

Expert Report on the Exclusion
of Pre-emptive Subscription Rights under the scope of
Articles 308 and 506 of the Capital Companies Act

Lar España Real Estate SOCIMI, S.A. (Lar España)

*Translation of an independent expert report originally issued in Spanish.
In the event of discrepancy, the Spanish-language version prevails*

EXPERT REPORT ON THE EXCLUSION OF PRE-EMPTIVE SUBSCRIPTION RIGHTS UNDER THE SCOPE OF ARTICLES 308 AND 506 OF THE SPANISH CAPITAL COMPANIES ACT

To the shareholders of Lar España Real Estate SOCIMI, S.A. (Lar España):

For the purposes outlined in Articles 308 and 506 of Spain`s Capital Companies Act, the consolidated text of which was approved by means of Royal Legislative-Decree 1/2010 of July 2 (Spanish Capital Companies Act), and pursuant to our engagement letter of March 7, 2016, we hereby issue, as duly appointed by Mr. Miguel Seoane de la Parra, Mercantile and Goods Registrar number XIV of Madrid on January 15, 2016, this special report on the share capital increase of Lar España Real Estate SOCIMI, S.A. (hereinafter, "Lar España" or "the Company") in the nominal amount of 1,258,654 euros, through the issue and circulation of a total of 629,326 new ordinary shares with a nominal value of 2 euros each, held using the book entry system. The new shares will be issued with a share premium of 6.4189 euros per share, and therefore, the share premium corresponding to the entirety of the total of the new shares amounts to 4,039,590.37 euros. The total nominal amount and share premium corresponding to the new shares overall is 5,298,244.37 euros, which will be entirely paid in through a monetary contribution when they are subscribed.

This capital increase was devoted to Grupo Lar Inversiones Inmobiliarias, S.A. (hereinafter, "Grupo Lar" or "the Managing Company"), a Spanish company whose registered address is street Rosario Pino 14-16, 28020, in Madrid, with tax ID number A-78107125, inscribed in the Mercantile Register in general tome 797, and 772 of section 3 of the Companies Book, sheet 13, page number 68,078, inscription 1, and were designed to meet the payment of Grupo Lar's performance fees for services provided in its role as the Managing Company of Lar España, and in virtue of Clause 7.2 of the investment management agreement signed between Lar España and Grupo Lar on February 12, 2014 (the "IMA"). The new shares will grant their owners the same political and economic rights as the Company's ordinary shares currently in circulation commencing the date they are inscribed in their name in corresponding accounting registers. The subscription and payment of the shares is conditioned to the prior receipt of this preceptive report from the auditor designated by the Mercantile Register, which should take place within 30 calendar days of the Board of Directors' approval of the capital increase.

The subscription and disbursement of the capital increase will take place to the exclusion of the preferential subscription rights of Lar España's current shareholders. It will be accompanied by the Lar España's Board of Directors' Report, prepared and approved on April 5, 2016 (and is included herein as Appendix I to this report). This special report prepare by us in conjunction with the Board of Directors' Report will be made available to the shareholders and communicated at the first Lar España's General Shareholders Meeting held after the capital increase resolution.

During the discussion of the second item of the agenda of the Extraordinary General Shareholders Meeting held on December 18, 2015, it was decided to delegate the Board of Directors (with express right to substitution, for a five-year period) the right to increase the share capital in accordance with Articles 297.1.b) of Spanish Capital Companies Law, by up to half of its share capital at the delegation date. It also granted the right to exclude the pre-emptive subscription right with regard to potential capital increases agreed upon in the framework of this authorization, although it will be limited to a maximum overall nominal amount of 20% of share capital at the authorization date.

In virtue of this delegation, the Board of Directors has prepared the accompanying Report as Appendix I (hereinafter, "the Report"), which offers a detailed justification of the proposal and the price of issue of the shares, indicating the individuals to which they must be attributed, as well as the nature of the contributions. Legislation indicates that this share issue must take place at fair value. When valuing shares, the valuer must rely on estimates and judgments and can at best approximate their fair value, which is highly dependent on subjective assessments of a wide variety of business considerations.

In accordance with the information included in the accompanying report, Lar España's Board of Directors considers that the share capital increase is fully justified based on reasons of social interest, with the necessary pre-emptive rights exclusion; therefore, it is considered to be beneficial for Lar España and its shareholders, as it will permit retribution to the Managing Company for the services provided to Lar España during 2015, in the terms outlined in the IMA, thereby enabling the Company to comply with its contractual obligations. The Board of Directors also considers that this is the ideal process for meeting its contractual obligations, as it is the only legal structure making it possible to directly attribute to Grupo Lar its corresponding shares for the provision of services in accordance with the IMA.

Our duty is to issue a professional opinion, in our capacity as independent experts, about the fair value of the Company's shares, the theoretical value of the pre-emptive subscription rights to be excluded and the reasonableness of the data contained in the Report. We have performed our work in keeping with the specific audit practice standard governing preparation of expert reports on decisions to exclude pre-emptive subscription rights under the scope of article 159 of the former Capital Companies Act (the contents of which correspond to articles 308 and 506 of the now prevailing Capital Companies Act).

