



NATIONAL SECURITIES MARKET COMMISSION

In compliance with the reporting requirements under article 227 of the Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Securities Market Act, Lar España Real Estate SOCIMI, S.A. (“**Lar España**” or the “**Company**”) hereby informs the National Securities Market Commission of the following

OTHER RELEVANT INFORMATION

Present situation

From the beginning of the health crisis, both Lar España and its exclusive manager Grupo Lar have expressed their support for the measures adopted by the authorities, as well as their willingness to cooperate with them. They have also stated their commitment to the safety of employees, retailers and clients, to reliable information and to responsible behaviour.

Following declaration of the state of alarm last March 14, the company proceeded to activate temporary interruption plans and to clear and facilitate transit zones to the retail stores that remain open, in order to ensure the best possible service for our users and convenient, fast and safe access to essential need products.

As a result, since March 16, nearly a quarter of the commercial area of Lar España's shopping centres and parks has remained open and continues to operate normally.

Structure and internal operation

Lar España, in coordination with Grupo Lar and its subsidiary Gentalia, has been applying the same action protocol and information system at all its shopping centres and parks, to face the various contingencies that the current situation has created.

The professionals of Lar España and Grupo Lar have organized their teams so as to minimize the possibility of contagion as much as possible. They began to work from home and systems were set up to cover any possible need for replacement and maintenance in all services. Physical presence in the different work centres (central offices and shopping centres) has been reduced to an essential minimum, tightening safety measures in these cases.



Management experience

The company benefits from a unique and differential business model in the Spanish real estate market, with a range of premium assets offering high added value, combined with recurrent profitability.

It is also supported by Grupo Lar's experience in real estate asset management. With more than 50 years of behind it, the group has successfully dealt with past crisis situations and has a highly expert management team recognized at all decision-making and management levels.

In parallel, the company maintains Corporate and Financial, Legal and Institutional Relations, as well as Investor Relations and Corporate Communication departments as critical functions, reporting directly to the Board of Directors.

Business model and operational situation

Lar España has pioneered retail specialisation in our country. Its centres have an occupation rate of 97%, technically almost equivalent to full occupation. By location and dominance in their respective areas of influence, their assets make the difference in each of their locations.

The company prioritizes profitability in managing and constantly upgrading its assets, as well as technological progress and its client portfolio as formulas for providing added value. Lar España owns, in the vast majority of cases, 100% of its assets, having total control over the decision-making process of each of them.

Its assets, together with 22 other retail food outlets, are clearly dominant in their areas of influence. They are generally located in geographical areas with a higher per capita income than the Spanish average, accounting for more than 600,000 square metres of commercial space. Asset quality and expert management have enabled Lar España to consistently outperform the market over the last 16 quarters, with very solid and recurrent operating results. Ebitda growth of 9% growth in 2019 and 45% in EPRA Earnings (*European Public Real Estate Association*) are solid proof of this.

Lar España has a solid, diversified and high-quality tenant base. It enjoys a strong and regular partnership with all of them, even more so in the current situation. The top 10 tenants make up 37% of rental income and almost 60% of contracts with operators have a term of more than five years.

Royal Decree-law 15-2020 of April 21st, published on April 22nd, established a mechanism to defer rents during the state of alarm and subsequent monthly payments, under certain conditions and for different commercial categories. This deferral should



in no case exceed four months, as a way of minimizing their operating costs, unless there has been a prior agreement between both sides.

In line with our commitment to our commercial partners, with whom we maintain excellent communication in relationships over the medium- and long-term, Lar España is listening to their different needs in this regard. At the same time, common operating costs have been adjusted to the maximum, representing very significant percentages.

Although the Royal Decree-Law establishes that certain rents would subsequently be received in instalments over the following two years, it is still too early to forecast the possible impact of this measure on rental income for the Group in 2020.

With government publication yesterday of the "Transition Plan to a New Normality" and its different phases, Lar España is fully prepared for the opening of the rest of the commercial area of its assets. If the indicative timetables and the conditions required in the Plan are met, the reopening will take place in phases from Monday 25 May.

Lar España is able to guarantee all health and hygiene safety measures, social distancing and communication with consumers, required by the situation and protocols established by the authorities.

In this regard, the significant modernization and asset upgrading in recent years has been a significant qualitative leap. The configuration of our portfolio of Shopping Centres and Parks as safe spaces has the added advantage of large areas that avoid crowding, ample retail outlets, best practices in environmental and accessibility matters, state-of-the-art technology and the most qualified technical and private security personnel.

We would like to underline that the company enjoys strong liquidity and self-sufficiency, with significant financial resilience. The company can responsibly assume this type of scenarios, with a satisfactory result of the stress plans applicable to the business model. In annual global terms, given the weight of our activity in Seville, Lagoh and other upgraded assets in 2019, there is substantial offsetting potential in rental terms, as these assets in 2019 operated only for a few months or at less than full capacity.

Debt and cash

Lar España enjoys substantial financial strength, with leverage at only 34% of asset value, average financing costs of 2.1%, of which 86% is fixed rate, and no significant maturities in the next two years. Its cash position is close to 200 million euros, after deducting dividend payment for 2019, distributed on April 16.

This strength in terms of cash resources equip the company to cover all its expenses, including financial costs, for the next four years.



Financial prudence and investment

The company has applied austerity to its ongoing activities, adapting expenditure to the new situation. A specific plan is being implemented to minimise outlays at shopping centres, while guaranteeing the operation of those retail outlets that remain open, as a result of which costs will be cut by 35%. Likewise, capex has been reduced to a minimum and decisions on projects in progress will be taken according to the moment when activity begins to normalise.

Commitment to profitability

Reflecting this financial strength and balance sheet self-sufficiency, Lar España decided at the March 17 General Shareholders Meeting to maintain the planned dividend payment schedule, following detailed liquidity analysis by the Board of Directors. We are aware that in times of uncertainty such as those we are experiencing, it is especially important to follow as far as possible the planning established before the outbreak of the health crisis.

The payment places the company for the third consecutive year among the leading Spanish listed companies in terms of direct shareholder remuneration. Similarly, we will maintain the share buyback programme currently being implemented for a total of 5% of share capital, for which approximately half has been completed. All repurchased shares will be redeemed at the end of the programme.

Commitment to transparency

Finally, the company wishes to state that, continuing its usual policy on financial communication, it will continue to inform the market of any significant event in this regard, in accordance with best practices, as well as the recommendations of the European Securities and Markets Authority (ESMA) and the Spanish National Securities Market Commission of March 11.

About Lar España Real Estate SOCIMI

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. is a company quoted in the Spanish Stock Exchanges, constituted as SOCIMI "Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario" in March 2014. The company has the objective of investing in the Spanish real estate sector, especially in the retail segment. At its IPO, it raised initial capital of 400 million euros and in January 2015 completed the first bond issue made by a SOCIMI in Spain for an amount of 140 million. Today, it is the leader in the Spanish retail market, with nearly 600,000 square meters of leased space and 1,552 million euros in asset value.



In 2015 LAR ESPAÑA was included in the FTSA EPRA/NAREIT Global index, a selective global index designed to represent general trends of real estate companies quoted around the world. Likewise, in 2018 it was included in the Ibex Top Dividend index. In September 2019, for the fifth consecutive year, Lar España was awarded the EPRA Gold Award for the quality of the financial information made available to its main stakeholders. With regard to the information published on Corporate Social Responsibility and Sustainability, Lar España has obtained the highest distinction from EPRA, winning the Gold Award for the second consecutive year.

For further information:

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