

PRESS RELEASE

LAR ESPAÑA achieves 34% value uplift across its property portfolio

- The SOCIMI's recurrent result from operations increased by 12% in the first half of the year, with rental income growing by 6%
- The 2018-2021 Business Plan is well on-track, with EUR265 million divested so far and EUR75.6 million invested in new properties, as the retail property developments also progressing at a good pace
- Customers' average dwell time at the SOCIMI's shopping centres during H1 was an hour and a half, up 9% y-o-y

Madrid, 27 July 2018. LAR ESPAÑA REAL ESTATE SOCIMI S.A. (LRE), the listed real estate investment company, announced today that as at end-June, the value of its assets exceeded EUR1,580 million, equating to a 34% value uplift on the acquisition price.

The SOCIMI's asset valuation report has been published alongside its financial results for H1 2018, which highlight a recurrent profit at EUR22.1 million, 5% higher than last year. Recurrent result from operations stood at EUR29.5 million, up 12% y-o-y - the non-recurring payment of the performance fee associated to divestments was made during the first half of 2018, while the total amount of the manager's performance fee have previously been made in Q4, so the results figures are given in comparable terms -. Rental income reached EUR39.8 million, up 6.1% y-o-y.

LAR ESPAÑA's shopping centres, which now account for 90% of its revenue, once again outperformed the average figure for the sector in Spain during H1. Sales increased 2% y-o-y, in contrast with the slight 0.3% decline recorded for Spain's average figure. Visitor numbers grew by 1.1% to 26.9 million, while the average for Spain dipped by 0.9%.

There was also an increase in the average customer dwell time at the SOCIMI's shopping centres, a new metric that gives a better idea of business performance. Visitors spent an average of 88 minutes at LAR ESPAÑA's shopping centres, up 8.8% y-o-y.

In terms of shopping centre management, the first half of the year saw 74 operations involving either renovations, replacements, relocations or new lettings, involving a total of 11,500 sqm and achieving a tenant rotation rate of 5% across the portfolio. This rotation rate jumps to 33% if we include the changes carried out across the retail portfolio since the properties were first acquired. Take-up in the shopping centres stood at 93.2% in H1.

By shopping centre tenant category, fashion topped the table, accounting for 27.5%. Food came in second with 22.6%, ahead of homeware (17.2%), entertainment (11.8%), sports (6.6%), services (5.4%), food & beverage (4.7%), health and cosmetics (2.7%) and culture and technology (1.5%).

The good performance of the SOCIMI's shopping centres is also linked to the investment made in improving its properties, which amounted to EUR2.7 million during H1. The properties that have benefitted from such investment – some of which are still undergoing refurbishments –, are Albacenter, Megapark (Baracaldo), As Termas (Lugo), El Rosal (Ponferrada) and Portal de La Marina (Alicante).

In 2018, LAR ESPAÑA forged ahead with its business plan, having already made 56% of the non-strategic divestments set out in the plan – €265 million out of €470 million. The sale of the logistics portfolio in July is particularly noteworthy, achieving a value uplift of 83% on the acquisition price. The assets that still remain in LAR ESPAÑA's portfolio and that are also earmarked for divestment in the business plan are its three office buildings, currently totalling €98 million, and the Lagasca99 residential building that is valued at €188 million.

These divestments allow LAR ESPAÑA to acquire new retail space and carry out new developments. In fact, it has already completed acquisitions to the value of €84 million, 40% of the target outlined in the business plan. The company's business plan earmarks a total investment of €247 million for developments, with the projects that are currently underway entering their final phases: the first phase of Vidanova Parc has already opened to the public and the Palmas Altas retail complex, which is already 73% let, will open its doors in 2019. Meanwhile, 86% of apartments at Lagasca99 have already been sold.

LAR ESPAÑA's total financial debt stood at EUR 614.3 million at the end of H1 2018, with an LTV of 36%, an average cost of 2.19% and an average maturity period of 6.3 years. Among the transactions closed during the first half, we would highlight the €100 million financing agreement secured for Palmas Altas.

LAR ESPAÑA chairman José Luis del Valle highlighted the “*favourable*” nature of the results posted for the first half of the year, especially “*insofar as achieving the targets set out in the 2018-2021 Business Plan are concerned*”. “*Less than a year since its approval, we have already completed half of the objectives that we had set, reflecting the reliability of both the SOCIMI itself and its management team*”, he added.

LAR ESPAÑA REAL ESTATE currently owns 19 properties valued at EUR1,479* million, of which; EUR1,164 million relate to shopping centres (79% 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; EUR97 million to office buildings (6%); and EUR218 million to developments under construction (15%).

* This valuation includes the divestment of the logistics portfolio completed in July 2018.



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.

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