The accounting information used to perform our work was obtained from the consolidated financial statements of Lar España Real Estate SOCIMI, S.A. and subsidiaries (Group Lar España) for the year ended December 31, 2015, which were audited by Deloitte, S.L., which on February 26, 2016 issued an audit report on such consolidated financial statements, in which it expressed an unqualified opinion.

In keeping with the above-mentioned audit practice standard on how to prepare this expert report, our work consisted of performance of the following procedures:

- a) Procurement of the above-mentioned audit report in relation to the consolidated financial statements of Lar España for the year ended December 31, 2015.
- b) Procurement of information from Lar España's statutory account auditor in relation to significant events or factors affecting the financial situation or health of the Company or its Group learned by such auditor subsequent to issuance of its most recent audit report.
- c) The posing of questions to the Management of Company regarding events of significance which could have a material impact on the value of Lar España or its Group and, as warranted, verification of such information.
- d) Analysis of the Company's share price performance and determination of the simple average of the weighted average daily share price during the last representative trading period prior to the date of issuance of this expert report (the last quarter), determined to encompass the period elapsing between January 8, 2016 and April 8, 2016, both inclusive, and determination of the share price as of April 8, 2016, this being the last quoted price available prior to the date of issuance of this expert report, all of which as indicators of the Company's fair value.

Such determination was made on the basis of a certificate issued by the stock market management company, Sociedad Rectora de la Bolsa de Valores de Madrid, S.A., a copy of which is appended to this expert report as Appendix II, which includes, in addition to the quoted prices, the trading frequency and volume during the periods subject to analysis.

- e) Verification of whether the per-share price proposed by the members of the Company's Board of Directors is higher or lower than the net per-share equity amount arising from Lar España's most recent audited consolidated financial statements for the year ended December 31, 2015.
- f) Estimation of the fair value of the shares of Lar España and verification of whether the issue price proposed by the Board of Directors tallies with the fair value of the Company's shares derived from the information procured under the procedures itemized above.
- g) Assessment of the reasonableness of the information contained in the Report substantiating the share capital issue proposal and the new share issue price, including a review of the documentation substantiating the valuation and calculation methodologies used.
- h) Determination of the theoretical value of the pre-emptive subscription rights to be excluded, calculated by reference to the closing share price as of April 8, 2016 and to the simple average of the weighted average daily share price between January 8, 2016 and April 8, 2016.

- i) Procurement and review of Clause 7.2 of the investment management contract between Lar España and Grupo Lar on February 12, 2014 (IMA) which governs the payment of performance fees to Grupo Lar for services provided as the entity which manages Lar España.

Such IMA`s Clause 7.2 (“Performance Fee”) includes under its point 2 (“Investment Manager Agreement”) of Section VIII (“Grupo Lar and the investment manager agreement”) in the prospectus corresponding to the subscription and offer and admission for trading of Lar España’s shares in the Madrid, Barcelona, Bilbao, and Valencia stock exchanges which were recognized and authorized by the CNMV on February 13, 2014 under official register number 10381.

- j) Procurement of a representation letter from Company`s management, duly empowered, which communicates that they have informed us of all the relevant hypotheses, data, and information.

The report prepared by the Company’s Board of Directors proposes an issue price (nominal plus issue premium) for each of the new Lar España shares for subscription by Grupo Lar of 8.4189 euros in accordance with Section 2 of the Report, and the equivalent share capital increase will consist entirely of monetary contributions.

In accordance with Section 3 of the Report, in the opinion of the Board of Directors of Lar España the proposed non-pre-emptive share capital increase is justified by the corporate interest of the Company.

In light of all of the foregoing, in our professional opinion as independent experts:

- The data contained in the Report substantiating the proposal to exclude pre-emptive subscription rights under the scope of article 308 of the Capital Companies Act are reasonable insofar as they are adequately documented and expounded, based on the terms agreed upon in the IMA.
- The issue price (nominal plus issue premium) of 8.4189 euros per share proposed by the Board of Directors in its Report, as empowered by a delegation granted at the Extraordinary General Shareholders Meeting held on December 18, 2015, is higher than the value which could reasonably be deemed the fair value of the Company’s shares calculated by reference to the simple average of the weighted average daily share price between January 8, 2016 and April 8, 2016
- Such issue price is lower than the value which could reasonably be deemed the fair value of the Company’s shares calculated by reference to the closing share price as of April 8, 2016.

- Such issue price is lower than the consolidated equity per share calculated on the basis of Lar España's most recent audited annual financial statements, namely those corresponding to the year ended December 31, 2015.

