

# PRESS RELEASE

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## LAR ESPAÑA books net profit of EUR15.3 million to March, up 45% y-o-y

- Shopping centre rental income now accounts for 90% of the company's total, that reached EUR19.6 million in Q1
- LAR ESPAÑA's shopping centres welcomed 13.6 million visitors between January and March, up 1.7% y-o-y and above the Spanish average of 0.1%
- Total shopping centre controlled sales came in at EUR147.3 million, equating to a 3.9% y-o-y increase, compared to the average growth of 1.9% recorded for the whole of Spain
- The SOCIMI invested EUR22.3 million in upgrading and developing assets in Q1

**Madrid, 11 May 2018** - LAR ESPAÑA REAL ESTATE SOCIMI S.A. (LRE), the listed real estate investment company, booked a net profit of EUR15.3 million between January and March 2018, up 45% y-o-y.

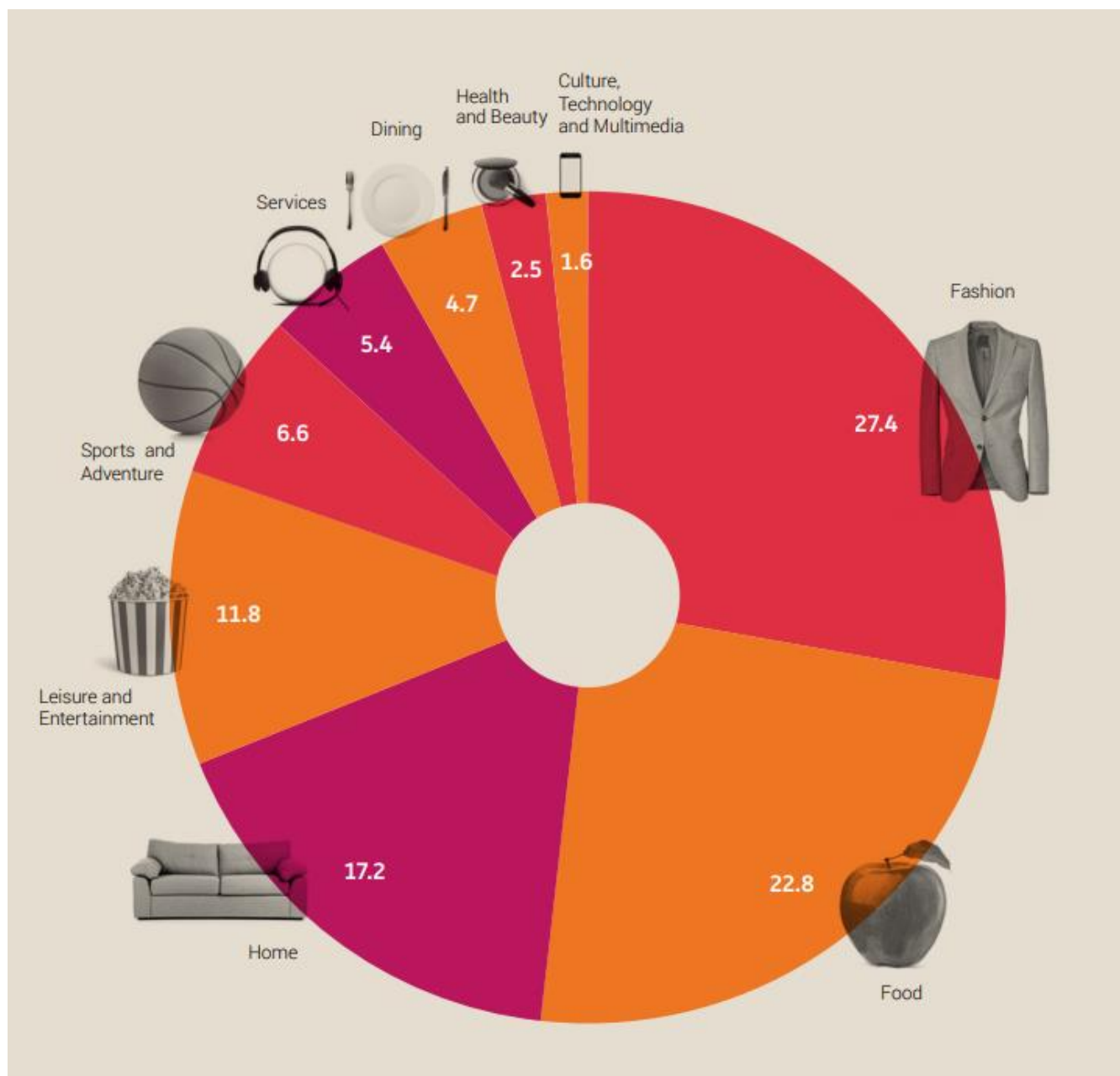
Shopping centres further increased their weighting in the SOCIMI's results: they now account for 90% of total rental income, up from 85% in 2017. Total rental income accounted for EUR19.6 million to March, up 9% y-o-y,

This increased weighting of retail properties is a result of LAR ESPAÑA's strategy to divest non-strategic assets in order to invest in shopping centres. In the first three months of the year, divestments totalled EUR112.5 million, whilst investments, all of which were in retail, reached EUR75.6 million, with the acquisition of Rivas Futura retail park and the commercial gallery at Parque Abadía.

For yet another quarter, LAR ESPAÑA's shopping centres have outperformed the national average for Spain. In the first three months of the year, controlled sales amounted to EUR147.3 million, up 3.9% y-o-y and clearly outstripping the national average (1.9%). During the same period, the SOCIMI's shopping centres welcomed 13.6 million visitors, up 1.7% y-o-y and topping the average of 0.1% for Spain

As well as increased sales and footfall, asset management was also key to achieving this rise in shopping centre rental income. The first quarter saw 35 operations involving either renovations, replacements, relocations or re-lettings, achieving a tenant rotation rate of 5% across the portfolio. By shopping centre tenant category, fashion accounted for 27%, ahead of food with 23%, homeware with 17% and entertainment with 12%.

## Breakdown of retail tenants



EUR22.3 million was invested in upgrading and developing assets in Q1, with the lion's share of this, EUR20.2 million, injected into developments that the SOCIMI already has underway (particularly the Palmas Altas and VidaNova Parc retail complexes).

Given the significance of these asset improvements, LAR ESPAÑA commissioned a valuation report for both the properties that it is developing (Palmas Altas, VidaNova Parc and Lagasca99) and being significantly upgraded (the Eloy Gonzalo office property) at the end of March 2018. The report concluded that of these assets, the developments had achieved a value uplift of 97% and the office a 83%.

LAR ESPAÑA's total financial debt stood at EUR589.4 million at the end of Q1 2018, with an LTV of 33%, an average cost of 2.21% and an average maturity period of 6.4 years. In terms of stock market performance, LAR ESPAÑA's share price rose 9.7% in value between January and March, compared to the 4.4% drop posted by the IBEX index during the same period.

José Luis del Valle, chairman of LAR ESPAÑA, indicated that the Q1 2018 results *"demonstrate the SOCIMI's positive growth and confirm that we are fully on track to achieving the goals set out in the business plan that we announced a few months ago, with an ever-greater focus on our retail properties"*.

LAR ESPAÑA REAL ESTATE currently owns 30 properties valued at EUR1,505 million, of which; EUR1,148 million relate to shopping centres 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; 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 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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