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REPORT OF THE BOARD OF DIRECTORS OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. REGARDING PROPOSED AMENDMENT OF THE GENERAL MEETING REGULATIONS REFERRED TO IN POINT ELEVEN OF THE AGENDA FOR THE ORDINARY GENERAL MEETING CALLED FOR 20 AND 21 APRIL 2016, ON FIRST AND SECOND CALL, RESPECTIVELY

1. INTRODUCTION

The Board of Directors of Lar España Real Estate SOCIMI, S.A. (the "**Company**" or "**Lar España**") issues this report to explain the proposed amendment of the General Shareholders Meeting Regulations of Lar España (the "**Regulations**") submitted to approval of the General Meeting under point eleventh of the agenda. For all appropriate purposes, this report also includes the full text of the proposed amendments.

To facilitate shareholder understanding of the change that motivates this proposal, we offer an explanation of the purpose and justification of the changes and, thereafter, set forth the proposed resolution submitted for approval of the General Meeting of shareholders.

Finally, in order to facilitate comparison of the new and current texts of the articles proposed to be amended, attached as an **Annex** to this report is text highlighting the changes proposed to be introduced in the current text.

2. GENERAL EXPLANATION OF THE PROPOSAL

In line with the content of the report made for purposes of the amendment of the articles submitted to the ordinary General Meeting, the amendments proposed to the General Meeting Regulations of the Company fall within the process of ongoing revision and updating undertaken by the Company related to its internal corporate governance rules. Generally, the objectives of these amendments are as follows:

- a) To adapt the Regulations to the recommendations of the Code of Good Governance for Listed Companies approved by the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on 18 February 2015 ("**Code of Good Governance**").
- b) To take advantage of the revision of the Regulations to introduce other improvements of a technical nature.

This reform of the Regulations also supplements the reform of the Articles of Association that is also proposed to the General Meeting.

3. STRUCTURE OF THE AMENDMENTS AND GENERAL EXPLANATION

This amendment is aimed principally at adapting the text of the Regulations, with the greatest rigor possible, to the literal text of the applicable regulations and, within the framework of that adaptation, to incorporate the recommendations of the Code of Good Governance.

Article 197 *bis* of the Spanish Companies Act provides that those matters that are substantially independent of each other, in particular each article or group of articles having their own autonomy, must be voted on separately. In this regard, the proposed amendments have been grouped, for voting purposes, into the following different blocks:

- a) Amendments related to Title III of the General Shareholders Meeting Regulations (Call and preparation of the General Meeting); and



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- b) Amendments related to Title IV of the General Shareholders Meeting Regulations (Conduct of the General Meeting).

4. SPECIFIC EXPLANATION OF THE AMENDMENTS

The explanation of the proposed amendment of the General Meeting Regulations included in this report is made on the basis of the aforesaid grouping of amendments, following that order, in order to facilitate the explanation.

4.1 Amendment related to Title III of the General Shareholders Meeting Regulations (Call and preparation of the General Meeting)

Amendment of the following articles is proposed to adapt their text to recommendations of the Code of Good Governance:

- a) **Article 8 (Availability of information from the date of the call on the Company's website)**, specifically section 2, with the purpose of incorporating the documents laid out in recommendation 6 of the Code of Good Governance to the list of documents that the Company must make available to the shareholders from the date of notice of call of the Shareholders' Meeting.

4.2 Amendment related to Title IV of the General Shareholders Meeting Regulations (Conduct of the General Meeting)

It is proposed to amend the following articles for purposes of (i) adapting the text to the amendments of the Spanish Companies Act and (ii) to technically improve the texts of certain sections:

- a) **Article 29 (Representation through financial intermediaries)** and, specifically, section 1, with the purpose of adapting its text to article 201 of the Spanish Companies Act and improving its wording.