The share price as of April 8, 2016 (the date on which we obtained the corresponding certificate from Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.) and the simple average of the weighted average daily share price between January 8, 2016 and April 8, 2016, both inclusive, according to the above stock market management company, are shown below:

Trading period	Share price (€/share)
April 8, 2016	8.5600
Average share price for the period elapsing between January 8, 2016 and April 8, 2016	8.4138

Below we present the theoretical value of the pre-emptive subscription rights the Directors of Lar España propose waiving, expressed similarly in euros per share, in relation to the share price as of April 8, 2016 (the date on which we obtained the corresponding certificate from Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.) and in relation to the simple average of the weighted average daily share price between January 8, 2016 and April 8, 2016:

Trading period	Share price (€/share)	Issue price (€/share)	Accretion/ (dilution) effect (€/share)
April 8, 2016	8.5600	8.4189	(0.0015)
Average share price for the period elapsing between January 8, 2016 and April 8, 2016	8.4138	8.4189	0.0001

With regard to the theoretical value of the pre-emptive subscription rights proposed to be waived, arising from the above-mentioned listed prices respect to the proposed issue price, these are:

- (i) negative, considering the simple average of the weighted average daily share price between January 8, 2016 and April 8, 2016, that is to say, that there is no dilution effect, but rather the opposite, there is an accretion in the amount shown in the above detail and,
- (ii) positive, considering the share price as of April 8, 2016, that is to say, that there is a dilution in the amount shown in the above detail.

Based on the issue price proposed by the Board of Directors, the dilution or accretion per share outstanding in respect of the closing share price as of the business day immediately preceding the date of this expert report, expressed in euros per share, is determined using the following formula:

$$D = \left(\frac{P_o - P_e}{\left(\frac{N_o}{N_e} \right) + 1} \right)$$

In the above formula, D represents the theoretical value of a pre-emptive subscription right, P_o the Company's closing share price on the business day immediately preceding the date of this expert report, P_e is the issue price, N_o is the number of existing Company shares outstanding (excluding own shares) as of the business day immediately preceding the date of this expert report and N_e is the number of new shares to be issued.

Likewise, the dilution or accretion per share outstanding in respect of the simple average of the weighted average daily share price for the quarter prior to the business day immediately preceding the date of this expert report, expressed in euros per share, is determined using the following formula:

$$D = \left(\frac{P_{mo} - P_e}{\left(\frac{N_o}{N_e} \right) + 1} \right)$$

Whereby, D represents the theoretical value of a pre-emptive subscription right, P_{mo} the simple average of the Company's weighted average daily share price during the quarter prior to the business day immediately preceding the date of this expert report, P_e is the issue price, N_o is the number of existing Company shares outstanding (excluding own shares) as of the business day immediately preceding the date of this expert report and N_e is the number of new shares to be issued.

Below we present the theoretical value of the pre-emptive subscription rights proposed to be waived, expressed similarly in euros per share, in relation to the theoretical equity value per share calculated on the basis of Lar España's consolidated annual accounts for the year ended December 31, 2015 audited by Deloitte, S.L., being this the most recently available financial information communicated to the CNMV:

Calculation reference date	Theoretical equity value price (€/share)	Issue price (€/share)	Accretion/ (dilution) effect (€/share)
December 31, 2015	9.5216	8.4189	(0.0115)

With regard to the theoretical value of the pre-emptive subscription rights proposed to be waived, arising from the theoretical equity value per share calculated on the basis of Lar España's audited consolidated annual accounts for the year ended December 31, 2015 respect to the proposed issue price, it is positive, that is to say, that there is a dilution in the amount shown in the above detail.

Likewise, the dilution or accretion per share outstanding in respect of the theoretical value reflected on the Group's most recent consolidated financial statements at the date of this report, expressed in euros per share, is determined using the following formula:

$$D = \left(\frac{VTC_{pa} - P_e}{\left(\frac{N_o}{N_e} \right) + 1} \right)$$

Whereby, D represents the theoretical value of a pre-emptive subscription right, VTC_{pa} the amount from dividing the Group's net equity between the number of existing Company shares outstanding (excluding own shares) at the calculation date, P_e is the issue price, N_o is the number of existing Company shares outstanding (excluding own shares) as of the business day immediately preceding the date of this expert report and N_e is the number of new shares to be issued.

By means of this expert report, the provisions of articles 308 and 506 of Spain's Capital Companies Act are duly complied with in respect of the stipulated auditor report. This report must not be used for any other purpose.

ERNST & YOUNG, S.L.

*(Signed on the original
Spanish version)*

José Luis Ruiz

April 11, 2016



*Translation of an independent expert report originally issued in Spanish.
In the event of discrepancy, the Spanish-language version prevails*

APPENDIX I

Report prepared and approved by Lar España Real Estate SOCIMI, S.A. (Lar España)'s Board of Directors on April 5, 2016 with regard to the proposed share capital increase.

**REPORT PRESENTED BY THE BOARD OF DIRECTORS OF LAR ESPAÑA
REAL ESTATE SOCIMI, S.A. IN RELATION TO THE PROPOSED CAPITAL
INCREASE FOR CASH CONTRIBUTION WITH EXCLUSION OF THE PRE-
EMPTIVE SUBSCRIPTION RIGHT THAT THE BOARD OF DIRECTORS WILL
APPROVE UNDER THE AUTHORISATION GRANTED BY THE ORDINARY
GENERAL SHAREHOLDERS' MEETING HELD ON 18 DECEMBER 2015**

1. PURPOSE OF THE REPORT

This report is drafted by the Board of Directors of Lar España Real Estate SOCIMI, S.A. (hereinafter, “**Lar España**” or the “**Company**”) in compliance with articles 286, 296, 297.1.b), 308, 504 and 506 of the consolidated text of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010, of 2 July (the “**LSC**”), in relation to the proposed share capital increase with exclusion of the pre-emptive subscription right (the “**Increase**”) which will be submitted for the approval of this Board of Directors in its meeting of 5 April 2016 (the “**Report**”).

