

NEWS RELEASE

LAR ESPAÑA strengthens its 'retail only' strategy with a 6.1% growth in comparable revenues for the first nine months to September and a 23% increase in annualised net rental income

- **José Luis del Valle: "We continue to be able to offer our shareholders and investors recurrent and strong results, despite the fact that the current consolidation perimeter is smaller"**
- **The company has accumulated 15 consecutive quarters beating comparable market averages**
- **Lagoh's estimated annualised revenues are 15% higher at 17.2 million euros, based on current leasing agreements, from 15 million previously**

Madrid, 15 November, 2019.- The 100% retail specialization of the real estate firm (Socimi) Lar España has maintained its momentum in the first nine months of the year, with an increase in comparable revenues of 6.1%, from 54.2 million euros to 57.5 million euros. The incorporation of Lagoh and a reduction in expenses increased comparable profit for the period by 51.8% to 82.4 million euros. With the opening of Lagoh and the advanced stage of development of refurbishments at eight of the 15 centres that make up the company's portfolio, the company has increased annualised net rental income by 23%, from 75 million euros to 92 million euros.

Lar España this year achieved the core objective of its strategic plan: to disinvest in logistics and offices in order to specialise in shopping centres and achieve national leadership in the sector. The company has accumulated 15 consecutive quarters beating comparable market averages, with 49.8 million visits to its centres between January and September of this year (2.4% more than the same period a year ago, compared to an average sector decline of 1.2%), and total sales of 529.2 million euros (with a rise of 2.2%, compared to an average sectorial increase of 1.1%).

Despite the significant difference in the consolidation perimeter, Lar España's consolidated net profit to September this year was 79.1 million euros, compared to 80.7 million euros for the same period a year ago. Consolidated gross operating profit (ebitda) was 37.8 million euros, an increase of 9%. The trend is significant since, in the last twelve months, the company has divested a significant number of assets, which have consequently ceased to contribute rental income to revenues. The divestments were closed with an average return of 5.2% and a revaluation with respect to the acquisition price of 87.5%.

Between January and September of this year, the company has increased new rental income from its lease contracts by 11.1%. The company has rotated 10% of its commercial area, equivalent to 42,060 square metres, with 99 transactions and revenues of 7.2 million euros in negotiated rents. Similarly, asset revaluation has been 12.8% since December 2018.

José Luis del Valle, Chairman of the Board of Directors of Lar España, gave a very positive assessment of the company's performance. *"We are demonstrating to the market that our specialisation in shopping centres makes sense and will continue to provide growing and sustained value in the medium and long term. We have consolidated an omnichannel business model, with highly dominant assets in our catchment areas and proven management capacity. Despite the fact that the current consolidation perimeter is smaller, we are still able to*

offer our shareholders and investors recurrent and strong results, as well as revaluation in our assets, even in the most mature phases of the cycle".

The company maintains the same management criteria in its 15 commercial assets that allow it to apply a preferential and differential position in the retail sector. The company assumes full ownership of all its centres, which must also have a dominant position in their respective areas of influence. This approach ensures a strong capacity to generate recurring rental income, and reinforces its ability to apply active management formulas and lead the digital transformation of its assets, with an almost immediate impact on revenue in both aspects.

The opening of Lagoh on 27 September has become a turning point in the new Lar España "retail only" strategy. The shopping and family leisure complex opened its doors with full occupancy, and an estimated increase in annualized income of 15% from the initially targeted 15 million euros to 17.2 million euros based on current leases. It has also completed the modernisation of the As Termas centre in Lugo and El Rosal in Ponferrada, as well as the transformation of the retail park. In addition, it has redesigned the MegaPark outlet in Baracaldo as an urban commercial space and carried out new openings such as the Adidas store, which achieved a 30.7% increase in visits during its first opening weekend compared to the same weekend in 2018.

About LAR ESPAÑA Real Estate SOCIMI S.A.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. is a company listed on the Spanish Stock Exchanges, incorporated SOCIMI "Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario" in March 2014. The company, which aims to invest in the Spanish real estate sector, especially in the retail segment. In January 2015 it completed the first bond issue by a SOCIMI in Spain for an amount of 140 million euros.

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 listed around the world. 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, achieving for the first year the Gold Award for the second consecutive year.

The company is managed by an independent and highly experienced Board of Directors, which combines renowned Spanish and international real estate and financial professionals. The management of Lar España, by virtue of a management contract, has been entrusted exclusively to Grupo Lar.

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