5. RESOLUTION PROPOSED TO THE GENERAL MEETING OF SHAREHOLDERS

Set forth below is the literal full text of the proposed resolution submitted for approval of the ordinary General Meeting regarding point eleven of the agenda:

ITEM ELEVEN ON THE AGENDA

Amendment of the General Shareholders Meeting Regulations

RESOLUTION

After the required report from the Board of Directors, to resolve to amend the following articles of the General Meeting Regulations: article 8 (Availability of information from the date of call on the Company's website) and article 29 (Adoption of resolutions and termination of the General Shareholders' Meeting) to incorporate other corporate governance improvements (set forth in the Code of Good Governance of Listed Companies of 18 February 2015) and improvements of a technical nature.

The purpose of the foregoing amendment is to adapt the content of the General Meeting Regulations to amendments included in the Spanish Companies Act and the improvements regarding corporate governance (set forth in the Code of Good Governance for Listed Companies of 18 February 2015) and of a technical nature, which must be reflected in the General Meeting Regulation.



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The aforesaid articles of the Articles of Association will be submitted to vote in the following groups of articles:

11.1 Amendments related to Title III of the General Shareholders Meeting Regulations (Call and preparation of the General Meeting)

Article 8.- Availability of information from the date of call on the Company's website

- 1. In addition to what is required by law or the articles and the provisions of these Regulations, from the date of publication of the call of the General Meeting of shareholders, the Company on its website will publish the full text of the proposed resolutions that have already been prepared by the management body regarding the points on the agenda, the reports that are mandatory or decided upon by the management body, as well as such explained proposed resolutions on matters already included or that are to be included on the agenda of the General Meeting as may be presented by shareholders on the terms contemplated in the applicable regulations.*
- 2. In addition, from the date of notice of call all such information as is deemed to be useful or appropriate to facilitate attendance and participation of shareholders at the General Meeting of shareholders will be placed on the Company's website. Such information by way of illustration will, if applicable, include the following:*
 - a. The procedure for obtaining the attendance card.*
 - b. Instructions for remote voting or proxies using the media, if any, contemplated in the notice of call.*
 - c. Information on the place where the General Meeting of shareholders is to be held and the manner of reaching and accessing it.*
 - d. Information, if any, regarding systems or procedures that facilitate monitoring the General Meeting of shareholders.*
 - e. Information on the manner a shareholder may exercise its information right.*
 - f. If the General Meeting of shareholders is to deliberate on the appointment or ratification of directors, from the date of publication of the notice of call, in addition to what is required by law or the articles, the following updated information also will be published on the Company's website:*
 - i. Professional experience and background.*
 - ii. Other significant directorships held in other companies, listed or otherwise.*
 - iii. Indication of the category to which the director belongs, in the case of proprietary directors indicating the shareholder represented or to which the director is related.*
 - iv. The date of first and subsequent appointments as a director of the Company.*
 - v. Shares and options on shares of the Company held by the director.*
 - g. The supplement to the call of the General Meeting of shareholders, if any.*
 - h. Report regarding the Auditor's independence.*
 - i. Reports regarding the functioning of the Audit and Control Committee and the Remuneration and Nominations Committee.*
 - j. Report prepared by the Audit and Control Committee regarding related transactions.*



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k. Report regarding the corporate social responsibility policy.

11.2 Amendments related to Title IV of the General Shareholders Meeting Regulations (Conduct of the General Meeting)

Article 29.- Adoption of resolutions and termination of the General Shareholders' Meeting

1. Resolutions shall be adopted by the simple majority of the shares with voting rights present and represented in the General Shareholders' Meeting, this is, when the resolution obtains more votes in favour than against of the share capital present and represented, except for those cases in which the applicable law or the Company's Articles of Association require a different majority. For the resolutions regarding points that were not included in the General Meeting's agenda, the shares that are not present or represented will not be taken into account in the calculation of the aforementioned majority.

2. The Chairman will declare the approval of the resolutions when he is aware of the existence of enough votes in favour of the resolution, without prejudice of recording in the minutes the sense of the vote or the abstention of the present shareholders that request it to the notary (or, where appropriate, the Secretary or assistance personnel).

3. Once the voting of the proposed resolutions has been completed and the result has been declared by the Chairman, the Shareholders' Meeting will be concluded and the Chairman will declared the adjournment of the meeting.