The objective of the Increase referred to in this report is to pay the Performance Fee to Grupo Lar Inversiones Inmobiliarias, S.A. for the services rendered in its capacity as managing company (“**Grupo Lar**” or the “**Managing Company**”) of the Company (the “**Performance Fee**”), by virtue of clause 7.2 of the investment management agreement signed between Lar España and Grupo Lar on 12 February 2014 (the “**IMA**”).

The capital increase and the exclusion of the pre-emptive subscription right will be resolved by the Board of Directors under the delegation conferred by the Extraordinary General Shareholders' Meeting of Lar España held on 18 December 2015, under point two on the agenda, by virtue of which the Board of Directors, with express powers of replacement, for the period of five years, is delegated the power to increase the share capital pursuant to that set forth in article 297.1.b) of the LSC by up to half of the share capital on the date of the delegation, and to exclude the pre-emptive subscription right in relation to the capital increases that it may resolve under this authorisation, although this power will be limited to a maximum nominal amount, in total equal to 20% of the share capital on the date of the authorisation.

Article 286 of the LSC, in relation to article 297.1.b) of the same act, requires, for a company to be able to resolve a capital increase, that the directors draft a written report justifying the amendment of the company bylaws to which said capital increase may give rise.

Additionally, articles 308 and 506 of the LSC require, for the exclusion of the pre-emptive subscription right in the framework of a capital increase, that (i) it is thus required by the interest of the company; and (ii) the par value of the shares to be issued plus, as applicable, the share premium corresponds to the fair value established in the report of the auditor, different from the company's auditor, appointed for these purposes by the Mercantile Registry.

In view of all the foregoing and of the proposed capital increase that will be approved by the Board of Directors, in use of the powers delegated thereto, this report is drafted in compliance with that set forth in the aforementioned articles 286, 297.1.b), 308 and 506 of the LSC, in two different sections:

- (i) the first in relation to the share capital increase and the consequent bylaw amendment (in compliance with that set forth in articles 286 and 297 of the LSC), and
- (ii) the second relating to the exclusion of the pre-emptive subscription right (in compliance with articles 308 and 506 of the LSC).

Finally, this report includes the text of the share capital increase resolution that the Board of Directors will approve on 5 April 2016.

In compliance with that set forth in recommendation 5 of the Code of Good Governance of Listed Companies and article 506.4 of the LSC, this report, together with the report that will be issued by Ernst & Young, S.L., in its capacity as independent expert, which is not the Company's auditor, appointed by the Mercantile Registry of Madrid for these purposes, on the fair value of the shares of the Company, the theoretical value of the pre-emptive subscription right proposed to be excluded and on the reasonableness of the data contained herein, will be published immediately on the corporate website of Lar España (www.larespana.com) and will additionally be made available to the shareholders of the Company at the time of the publication of the notice convening the first General Meeting held after the Increase resolution.

2. BOARD OF DIRECTORS' REPORT FOR THE PURPOSES OF ARTICLES 286 AND 296 OF THE LSC

2.1 Share capital increase resolution by the Board of Directors making use of the delegation approved by the Ordinary General Shareholders' Meeting of Lar España of 18 December 2015

The Board of Directors of Lar España approves the capital increase making use of the delegation approved by the Ordinary General Shareholders' Meeting held on 18 December 2015, in the terms described at the start of this report and whose literal wording is as follows:

“Delegation to the Board of Directors of the power to increase the share capital pursuant to Article 297.1.b) of the Companies Act up to half the share capital on the date of delegation, with the express right to delegate and for a period of five years. Delegation of the power to remove the pre-emptive subscription right in relation to capital increases which may be agreed under this authorisation, although this power is limited to a nominal maximum amount equal as a whole to 20% of the share capital on the date of this authorisation.

Delegation of powers to the Board of Directors, as broadly as is necessary under Law, so that, under that set forth in article 297.1.b) of the Capital Companies Act, it may increase the share capital on one or several occasions within the period of five years as from the date of adoption of this resolution, by up to half of the current share capital.

Said share capital increase or increases may be executed, with or without a share premium, either by means of the increase of the par value of the existing shares with the requirements laid down in Law or by means of the issuance of new shares, ordinary or preferential, with or without voting rights, or redeemable shares, or any others admitted by Law or various modalities at the same time, with the consideration of the new shares or of the increase of the par value of the existing shares consisting in cash contributions.

In relation to each increase, it will correspond to the Board of Directors to decide whether the new shares to be issued are ordinary, preferential, redeemable, without voting rights or of any other type permitted by Law. Additionally, the Board of Directors may set, for all that not envisaged, the terms and conditions of the share capital increases and the characteristics of the shares, and it may freely offer the new shares not subscribed in the exercise period or periods of the pre-emptive subscription right. The Board of Directors may also establish that,

in case of an incomplete subscription, the share capital will remain increased only in the amount of the subscriptions effected, rewording the article of the Company Bylaws relating to the share capital and number of shares.

