

PRESS RELEASE

LAR ESPAÑA secures EUR100 million in financing for the Palmas Altas retail complex

- This is the first time since 2007 that a retail property of this size has received bank financing
- The financing will cover the construction and launch phases of the retail complex, which is due to open in spring 2019
- Once complete, Palmas Altas will become the largest property in LAR ESPAÑA's portfolio and one of the largest retail complexes in Andalusia

Madrid, 02 July 2018. LAR ESPAÑA has entered into a financing agreement worth EUR98.5 million to fund the construction and launch phases of the Palmas Altas retail and family leisure complex.

This is the first time since 2007 that a retail property of this size has received bank financing. For Sergio Criado, CFO of LAR ESPAÑA, *"this deal, the first of its kind since the onset of the crisis, marks a turning point in the financing of retail developments in Spain"*. *"It therefore reflects the growing confidence of the finance sector not only in the opening of shopping centres, but also in both private consumption and Spanish economic growth"*, he added.

The seven-year loan was granted by Banco Santander, Banc Sabadell, Liberbank and Unicaja Banco with an interest rate of Euribor+2.25% for the first two years and +2% for the following five. The financing was structured as a Special Purpose Vehicle (SPV).

Once completed, Palmas Altas will be the SOCIMI's highest-valued asset to date, one of the largest retail complexes in Andalusia and the greatest urban property investment in Seville in the last decade.

Palmas Altas comprises 100,000 sqm of retail and family leisure space, with close to 150 retail units. The retail complex, which is set to open in spring 2019, is already 63% pre-let, with this figure is expected to reach 90% by the end of 2018. LAR ESPAÑA forecasts that the retail units at Palmas Altas will generate an annual rental income of circa EUR15 million and will have around 14 million visitors a year.

Palmas Altas is located in an expansion area of the city that currently lacks any similar retail or leisure offering, so it will complement the current offer. It is eight minutes from Seville city centre, in an area that is very easily accessed, which provides the shopping centre with a catchment area of 1.5 million people – half a million live within a ten minute drive and a further one million are just half an hour away. Besides, around 15 million tourists – potential visitors to Palmas Altas - visit Seville every year.

Around 60% of the total area will be used as retail space, while the remaining 40% will offer restaurants, leisure spaces, sports areas and green spaces. LAR ESPAÑA has already reached pre-letting agreements with brands including Mercadona, MediaMarkt, Yelmo Cines and Urban Planet, with restaurants such as McDonalds, 100 Montaditos, Starbucks, Friday's and several Andalusian restaurants, as well as fashion brands such as Primark, Levis, Jack & Jones, Deichmann and Foot Locker. Palmas Altas' retail and leisure offer aspires to become a sectorial reference both nationally and at a European level.



Overview of construction works at Palmas Altas

The Palmas Altas project will create 4,800 new jobs – 1,500 related to its construction and 3,300 to permanent roles at the shopping centre – providing both an invaluable boost to the local economy and a new source of employment in Seville.

Palmas Altas also has a special commitment with the environment. It already has the BREEAM certificate, which stands for sustainability and reduced CO₂ emissions.

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.

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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