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ANNEX

Artículo 8.- Puesta A disposición de información desde la fecha de la convocatoria en la página web de la Sociedad

1. Además de lo exigido por disposición legal o estatutaria y de lo previsto en este Reglamento, desde la fecha de publicación de la convocatoria de la Junta General de accionistas, la Sociedad publicará en su página web el texto íntegro de las propuestas de acuerdo que ya hubiese formulado el órgano de administración en relación con los puntos del orden del día, los informes que sean preceptivos o que se determinen por el órgano de administración, así como aquellas propuestas de acuerdo fundamentadas sobre asuntos ya incluidos o que deban incluirse en el orden del día de la Junta General que pudieran presentar los accionistas en los términos previstos por la normativa aplicable.
2. Además, desde la fecha del anuncio de convocatoria se incorporará a la página web de la Sociedad toda aquella información que se estime útil o conveniente para facilitar la asistencia y participación de los accionistas en la Junta General de accionistas, incluyendo, en su caso y a título ilustrativo, lo siguiente:
 - a. Procedimiento para la obtención de la tarjeta de asistencia.
 - b. Instrucciones para ejercer o delegar el voto a distancia a través de los medios que se hayan previsto, en su caso, en el anuncio de convocatoria.
 - c. Información sobre el lugar donde vaya a celebrarse la Junta General de accionistas y la forma de llegar y acceder al mismo.
 - d. Información, en su caso, sobre sistemas o procedimientos que faciliten el seguimiento de la Junta General de accionistas.
 - e. Información sobre la forma en que el accionista puede ejercer su derecho de información.
 - f. En el caso de que la Junta General de accionistas deba deliberar sobre el nombramiento o ratificación de consejeros, desde la fecha de publicación del anuncio de su convocatoria, también se publicará en la página web de la Sociedad, además de lo exigido por disposición legal o estatutaria la siguiente información actualizada:
 - i. Perfil profesional y biográfico.
 - ii. Otros consejos de administración de relevancia a los que pertenezca, se trate o no de sociedades cotizadas.

- iii. Indicación de la categoría de consejero a la que pertenezca, señalándose, en el caso de consejeros dominicales, el accionista al que representen o a quien estén vinculados.
 - iv. Fecha de su primer nombramiento como consejero de la Sociedad, así como de los posteriores.
 - v. Acciones y opciones sobre acciones de la Sociedad de las que sea titular.
- g. El complemento de la convocatoria de la Junta General de accionistas, en su caso.
- [h. Informe sobre la independencia del auditor.](#)
- [i. Informes de funcionamiento de las Comisiones de Auditoría y Control y de Nombramientos y Retribuciones.](#)
- [j. Informe de la Comisión de Auditoría y Control sobre operaciones vinculadas.](#)
- [k. Informe sobre la política de responsabilidad social corporativa.](#)

Artículo 29.- Adopción de acuerdos y finalización de la Junta General de accionistas

1. Los acuerdos ~~quedarán aprobados cuando los votos a favor de la propuesta excedan de la mitad de los votos correspondientes a~~ sociales se adoptarán por mayoría simple de las acciones ~~concurrentes~~, con derecho a voto presentes y representadas en la Junta General, entendiéndose adoptado un acuerdo cuando obtenga más votos a favor que en contra del capital presente y representado, salvo en los casos en que la normativa vigente o los Estatutos Sociales exijan una mayoría distinta. En los acuerdos relativos a asuntos no comprendidos en el orden del día se excluirán de la base para el cómputo de la mayoría anteriormente indicada las acciones que no tengan la consideración de presentes ni representadas.
2. El Presidente declarará aprobados los acuerdos cuando tenga constancia de la existencia de votos a favor suficientes, sin perjuicio de dejar constancia en el acta del sentido del voto o abstención de los accionistas asistentes que así lo indiquen al notario (o, en su caso, al Secretario o personal que lo asista).
3. Finalizada la votación de las propuestas de acuerdo y proclamado su resultado por el Presidente, concluirá la celebración de la Junta General de accionistas y el Presidente declarará levantada la sesión.