In addition, in relation to share capital increases effected under this authorisation, the Board of Directors is empowered to exclude, fully or partially, the pre-emptive subscription right in the terms of article 506 of the Capital Companies Act, although this power will be limited to share capital increases carried out under this authorisation up to the maximum amount, corresponding, in total, to 20% of the current share capital of the Company.

In any case, if the Board decides to exclude the pre-emptive subscription right in relation to any or all of the aforementioned share capital increases, it shall issue, at the time of the adoption of the corresponding capital increase resolution, a report detailing the specific grounds of corporate interest justifying said measure, which will be the object of the corresponding report by an auditor other than that of the Company, as referred to in article 506 of the Capital Companies Act. Said reports will be published immediately on the website of the Company and made available to the shareholders and communicated at the first General Meeting held after the issue resolution.

By virtue of this authorisation, the Board of Directors is additionally empowered to request the admission to trading in official and non-official national or foreign secondary markets, organised or not, of the shares issued by virtue of this authorisation, and to perform the procedures and actions necessary to obtain said admission to trading before the competent authorities of the different securities markets.

The Board of Directors is also authorised to delegate in favour of the Director or Directors it deems convenient the powers conferred hereunder.

Additionally, it is resolved to confer to the Board of Directors, as broadly as possible under Law, powers of replacement, which may be granted to any of the directors of Lar España Real Estate SOCIMI, S.A., so that any of them, indistinctly, may perform any action necessary and grant and formalise any documents and agreements, public or provide, as may be necessary or convenient for the full effectiveness of the previous resolutions in any of their aspects and content and, particularly, they may be empowered to rectify, clarify, interpret, complete, specify and consolidate the resolutions adopted, and to rectify the faults, omissions

or errors that are noted in the verbal or written instructions of the Mercantile Registry, all in the broadest terms possible.

This delegation of powers to the Board of Directors replaces those conferred by the General Shareholders' Meeting of 28 April 2015, which, consequently, will have no effect.”

The Board of Directors of Lar España has not made use of this delegation to date.

2.2 Terms of the capital increase

2.2.1 Maximum amount and issue rate

The capital increase constituting the object of this report will reach, between par value and share premium, the amount of EUR 5,298,244.37 by means of the issuance and entry into circulation of 629,327 shares, each with a par value of two euros, represented by means of book entries, with a total nominal value, therefore, of EUR 1,258,654.

The new shares will be issued with a share premium of EUR 6.4189 euros per share. Consequently, the share premium corresponding to all of the new shares will be EUR 4,039,590.37.

The total amount of the nominal value and the share premium corresponding to the new shares (which, as a whole, will be the amount of EUR 5,298,244.37) will be paid up in full by means of cash contribution at the moment of their subscription.

For the purposes of that set forth in article 299 of the LSC, it is recorded that the shares of Lar España existing prior to the share capital increase are fully paid up.

2.2.2 Target of the increase

The share capital increase will be directed at Grupo Lar, a Spanish company with registered office in Madrid at calle Rosario Pino 14-16, 28020, and with Tax Identification Number (C.I.F.) A-78107125, registered at the Mercantile Registry of Madrid in general volume 797, 772 of section 3 of the Companies Book, page 13, sheet number 68,078, entry 1, which prior to the issuance of this Report has stated and confirmed its commitment to subscribe the capital increase constituting the object hereof in full.

2.2.3 Subscription period

The capital increase must be fully subscribed and paid up within the 30 calendar days following the date of approval of the Board of Directors' resolution constituting the object hereof, as envisaged in section 2.3 below.

2.2.4 Incomplete subscription

The Board of Directors expressly provides for the possibility of incomplete subscription.

2.2.5 Rights of the new shares

The new shares will attribute to the owner thereof the same political and economic rights as the ordinary shares of the Company currently in circulation, as from the date on which they are registered in the name of Grupo Lar in the corresponding accounting registers. The Board of Directors will also resolve to request the admission to trading of the shares, as is specified in the proposed resolution transcribed in section 4 hereof.

In this sense, the Board of Directors states that, pursuant to article 26 of Royal Decree 1310/2005, developing the Securities Market Act (*Ley del Mercado de Valores*) in terms of the admission to trading of securities in official secondary markets, of public sale and subscription offers and of the prospectus required for such purposes, the drafting and presentation before the National Securities Market Commission (CNMV) of a prospectus for the admission to trading of the shares issued under this Increase is not necessary.

2.3 Conditions for subscription and payment of the capital increase

The commitment to subscribe and pay up the capital increase is conditional upon:

- (i) The approval of the Increase by this Board of Directors, a condition that will be met on the occasion of the approval of the resolution on 5 April 2016;
- (ii) The obtainment of the mandatory report of the auditor appointed by the Mercantile Registry on the fair value of the shares, the theoretical value of the pre-emptive subscription right proposed to be excluded and on the reasonableness of the data herein. The aforementioned report will be issued by Ernst & Young, S.L., appointed for these purposes by the Mercantile Registry of Madrid, on 15 January 2016.

