Initiation of Coverage	David López Sánchez

