

PRESS RELEASE

It will distribute a dividend of 55 million euros

LAR ESPAÑA achieved a 4.2% increase in rental income in 2019, with a 26% reduction in the consolidation perimeter

- **The company has established itself for yet another year as one of Spain's listed companies with the highest dividend yield**
- **The company has accumulated 16 consecutive quarters outperforming the comparable market averages**

Madrid, 14 February 2020.-

Socimi Lar España registered 81.1 million euros in rental income in 2019, an increase of 4.2% over the previous year. This performance reinforces the company's value, after disposing during the year of non-strategic assets in logistics, offices and residential, reducing its consolidation perimeter by 26%.

In the proforma income statement, which compares only the commercial assets for the past two years, Lar España earned a net profit of 82.3 million euros in 2019, an increase of 8.6% over the 75.8 million achieved in 2018. In the consolidated income statement, the absence of non-retail revenues in 2019 and the 26% decline in the consolidation perimeter, meant bottom line net profit for the year declined from 129.3 million euros to 80.7 million.

In comparable terms, and based on the strength of rental income and earnings in retail, the company will propose a dividend of 55 million euros to this year's AGM, five million euros more than last year and equivalent to 63 euro cents per share. This confirms Lar España once again among the Spanish listed companies with the highest dividend yield.

José Luis del Valle, Chairman of the Board of Directors of Lar España, highlighted that *"in five years our company has consolidated its position as the leading retail player in Spain, able to maintain a profitable and sustainable investment in the long term and to adapt at all times to the different phases of the real estate cycle. We have successfully completed our process of specialization, with a significant change in the perimeter, and we continue to be able to offer recurring results and profitability to our shareholders and investors, thanks to the excellent performance of our assets, solid operating results and an attractive dividend policy"*.

Again in comparable terms, consolidated gross operating profit (Ebitda) for 2019 amounted to 59.3 million euros, an increase of 9% over the previous year. The value of the company's 15 shopping centres appreciated by 12.7% in the year to 1,552 million euros.

This year, the company will have completed the modernization of facilities in its 15 shopping centers, in which it has modernized a total leasable area of 334,850 square meters, with a total investment of 24.5 million euros. In this way, the company has a potential for increased revenue of 25% in 2020 to 115 million euros, compared to the annualised 92 million euros obtained in 2019.

The company has also completed its programme of divestments in logistics and office buildings, achieving an average final return of 5.2% and a revaluation of 87.5% over the acquisition price. As regards commercial assets, during 2019 the company signed 135 rental contracts for a total of 52,961 square meters, equivalent to nearly 11% of the surface area, with an annualized rent of 9.5 million euros, allowing it to increase new rentals by 9%.

The 15 shopping centres owned by Lar España generated sales of 815.2 million euros in 2019, an increase of 4.4%. They received 64.5 million visitors in the year as a whole, 1.9% more than the previous year. Visits to their centres averaged 87 minutes per visitor. This is the 16th consecutive quarter that the percentages of the Socimi have exceeded the sector average.

The company, retail leader in Spain, maintains a single management criterion for its 15 prime assets, which allows it to adopt 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 it has a strong capacity to generate recurring rentals, and reinforces its ability to apply active management formulas and lead the digital transformation of its assets, with an almost immediate impact on income in both aspects.

Lagoh's opening in Seville on September 27th has become a turning point for this new "retail-only" Lar España. The family shopping and leisure complex opened its rented space at full occupancy, with an estimated increase in income of 13%, from the 15 million euros per year initially planned to the 17 million euros per year expected under current leases.

About LAR ESPAÑA Real Estate SOCIMI S.A.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. is a company quoted in the Spanish Stock Exchanges, constituted as SOCIMI "Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario" in March 2014. The company has the objective of investing in the Spanish real estate sector, especially in the retail segment. At its IPO, it raised initial capital of 400 million euros and in January 2015 completed the first bond issue made by a SOCIMI in Spain for an amount of 140 million. Today, it is the leader in the Spanish retail market, with nearly 600,000 square meters of leased space and 1,552 million euros in asset value.

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 quoted around the world. Likewise, in 2018 it was included in the Ibx Top Dividend index. 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, winning the Gold Award for the second consecutive year.

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



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