Additionally, the Board of Directors will inform Grupo Lar of the approval of the capital increase resolution constituting the object hereof, for which purpose it will attach a copy thereof, as well as of the auditor's report on the same date that it obtains the report.

Once the aforementioned notifications have been made, Grupo Lar must proceed to make payment within the period of 30 calendar days.

2.4 Exclusion of the pre-emptive subscription right

In accordance with the delegation approved by the Extraordinary General Shareholders' Meeting of Lar España of 18 December 2015, the Board of Directors approves the exclusion of the pre-emptive subscription right pertaining to the current Lar España shareholders. This exclusion is justified by the corporate interest of the Company and, consequently, is to the benefit of Lar España and its shareholders.

The justification of the exclusion of this right is described in section 3 hereof.

2.5 Justification of the capital increase

The purpose of the Increase is to issue the shares that must be delivered to Grupo Lar to pay the Performance Fee with which the Company remunerates the Managing Company for the rendering of its services pursuant to clause 7.2 of the IMA.

2.6 Execution of the increase and amendment of the bylaws

The capital increase constituting the object hereof will entail the modification of article 5 of the Company Bylaws and Lar España which, once the condition is met and the capital increase is executed, will be worded as follows:

“Article 5.-

The share capital is ONE HUNDRED AND TWENTY-ONE MILLION TWO HUNDRED AND FIFTY-FOUR THOUSAND ONE HUNDRED AND SIXTY-SIX EUROS (EUR 121,254,166). It is divided into SIXTY MILLION SIX HUNDRED AND TWENTY-SEVEN THOUSAND AND EIGHTY-THREE (60,627,083) REGISTERED SHARES, each with a par value of TWO EUROS (EUR 2), of a single class and series. All the shares are fully subscribed and paid up and grant their owners the same rights.”

The foregoing notwithstanding, if, between the date of approval of this Report and the date of execution of the Increase planned, the Company's share capital is modified due to any other capital increase or the number of shares into which the Company's share capital is divided is modified due to any other resolution for the pooling thereof, the share capital article will be worded as corresponds taking into consideration said modifications.

3. BOARD OF DIRECTORS' REPORT FOR THE PURPOSES OF ARTICLES 308, 504 AND 506 OF THE LSC

The Board of Directors of Lar España approves, in relation to the Increase constituting the object hereof, the exclusion of the pre-emptive subscription right that would correspond to the shareholders of the Company, as it is authorised to do so, as stated in point 2.1 above.

The Board of Directors of Lar España understands that the exclusion of the pre-emptive subscription right is necessary in order to direct the capital increase at Grupo Lar in the terms set forth in this Report and, for such purpose, pursuant to that laid down in articles 308, 504 and 506 of the LSC, the Board of Directors notifies the following:

3.1 The corporate interest requires the exclusion of the pre-emptive subscription right

The Board of Directors considers that the Increase constituting the object hereof and the exclusion of the pre-emptive subscription right are completely in line with the substantive requirements established in the LSC and, particularly, with that relating to the need for the exclusion to be required by the corporate interest of the Company.

That is because this transaction is particularly convenient from the point of view of the corporate interest, as it is going to make it possible to pay the Managing Company for the services rendered to Lar España during the 2015 financial year in the terms agreed in the IMA, enabling, therefore, the Company to comply with its contractual obligations.

The Board of Directors considers that the Increase, with the necessary exclusion of the pre-emptive subscription right, constitutes the ideal procedure to comply with the contractual obligation, because it is the only legal structure that makes it possible directly to attribute to Grupo Lar the shares that correspond to it for the rendering of its services in accordance with the IMA.

3.2 Issue rate and cash consideration

Article 506.4 of the LSC establishes that, for the adoption of the capital increase resolution with exclusion of the pre-emptive subscription right by the board of directors, in addition to this being in the corporate interest, it is necessary that the value of the shares to be issued plus, as applicable, the amount of the share premium corresponds to the fair value validated by the report drafted under its responsibility by an auditor other than that of the company, appointed for these purposes by the Mercantile Registry.

Article 504 of the LSC establishes that, in the case of listed companies, as is the case with Lar España, the fair value will be understood to be the market value that, unless otherwise justified, will be presumed to be that established with reference to the stock market value.

Additionally, and in line with that regulated in article 504 of the LSC, the IMA establishes a process for the calculation of the fair value of the new shares issued under the Increase. In particular, clause 7.2 of the IMA establishes that the total number of shares that will be issued will be the result of dividing the Performance Fee (after deduction of all applicable taxes) by the average price at the close of the 20 business days immediately prior to the business day that precedes the date of the invoice issued by the Managing Company, indicating the amount agreed for the Performance Fee accrued during 2015.

Taking into account that the Performance Fee invoice issued by Grupo Lar is dated 1 April 2016, the period for the calculation of the average price is between 2 March 2016 and 31 March 2016; i.e., 20 business days immediately prior to the business day that precedes invoice issue date. During that period, the average closing share price of Lar España was EUR 8.4189 per share (par value plus premium).

