

## PRESS RELEASE

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### LAR ESPAÑA reports analysts and investors on the “significant” progress being made with its 2018-2021 Business Plan.

- The SOCIMI has already divested 47% of its target, amounting to a total of EUR522 million
- Investment in property development is in line with forecasts at EUR265 million: Vidanova Parc opened in September and Lagoh (Palmas Altas) is set to open in spring 2019
- At its next Annual General Shareholder Meeting, LAR ESPAÑA will propose a dividend payment equal to 5% of the NAV, as well as the payment of an extraordinary dividend for the divestment of Lagasca99

**Madrid, 9 October 2018.** LAR ESPAÑA REAL ESTATE SOCIMI S.A. (LRE), the listed real estate investment company, today informed analysts and investors of the progress being made with the 2018-2021 Business Plan launched at the end of last year. The announcement was made at the Investor Day organised by the SOCIMI, with senior management describing the progress as “significant”.

Divestments form a key action area in the plan – which is based on an asset rotation strategy that aims to focus the SOCIMI’s activity solely on shopping centres.

The Business Plan sets out EUR522 million of non-strategic asset divestments between 2018 and 2021, however, in the space of just one year 47% of this (EUR276 million) has already been achieved. This EUR522 million divestment target comprises EUR191 million in office sales – two properties have been sold already and the remaining three are in the process of being sold – EUR216 million corresponding to the SOCIMI’s logistics portfolio, which has now been completely sold off, and other non-strategic commercial properties. The remaining EUR115 million relates to the delivery of residential development Lagasca99, which is set to take place before the end of this year.

As proposed in the Business Plan, these divestments allow LAR ESPAÑA to invest in developing and acquiring new properties. More specifically, the plan set aside EUR265 million to be invested in property developments, including EUR66 million in property improvements. We would highlight the construction of Vidanova Parc retail park in Sagunto, which opened in September, and the retail and leisure complex Lagoh (Palmas Altas) in Seville, which is scheduled to open in Q2 2019.

LAR ESPAÑA’s Business Plan has also earmarked EUR250 million for the acquisition of new retail properties, such as Rivas Futura retail park in Madrid, and Parque Abadía retail arcade in Toledo.

LAR ESPAÑA’s flexible debt structure makes it easier to finance developments, purchases or investment in improvements. The SOCIMI’s net debt currently stands at EUR614 million, with an LTV ratio of 36% and an average cost of 2.19%.

LAR ESPAÑA also announced that it plans to propose a dividend payment equal to 5% of NAV at the 2019 Annual General Shareholder Meeting, in line with levels proposed in previous years. It also plans to make an extraordinary dividend payment in 2019 linked to the divestment of Lagasca99.

José Luis del Valle, Chairman of LAR ESPAÑA, was “*especially pleased*” with the progress being made in terms of the Business Plan, saying: “*in the space of just one year, we have already reached half of our divestment target and achieved strong value uplift; we have opened one of our developments, Vidanova Parc, and Lagoh will open in spring 2019 as planned; we have also acquired several retail properties, and are assessing other potential opportunities.*” “*This progress undoubtedly reaffirms our credibility and the confidence our investors have in us*”, he added.

Miguel Pereda, CEO of LAR ESPAÑA, said that “*the transactions carried out last year are allowing us to achieve what we set out to do, i.e. focus on retail properties, which now account for 80% of our entire portfolio, and which, thanks to good management, are now outperforming the average figure for Spain, both in terms of footfall and sales.*” Pereda added that “*once Lagoh opens, LAR ESPAÑA will become the biggest retail operator in Spain, with over 550,000 sqm of gross lettable area.*”

Those attending LAR ESPAÑA’s Investor Day, held at The Valley Digital Business School, were also given a first-hand look at the SOCIMI’s progress in terms of digital transformation, referred to as the TES Project (Technology, Engagement and Sustainability).

LAR ESPAÑA REAL ESTATE currently owns 18 properties valued at EUR1,401.5 million, of which; EUR1,136.5 million relate to shopping centres (81% of all properties) located in Madrid, Toledo, The Balearic Islands, La Rioja, Navarre, Vigo, Valencia, Seville, Alicante, Lugo, León, Vizcaya, Guipúzcoa, Palencia, Albacete and Barcelona; EUR85 million to office buildings (6%); and EUR180 million to developments under construction (13%).

#### **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 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.

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