

PRESS RELEASE

LAR ESPAÑA profits surge 55% to EUR72.2 million between January and September

- Rental income rose 36% to EUR57.2 million y-o-y
- Shopping centre sales climbed 2.7% and topped the Spanish average of 2.1%, whilst footfall also outstripped the Spanish average, growing 3.1% versus 1.8%
- In Q3, the SOCIMI began construction works on the Palmas Altas and Vidanova Parc shopping centres, made headway in the sale of Lagasca99 and launched its asset rotation strategy with the sale of the Arturo Soria office building

Madrid, 15 November 2017 - LAR ESPAÑA REAL ESTATE SOCIMI S.A. (LRE), the listed real estate investment company, registered a net profit of EUR72.2 million from January to September 2017, equating to a 55% y-o-y increase.

The spike in revenues, largely thanks to improved asset management, has allowed the SOCIMI to continue improving its accounts, with rental income rising to EUR57.2 million to September, up 36% y-o-y.

José Luis del Valle, chairman of LAR ESPAÑA, underlined that the SOCIMI's "*great results*" are "*testament to the sound decisions made so far this year, both in terms of acquiring new properties and managing our portfolio*". "*We have also initiated our asset rotation strategy, with the sale of the Arturo Soria office property, while we continue to invest in strategic assets.*"

The increase in the properties occupancy rate, which reached 95.4%, almost 1pp up on June 2017's figure, is the direct result of this improved management. Another example of this asset management policy is the rising sales and footfall at LAR ESPAÑA's shopping centres, which account for 73% of its portfolio. In the first nine months of the year, sales reached EUR452 million, up 2.7% y-o-y and almost doubling the average growth in Spain (2.1%).

Meanwhile, footfall at the shopping centres climbed 3.1% and approached the 42 million mark, topping the national average (1.8%); and with September's footfall alone rising 6%, this bodes well for the end of the period. A total of 75 transactions were completed to September, including renovations, relettings and new tenants; this equates to 6% of the total area of LAR ESPAÑA's shopping centres.

In Q3, construction works began on the Palmas Altas shopping centre in Seville, which will open its doors in 2019 and is already 56% pre-let; financing was secured for construction works on the Vidanova Parc shopping centre in Alicante, which is due to be completed in 2018 and has already been 88% pre-let. The construction and sale of Lagasca99 is also going well: 70% of the flats have already been sold, exceeding expectations.

LAR ESPAÑA also launched its asset rotation strategy with the sale of the Arturo Soria office building for EUR32.5 million, with a 35% value uplift on the purchase price, and 100% occupancy, higher than the 80% it had when it was acquired in 2014. This revenue will allow the SOCIMI to invest in strategic assets in line with its business plan.

LAR ESPAÑA also made headway in securing better financing terms and conditions. At the end of September, its debt stood at EUR577.3 million, with an LTV ratio of 37% and an average cost of debt of 2.19%, down 41 basis points on the cost at H1 2015.

LAR ESPAÑA REAL ESTATE currently owns 31 real estate assets valued a EUR1,429 million, of which; EUR1,043 million relate to shopping centres located in Madrid, Toledo, The Balearic Islands, La Rioja, Vigo, Valencia, Seville, Alicante, Cantabria, Lugo, León, Vizcaya, Navarre, Guipúzcoa, Palencia, Albacete and Barcelona; EUR157 million to three office buildings; EUR86 million to four logistics properties; and EUR143 million to four developments under construction.

About Lar España Real Estate SOCIMI S.A.

LAR ESPAÑA REAL ESTATE SOCIMI S.A. is a Spanish company that trades on the Spanish Stock Market, incorporated as a SOCIMI "*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliaria*" (Listed Corporation for Investment in the Real Estate Market).

The company, whose objective is to invest in the Spanish real estate sector, particularly in the retail sector, raised EUR 400million in initial capital from its IPO and in January 2015 completed the first bond issue carried out by a SOCIMI in Spain for EUR140 million. In August 2015 it successfully completed a EUR135 million share capital increase, and another EUR147 million one in August 2016.

In 2015, LAR ESPAÑA was included on the FTSA EPRA/NAREIT Global index, a select global index designed to showcase the general trends of listed real estate companies around the world. In 2017, it achieved the EPRA Gold Award for the third consecutive year in recognition of the quality of information provided by LAR ESPAÑA. In 2017, it also received the Silver Award and the Most Improved Award for Sustainability in recognition of the improvements made in terms of the information published concerning Corporate Social Responsibility.

The company is managed by a highly-experienced independent Board of Directors, which combines renowned Spanish and international professionals from the real estate and finance sectors. The management of LAR ESPAÑA has been solely mandated to GRUPO LAR based on a 5-year management contract.

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