Since the issue rate (par value plus premium) of the Increase constituting the object hereof is EUR 8.4189 per share, the envisaged issue rate complies with the described legal requirements, as it has been set with reference to the Company's stock market share price.

4. PROPOSED CAPITAL INCREASE RESOLUTION

The full text of the Increase resolution that the Board of Directors will adopt is as follows:

“FIRST RESOLUTION.- THE COMPANY’S SHARE CAPITAL INCREASE BY THE NOMINAL AMOUNT OF €1,258,654 THROUGH THE ISSUE OF A

TOTAL OF 629,327 ORDINARY SHARES WITH THE PRE-EMPTIVE SUBSCRIPTION RIGHT REMOVED. DELEGATION OF POWERS FOR THE EXECUTION AND FORMALISATION OF THE FOREGOING RESOLUTIONS.

(a) Capital increase by cash contributions.

Under the authorisation granted by the Extraordinary General Shareholders' Meeting held on 18 December 2015 under item two of the Agenda, it was resolved to increase the share capital by the nominal amount €1,258,654 through the issue of a total of 629,327 ordinary shares with a nominal value of €2 each, represented by book entries and with a total issue premium of €4,039,590.37.

(b) Rate of issue of the shares.

The rate of issue (nominal value plus issue premium) of each share shall amount to €8.4189 per share.

(c) Recipient of the increase.

*The capital increase shall be destined for Grupo Lar Inversiones Inmobiliarias, S.A. (“**Grupo Lar**”), an existing Spanish company whose company headquarters is Calle Rosario Pino 14-16, 28020, Madrid and whose Tax Identification Number (NIF) is A-78107125, registered in the Madrid Companies Registry in general volume 797, 772 of the 3rd section of the Companies Book, folio 13, page number 68,078, 1st entry, which prior to this Board had declared and confirmed its commitment to fully subscribing the capital increase covered by this report.*

(d) Rights of the new shares.

Represented by book entries, the new shares shall attribute to the owner the same voting and economic rights as the Company's ordinary shares currently in circulation, from the date on which they are entered in its name in the relevant book entry records. The admission to trading of the new shares shall not require the National Securities Market Commission to approve or register a prospectus.

(e) Pre-Emptive Subscription Right.

Making use of the power granted by the Extraordinary General Shareholders' Meeting held on 18 December 2015 under item two of the Agenda, the Board of Directors agreed to fully remove the pre-emptive subscription right of the Company's shareholders in relation to this capital increase for the reasons presented in the directors' report formulated at the time for the sake of protecting Lar España's corporate interests.

(f) Conditions for the subscription and paying in of the capital increase.

El requirements and applicable formalities, specifically those established by the Companies Act and Legislative Royal Decree 4/2015, of 23 October, approving the consolidated text of the Securities Market Act, and particularly including the obtaining of the statutory report of the auditor appointed by the Companies Registry on the fair value of the shares, the hypothetical value of the pre-emptive subscription right proposed for removal, and the fairness of the data contained therein. The aforementioned report shall be issued by Ernst & Young, S.L., appointed for these purposes by the Madrid Companies Registry on 15 January 2016.

(g) Admission to trading of the shares.

It was resolved to request the admission to trading of the ordinary shares issued by the Company as a consequence of this capital increase in the Stock Exchanges of Madrid, Barcelona, Bilbao, Valencia and any other national and foreign markets on which the Company's shares are admitted to trading, for the purpose of which the Company may invoke exemption from the obligation to publish a prospectus pursuant to Article 26.1(a) of Royal Decree 1310/2005, of 4 November.

(h) Subscription and paying in.

The capital increase must be fully subscribed and paid in within the 30 calendar days following the date on which this resolution is made, provided that the report by an independent expert has been obtained pursuant to Articles 308 and 506 of the Companies Act.

(i) Execution of the increase.

Once it has been verified that the capital increase approved by virtue of this resolution has been subscribed and fully paid in, any member of the Board of Directors (using the rights to

delegate approved in the following point (j)) may declare the capital increase subscribed, fully paid in, and therefore executed, and may declare the wording of Article 5 of the Articles of Association amended to reflect the new share capital figure and the number of resulting shares.

For the purposes of Article 167 of the Companies Registry Regulations, any member of the Board of Directors (using the rights to delegate approved in the following point (j)) may also indicate the amount provided with regard to the limit established in the authorisation to increase the share capital agreed in the Extraordinary General Shareholders' Meeting held on 18 December 2015 as well as the amount which remains to be provided.

