

## PRESS RELEASE

The new retail-only LAR ESPAÑA reports first half increases of 6.7% in revenues and 8.0% in net profit with its new perimeter

- With its non-strategic asset divestment plan completed, profit from retail activities on a like-for-like basis increased 8.0% in the first half to 31.7 million euros from 29.3 million
- Second quarter results show the company has accumulated 14 consecutive quarters of growth above the average for the sector in sales and visits. Growth potential for rental income is 50%.
- With this year's perimeter, not on a like-for-like basis, profit stands at 28.6 million euros
- The Lagoh family leisure park, which the company will open on September 26 in Seville, is already 98% rented out and will bring annual revenues of 15 million euros.

**Madrid, 29 July 2019** – The Spanish REIT LAR ESPAÑA became a retail-only operator in the first half of this year, having completed divestments in logistics and offices envisaged in its strategic plan. Between September 2017 and April 2019, the company sold 10 assets on the basis of an average 5.2% yield, representing an aggregate margin of 87.5% over cost.

Excluding the impact of these divestments on rents and applying a comparable perimeter, LAR ESPAÑA increased revenues by 6.7% in the first half of 2019 in its 15 shopping centres compared to the same period last year, from 35.9 million euros to 38.3 million. Total Ebitda rose 168.0% to 23.2 million euros, and net profit by 8.0% to 31.7 million euros from 29.3 million. The positive results are a reflection of the company's business model, with dominant assets in its areas of influence and strong management capacity.

José Luis del Valle, chairman of the board of LAR ESPAÑA, expressed great satisfaction for "having fully completed the specialization in commercial assets," one of the strategic priorities set by the SOCIMI in its business plan. "The new focus puts us in an excellent position to consolidate the firm as leader in the Spanish retail sector. At the same time, the strength of our operating results and revenues allow us to sustain attractive recurrent returns over the medium to long term for our shareholders and investors."

Including the April to June quarter, revenues from the SOCIMI's 15 shopping centres have accumulated 14 consecutive quarters of growing above the sector average in Spain in sales and visits. Based on data for the first half net annualized revenues for Lar España come to 75 million euros with a 50% growth potential to 111 million. This increase in annual terms comprises 6 million from rent renegotiation, 15 million from the Lagoh retail and family leisure park in Seville, to be opened on September 26, and 15 million from future investments.

Lagoh has already rented out 98% of its 100,00 square meters of commercial and leisure space and handed over 95% of it to leaseholders. The centre will generate annual revenues of 15 million euros. Lagoh offers southern Seville an unbeatable commercial opportunity with top national and international operators, and a wide range of food and drink outlets, plus innovative open-air activities for all the family. These include a wind tunnel, multi-adventure spaces, swimming pools with artificial waves for surfing and an area dedicated exclusively to virtual reality games.

In the first half of the year, the 15 shopping centres have received 32.1 million visits with an average stay of 86 minutes. Total controlled sales at the centres came to 338.5 million euros in the same period. The firm has remodelled seven of its 15 centres and during the period and carried out 66 operations of refurbishment, substitutions, relocations and new leases representing 23,337 square meters, with a rotation rate of 10% and a renegotiation of leases that led to an increase of 10.6%. Gross asset value stood at 1,462 million euros, an increase of 44.6% from their acquisition date.

### **Divestments concluded**

In April 2019, LAR ESPAÑA sold its last non-strategic asset, a 6,295 square meter office building in Calle Eloy Gonzalo in Madrid for 40 million euros. It was the 10<sup>th</sup> divestment of non-strategic assets in the past 18 months.

Completion of the corporate strategy for divestments, most of them in 2018, has reduced LAR ESPAÑA's asset perimeter. Consolidated group results show first half revenues of 38.5 million euros and a net profit of 28.6 million.

### **About LAR ESPAÑA Real Estate SOCIMI S.A.**

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LAR ESPAÑA REAL ESTATE SOCIMI, S.A. is a listed company on the Spanish stock exchanges, set up as a SOCIMI "Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario" (REIT) in March 2014. The company prioritizes investment in Spain's real estate sector, especially in the retail segment. Its stock exchange listing initially raised 400 million euros, and in January 2015 it launched the first bond issue by a SOCIMI in Spain for 140 million.

In 2015 LAR ESPAÑA was incorporated into the FTSA EPRA/NAREIT Global, a selective global index designed to reflect general trends of real estate firms listed around the world. In September 2018, for the fourth consecutive year, LAR ESPAÑA obtained the *EPRA Gold Award* for the quality of its financial information made available to its principal interest groups. At the same time, LAR ESPAÑA was for the first time awarded the top distinction by EPRA, the *Gold Award*, for its information published on Corporate Social Responsibility and Sustainability.

The company is run by an independent Board of Directors with wide experience, combining prestigious professionals in the real estate and financial sectors, both Spanish and international. Management of LAR ESPAÑA, through a management contract, has been awarded in exclusivity to Grupo Lar.

#### **For more information:**

Juan Carlos Burgos, Tel: 91 563 77 22 (extensión 2261). [jcburgos@llorentecuena.com](mailto:jcburgos@llorentecuena.com)