

PRESS RELEASE

LAR ESPAÑA books profit of EUR136 million for 2017, up 48% y-o-y

- Shopping centres accounted for 85% of rental income, which climbed 29% y-o-y to EUR78 million
- Present in 11 regions, 21% of the SOCIMI's revenues came from the Basque Country, ahead of Galicia, which accounted for 19%, and Comunidad Valenciana, for 15%
- The company's shopping centres outperformed the national average, with visitor numbers growing 2.7% y-o-y to 57 million, and sales climbing 3.3% y-o-y to EUR636 million
- LAR ESPAÑA invested EUR47 million in 2017: EUR31.3 million in new developments and the rest in improvements, which included EUR11.4 million in retail properties and EUR4.5 million in offices

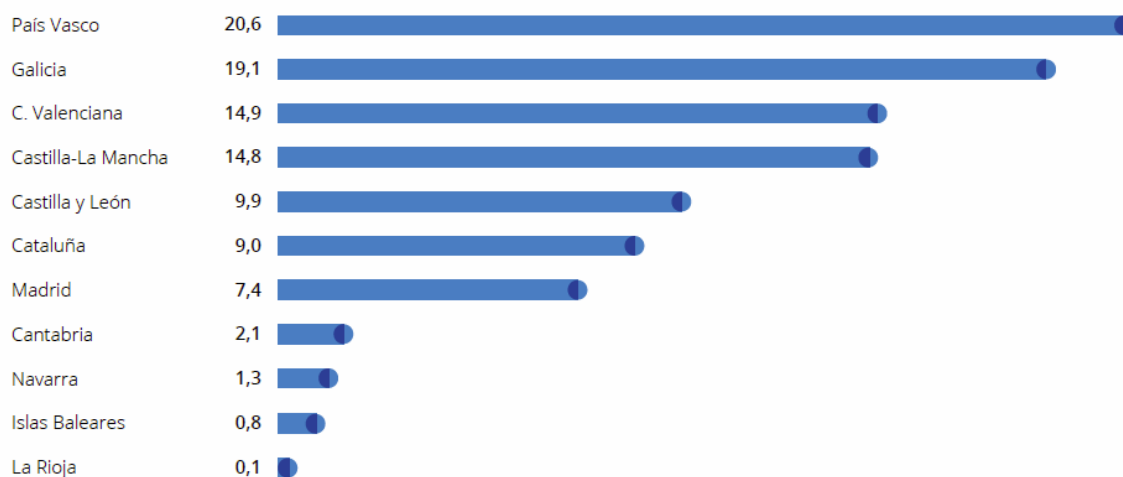
Madrid, 26 February 2018. LAR ESPAÑA REAL ESTATE SOCIMI S.A. (LRE), the listed real estate investment company, recorded a net profit of EUR135.6 million in 2017, up 48% on the EUR91.4 million registered in 2016.

Rental income drove this surge in profits, climbing 29% y-o-y to EUR77.6 million. Shopping centre revenue was particularly noteworthy, accounting for 85% of the total year-end figure, comfortably outstripping offices (8%) and logistics (7%). Moreover, rental income looks set to become even more predominantly retail over the next few years as LAR ESPAÑA implements its business plan and concentrates on both adding more retail properties to its portfolio and divesting its other less strategic assets.

The Basque Country tops the leader board in terms of rental income by autonomous region, accounting for 21% of the total (Megapark and Txingudi). It is closely followed by Galicia (Gran Vía de Vigo and As Termas, Lugo) with 19%, Comunidad Valenciana (Portal de la Marina and Vistahermosa, Alicante) with 15%, and Castilla-La Mancha (Albacenter and Parque Abadía, Toledo) with 15% - all these are retail assets -. LAR ESPAÑA currently owns property in eleven of Spain's autonomous regions.

One of the main drivers behind the SOCIMI's positive results was the stellar performance registered by its shopping centres, which are key to LAR ESPAÑA's strategy. In 2017, they received a total of 56.9 million visitors, up 2.7% on 2016 and topping the national y-o-y average (1.8%), whilst sales totalled EUR636.2 million, up 3.3% and also beating the national y-o-y average of 1.2%.

Rental income by autonomous region (%)



Asset management was also key in achieving this increase in shopping centre revenue, completing a total of 128 operations that involved renovations, replacements, relocations or re-lettings, and achieving a tenant rotation rate of 10% across the portfolio. The occupancy rate for LAR ESPAÑA's retail properties stands at 93.4%. Its office occupancy rate stands at 94.1%, whilst logistics has reached 100%, placing the overall average occupancy rate of LAR ESPAÑA's portfolio at 95.1%, up from 94.2% in 2016 and 93.6% in 2015.

Another factor making a key contribution to LAR ESPAÑA's revenue and subsequent net profit growth was the SOCIMI's portfolio investment, which rose to EUR47.5 million in 2017; EUR31.3 million was invested in the SOCIMI's developments, whilst the rest was spent on carrying out improvements to its shopping centres (EUR11.4 million) and offices (EUR4.5 million).

In terms of LAR ESPAÑA's financial performance, at YE 2017 its debt totalled EUR590.2 million, with an LTV of 35%, an average cost of 2.20% and an average maturity period of 5.3 years.

The higher level of profits achieved in 2017 will allow the company to increase its shareholder remuneration. In fact, LAR ESPAÑA has already announced that it will propose a dividend distribution of EUR45 million at its next General Shareholder Meeting. This will equate to EUR0.49 per share, up 48% on 2016, and a yield of 5%, which is one of the highest on the Spanish stock exchange. Lastly, LAR ESPAÑA's share price performance was very positive in 2017, achieving a 26.2% value uplift and comfortably outstripping the average IBEX growth rate of 6.6%.

José Luis del Valle, chairman of LAR ESPAÑA, highlighted the “*excellent*” results achieved by LAR ESPAÑA: “*Once again, the company has demonstrated that it is capable of continually - and significantly - improving its results. The successful implementation of our business plan and our faultless asset management has once again allowed us to deliver when it comes to the commitments made to our shareholders*”.



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.

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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