

PRESS RELEASE

LAR ESPAÑA books net profit of EUR17.6 million to March, up 15% y-o-y

- Reaching EUR19.4 million in Q1, shopping centre rental income now accounts for 99% of the company's total
- LAR ESPAÑA's shopping centres received 15.5 million visitors during Q1 and tenant sales continue to outperform the rest of the market, reaching EUR160.6 million
- The SOCIMI's management strategy led to an average rental growth of 13.5% on the new rents signed

Madrid, 13 May 2019. LAR ESPAÑA REAL ESTATE SOCIMI S.A. (LRE), the listed real estate investment company, booked a net profit of EUR17.6 million between January and March 2019, up 15% y-o-y.

Lar España has strengthened its leading position in the shopping centre segment. Shopping centres now account for 95% of the company's gross asset value (GAV) and also provide 99% of its rental income, which grew to EUR19.4 million during Q1.

The company disposed of properties totalling EUR91 million during Q1 2019. The Lagoh shopping centre – set to open at the end of September – secured most of the value uplift of EUR36 million, boosting the value of the SOCIMI's property portfolio to EUR1,481 million.

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 EUR160.6 million, ticking up slightly by 0.2% y-o-y and clearly outstripping the national average, which fell by 0.2%.

This figure for Q1 would have been even higher if Easter had fallen in March rather than April this year, as this period always helps to boost retail activity. During the same period, the SOCIMI's shopping centres welcomed 15.5 million visitors, outpacing the market yet again.

Asset management was also key to achieving this rise in shopping centre rental income. The first quarter saw 25 operations involving either renovations, replacements, relocations or re-lettings, achieving rental growth of 13.5%. The tenant rotation rate stood at 12%, equating to 14,299 sqm and EUR2.3 million of negotiated rent.

LAR ESPAÑA's net financial debt stood at EUR422.6 million at the end of Q1 2019, with an LTV of 29%, an average cost of 2.2% and an average maturity period of 4.5 years.

Two milestones were reached during the first months of 2019, which will help to increase shareholder returns, one of the Socimi's main priorities. The Eloy Gonzalo office complex in Madrid was sold for EUR40 million. Lar España also launched a second share buyback programme, with a maximum limit set at 5% of share capital with a total value of EUR42 million.

José Luis del Valle, Chairman of LAR ESPAÑA, indicated that the Q1 2019 results *“demonstrate that we are fully on track to achieving the goals set out in the business plan that we announced a few months ago. This provides a real boost for our effective strategy of selecting properties with a competitive edge in their catchment area, which we then manage intensively in order to achieve the best results”*.

LAR ESPAÑA REAL ESTATE currently owns 16 properties valued at EUR1,441 million. Fifteen of these properties are shopping centres, located in Madrid, Toledo, The Balearic Islands, La Rioja, Navarre, Vigo, Valencia, Alicante, Lugo, León, Vizcaya, Guipúzcoa, Palencia, Albacete and Barcelona. At the end of September, the SOCIMI will unveil the Lagoh shopping centre in Seville, which will become the biggest retail complex in the whole of Andalusia.

About LAR ESPAÑA Real Estate SOCIMI S.A.

LAR ESPAÑA REAL ESTATE SOCIMI S.A. is a 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) in March 2014.

The SOCIMI is currently actively implementing its 2018-2021 strategic plan. LAR ESPAÑA aims to generate value uplift via developing new projects, investing in its existing portfolio and new retail acquisitions. It will also rotate and dispose of non-strategic assets. The SOCIMI currently plans to divest properties worth EUR522 million, EUR350 million of which have already been disposed of, and has also committed to investing EUR250 million into its existing properties, which are currently 30% complete.

The company's objective is to invest in the Spanish real estate sector, particularly in the retail sector. It raised EUR400 million 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 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 September 2018, for the fourth year running, Lar España received the EPRA Gold Award in recognition of the quality of the financial information it provided to its main stakeholders. In recognition of its information published on Corporate Social Responsibility and Sustainability, Lar España was awarded the highest distinction by EPRA, winning the Gold Award for the first time.

The company is managed by a highly experienced and 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 based on a management contract.

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