

## PRESS RELEASE

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### LAR ESPAÑA renews its property portfolio management contract until 2021

- The new agreement with Grupo Lar includes a lower management fee and a reduction in the performance fee, which will be more closely linked to the company's share performance and will be capped
- The new contract, which is in line with the SOCIMI's business plan, will take effect on 1 January 2018, more than one year before its current contract expires

**Madrid, 19 February 2018.** LAR ESPAÑA REAL ESTATE SOCIMI S.A. (LRE), the listed real estate investment company, has announced today that the company's board of directors has unanimously approved the renewal of its property portfolio management contract with Grupo Lar until 2021. This new agreement further strengthens other improvements already introduced in recent months.

The new contract is fully aligned with LAR ESPAÑA's business plan, both in terms of its timeframe (2018-2021) and content. It only considers investment in retail properties and complies with the asset rotation policy implemented last year by LAR ESPAÑA, which resulted in the recent sale of two office buildings (Arturo Soria and Egeo) as part of an effort to focus on retail.

More specifically, the plan includes EUR470 million of divestments over the next two years, largely in offices, logistics assets, its only residential development (Lagasca99) and other non-strategic assets. It also includes new investments: EUR220 million in shopping centres and retail parks; EUR247 million in developments, especially retail; and EUR49 million in improving its property portfolio.

The new contract also includes several changes that will benefit the SOCIMI's shareholders. The performance fee will be partially linked to share performance, so it will not only be linked to the asset value uplift, but also to the SOCIMI's stock market performance, two key parameters for this type of real estate company.

The management fee will be reduced to 1% for amounts up to EUR one billion of net asset value (NAV) and to 0.75% above this threshold. The new contract will take effect on 1 January 2018, more than a year earlier than expected, meaning that the saving for shareholders has also been brought forward a year. The advisors are Lazard y Uría Menéndez on the side of LAR ESPAÑA, and JLL Corporate Finance and Garrigues on Grupo Lar's.

José Luis del Valle, chairman of LAR ESPAÑA, said he was “*extremely pleased*” with the agreement reached, as it “*represents a significant improvement for the SOCIMI’s shareholders, all one year before the existing contract expires and following the company’s ongoing work to make adjustments and value-add improvements*”. Del Valle also highlighted the “*excellent work that our manager has carried out in recent years, successfully identifying, acquiring and managing the property portfolio, and allowing the SOCIMI to achieve greater returns and create value for our shareholders*”. He finished by adding that LAR ESPAÑA’s properties had achieved 29% value uplift since their acquisition.

LAR ESPAÑA REAL ESTATE currently owns 32 properties valued at EUR1,536 million, of which; EUR1,179 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; EUR85 million to office buildings; EUR87 million to logistics properties; and EUR185 million to developments under construction.

#### ABOUT LAR ESPAÑA REAL ESTATE SOCIMI S.A.

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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 EUR400 million 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 one for EUR147 million in August 2016.

On 4 June 2015, LAR ESPAÑA REAL ESTATE SOCIMI 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. On 7 September 2016, the company was awarded the ‘Gold Award’ from the European Public Real Estate Association (EPRA) for the second year running, in recognition of the quality of the information provided by LAR ESPAÑA within the Index standards framework. The inclusion of LAR ESPAÑA REAL ESTATE on the index and the award received is a clear demonstration of the Company’s current positioning, which after carrying out the first listing of a SOCIMI on the Spanish Stock Exchange, has created a highly attractive real estate portfolio and continues to forge ahead with its ambitious acquisitions plan.

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.

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