(j) *Delegation of powers.*

Without prejudice to the delegation of specific powers in the foregoing sections, it was resolved to authorise any of the members of the Board of Directors to execute this resolution individually or jointly and severally, the powers delegated specifically including but not limited to the powers:

- (i) To notify Grupo Lar of the approval of this resolution with the report thereof and to ask it to proceed with paying in. To extend if necessary the period of three working days provided for paying in and the period provided for compliance with the condition to which the increase is subject.*
- (ii) To declare the capital increase closed once the new Grupo Lar shares have been subscribed and paid in (fully or not), executing whichever public and/or private documents are deemed advisable for the execution of the capital increase, and to declare the wording of the Articles of Association relating to the capital in the terms of point 2.6 of the directors' report on the capital increase to have been amended; or in the event that between the date of approval by the Board of Directors of the said report and the execution date of this capital increase, the Company's share capital figure is changed due to a capital increase or the number of resulting shares into which the Company's share capital is divided is changed due to a resolution of the General Shareholders' Meeting, to adjust where appropriate the amount of the capital increase and the number of shares to be issued and to amend the article in the Articles of Association relating to the share capital based on the said changes.*

- (iii) To appear before the notary and to execute the relevant public deed formalising the capital increase, to request the registration of the said public deed in the Companies Registry, to make the mandatory announcements of the issue, and to execute whichever public and private documents are necessary to declare the subscription of the capital increase closed.*
- (iv) To request admission to trading of the ordinary shares issued by the Company on the Stock Exchanges of Madrid, Barcelona, Bilbao, Valencia and any other national and foreign markets on which the Company's shares are admitted to trading.*
- (v) If deemed necessary or advisable with regard to the issue and admission to trading of new shares, to produce and sign any applicable documents on the admission to trading of securities on official secondary markets of public offers for sale or subscription and the prospectus required for this purpose (specifically the documents and information required pursuant to the Securities Market Act and Royal Decree 1310/2005, of 4 November, as amended by Royal Decree 1698/2012, of 21 December), and to submit them to the National Securities Market Commission (CNMV) or any other competent supervisory authorities. Furthermore, to perform in the name of the Company any procedure or make any declaration required by the CNMV, IBERCLEAR, the Stock Exchange Councils or any other organisation, institution or public or private registry, whether Spanish or foreign, and to perform all the administrative steps necessary to enable the new ordinary shares resulting from the capital increase to be entered in the book entry records of Iberclear and admitted to trading on both the Securities Markets on which the Company's shares currently in circulation are listed and the Stock Exchange Interconnection System (SIBE).*
- (vi) To correct, clarify, interpret, make more specific or complement the resolutions made by this Board of Directors or whichever deeds or documents are formalised in the execution of those resolutions, and specifically, to rectify any shortcomings, omissions or errors, in form or in substance, which may hinder the issue of the report of the auditor appointed by the Companies Registry or prevent the Companies Registry, the Official Registries of the National Securities Market Commission (CNMV) or any other competent bodies from accessing the resolutions and their consequences.*

- (vii) *To execute on behalf of the Company whichever public or private documents are deemed necessary or advisable to the capital increase covered by this resolution, and in general, to take any administrative steps necessary to execute this resolution and to issue the shares effectively.”*

This report has been drafted and approved on 5 April 2016.

*(Signed on the original
Spanish version)*

Mr. José Luis del Valle

*(Signed on the original
Spanish version)*

Mr. Pedro Luis Uriarte

*(Signed on the original
Spanish version)*

Mr. Alec Emmot

*(Signed on the original
Spanish version)*

Mr. Roger Cooke

*(Signed on the original
Spanish version)*

Mr. Miguel Pereda

*(Signed on the original
Spanish version)*

Mr. Juan Gómez-Acebo



*Translation of an independent expert report originally issued in Spanish.
In the event of discrepancy, the Spanish-language version prevails*

APPENDIX II

Certificate from Sociedad Rectora de la Bolsa de Valores de
Madrid, S.A.



BOLSA DE MADRID

Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. Sociedad Unipersonal

BOLSA DE MADRID

Registro Salida

11/04/2016



RS16-040-00190-SE

EL SECRETARIO DEL CONSEJO DE ADMINISTRACION DE LA SOCIEDAD RECTORA DE LA BOLSA DE VALORES DE MADRID, S.A.,

CERTIFICA que, de los antecedentes que existen en esta Secretaría a su cargo y de los correspondientes a las restantes Bolsas españolas de Valores, resulta que, durante el período comprendido entre el día 8 de enero de 2016 y el día 8 de abril de 2016, ambos inclusive, el cambio medio simple de los cambios medios ponderados diarios de la contratación bursátil de las acciones de LAR ESPAÑA REAL ESTATE SOCIMI, S.A., fue 8,4138 euros.

Asimismo, durante el periodo de tiempo anteriormente mencionado, se celebraron en esta Bolsa 64 sesiones bursátiles, en todas las cuales cotizaron las acciones de LAR ESPAÑA REAL ESTATE SOCIMI, S.A., ascendiendo su contratación a un total de 9.844.514 acciones y 82.778.702 euros de importe efectivo, resultado de agregar los importes diarios de contratación

El día 8 de abril de 2016, el cambio de cierre de las mencionadas acciones fue 8,560 euros con un total contratado de 96.540 acciones y 828.980 euros de importe efectivo

Lo que, a petición de ERNST & YOUNG, S.L., y para que surta los efectos oportunos, hace constar con el visto bueno del Sr. PRESIDENTE, en Madrid, a once de abril de dos mil dieciséis

Vº Bº
EL PRESIDENTE



EL SECRETARIO