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REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. IN CONNECTION WITH THE PROPOSED APPOINTMENT OF MR. LAURENT LUCCIONI AS PROPRIETARY DIRECTOR SET OUT IN ITEM SIX ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON MAY 26 AND 29, 2017, ON FIRST AND SECOND CALL, RESPECTIVELY

1. INTRODUCTION

This report has been prepared by the Board of Directors of Lar España Real Estate SOCIMI, S.A. (the "**Company**") pursuant to section 5 of article 529 *decies* of the consolidated text of the Companies Law (*Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010 of 2 July (the "**Companies Law**"), to explain the proposal submitted for approval to the General Shareholders' Meeting of the Company called for May 26 and 29, 2017, on first and second call, respectively, under item 6.2 of the Agenda in connection with the appointment of Mr. Laurent Luccioni as proprietary director of the Company.

Section 4 of article 529 *decies* of the Companies Law sets out that the proposal to appoint directors other than independent directors corresponds to the Board of Directors. Section 6 of this article adds that such proposal must be accompanied by a report prepared by the Appointments and Remuneration Committee.

In light of the foregoing, the purpose of this report is to assess the competence, experience and merits of the candidate whose appointment is proposed to the Company's General Meeting.

2. GENERAL REASONS FOR THE PROPOSAL

Below is described the Board's assessment of Mr. Luccioni's competence, experience and merits and his suitability to fulfill his duties as proprietary director of the Company, based on the favorable report issued by the Appointments and Remuneration Committee of the Company in its meeting held on 24 April 2017, in accordance with section 6 of article 529 *decies* of the Companies Law.

Such report of the Appointments and Remuneration Committee is attached as an **Annex** hereto.

For the purposes of 518.e) of the Companies Law, this report contains complete information on the identity, curriculum vitae and class of director to which the candidate belongs.

1. Professional and biographical profile

Mr. Luccioni has more than 18 years of experience in the investment and financial services sector. Currently, Mr. Luccioni is a managing director and portfolio manager in the London Office of PIMCO, where he oversees the European commercial real estate team. Prior to joining PIMCO in 2013, he was the European CEO for MGPA, the Macquarie-backed private equity real estate investment advisory company. Additionally, he worked with Cherokee Investment Partners in London.

Mr. Luccioni holds an MBA from Kellogg School of Management at Northwestern University and a doctorate in civil and environmental engineering from University of California, Berkeley.



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2. Other directorships

Mr. Luccioni complies with the limit set out in article 19.4 of the Board of Directors' Regulation pursuant to which the Company's directors may only integrate a maximum of four listed companies' board of directors. In particular, Mr. Luccioni sits in the Board of Echo Investment, S.A., and Carmila SAS.

3. **RESOLUTION PROPOSAL**

Pursuant to the above, the Board of Directors understands that Mr. Luccioni has the appropriate competence, experience and merits to serve his office as Company director in the terms legally and regulatory set out. As a result, the Board submits to the Board the proposal to appoint Mr. Luccioni as proprietary director of the Company, representing PIMCO Bravo II Fund, .L.P., for the statutory term of three years.

ITEM SIX ON THE AGENDA

Fixing of the number of members of the Board of Directors, appointment and renewal of directors

RESOLUTION

6.2 Appointment of Mr. Laurent Luccioni as proprietary director of the Company

Following the proposal of the Company's Board of Directors and based on the favorable report issued by the Appointments and Remuneration Committee, it is resolved to appointment of Mr. Laurent Luccioni, as proprietary director, representing PIMCO Bravo II Fund, L.P., for the statutory term of three years.

In case that, after having PIMCO voted in favor, the General Shareholders' Meeting does not approve the proposed resolution to increase the number of directors of the Board of Directors from five to seven, in accordance with the provisions of item 6.1 of the agenda, the Board of Directors will recognize the existence of a vacant position in favor of PIMCO before the voting on the renewal of the five current members of the Board, for the purpose of allowing PMCO to exercise its proportional representation right. Likewise, a vacant position will be recognized in favor of PIMCO if it decides to maintain and exercise the grouping of shares, even if the proposed resolution to increase the number of directors is approved.



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1. INTRODUCTION

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Article 15.1.4 of the Board of Directors' Regulation of Lar España attributes to this Committee the responsibility to issue a report on proposals to appoint directors other than independent directors.

In light of the foregoing, the Appointments and Remuneration Committee issues this report to explain the proposal to appoint Mr. Laurent Luccioni as proprietary director of the Company.

1. Board composition

The Committee has analyzed the Board of Directors' current composition, assessing whether the entry of Mr. Luccioni will promote that the Board members have the knowledge, competence and experience necessary, in aggregate, to properly perform its duties.

2. Professional and biographical profile

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FAVORABLE REPORT

Pursuant to the above, the Appointments and Remuneration Committee understands that Mr. Luccioni has the appropriate competence, experience and merits to serve his office as Company director in the terms legally and regulatory set out. As a result, the Committee issues a favorable report on the proposal to appoint Mr. Luccioni as a proprietary director of the Company for the statutory term of three years.