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REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. IN CONNECTION WITH THE PROPOSED RENEWAL OF MR. JOSÉ LUIS DEL VALLE DOBLADO AS INDEPENDENT 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 6.3 of the Agenda in connection with the renewal of Mr José Luis del Valle Doblado as independent director of the Company.

Section 4 of article 529 *decies* of the Companies Law sets out that the proposal to renew independent directors corresponds to the Appointments and Remuneration Committee. Section 5 of this article adds that such proposal must be accompanied by a report prepared by the Board of Directors assessing the competence, experience and merits of the proposed candidate.

Article 21 of the Board of Directors' Regulation of Lar España establishes that, before proposing any director's renewal to the General Meeting, the Board of Directors will assess the proposed directors' quality of the work and dedication during their previous offices.

In light of the foregoing, and in view of the expiration of the term for which Mr. José Luis del Valle Doblado was appointed as independent director in 2014, the purpose of this report is to assess the competence, experience and merits of the candidate whose renewal is proposed to the Company's General Meeting.

2. GENERAL REASONS FOR THE PROPOSAL

Below is described the Board's assessment of Mr. del Valle's competence, experience and merits and his suitability to fulfill his duties as independent director of the Company, based on the reasoned proposal issued by the Appointments and Remuneration Committee of the Company in its meeting held on 24 April 2017, in accordance with section 4 of article 529 *decies* of the Companies Law.

The referred proposal of the Appointments and Remuneration Committee is fully endorsed by the Board and 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. del Valle has a wide professional career in banking and energy sector.

From 1988 to 2002, Mr. del Valle held different positions in Banco Santander, one of the largest financial entities in Spain. In 1999 he was appointed General Director and Chief Financial Officer of the



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bank (1999-2002). Subsequently, he was appointed Strategy and Corporate Development Director of Iberdrola, one of the major Spanish energy companies (2002-2008), CEO of Scottish Power (2007-2008), Strategy and Studies Director of Iberdrola (2008-2010) and advisor to the Chairman of the wind turbine's manufacturer of Gamesa (2011-2012).

At present he is non-executive Chairman of the Board of GES – Global Energy Services, supplier of construction, transaction and maintenance services for renewable energies industry; he is director of the insurance group Ocaso; of Abengoa, S.A., supplier of innovative technological solutions for sustainable development; of Verditek Plc, an investor in clean technologies; and of Instituto de Consejeros-Administradores.

Mr. del Valle holds a mining engineering degree from Politécnica University (Madrid, Spain), ranking first in his class, and Master of Science and Nuclear Engineer degree from Massachusetts Institute of Technology (Cambridge, EE. UU.). He also holds an MBA with high distinction from Harvard Business School (Boston, EE. UU.).

2. Other directorships

Mr. del Valle currently belongs to the Board of Directors of listed companies Abengoa, S.A. and Verditek Plc. Consequently, Mr. del Valle 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.

3. Work quality and dedication

The Board of Directors understands that Mr. del Valle has fulfilled his duties with the loyalty of a faithful representative, acting in good faith, in the best interest of the Company and under the principle of personal liability with independence of judgement in respect of any third party instructions or connections. Moreover, the Board of Directors considers that Mr. del Valle has devoted the necessary time to effectively fulfil his duties and that his availability is sufficient for the proper performance of his duties.

3. RESOLUTION PROPOSAL

Pursuant to the above, the Board of Directors endorses the proposal of the Appointments and Remuneration Committee and believes that Mr. del Valle 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 a favourable report on Mr. del Valle's renewal as independent director 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

6.3 Renewal of Mr. José Luis del Valle Doblado as independent director of the Company

Following the proposal of the Appointments and Remuneration Committee and based on the favorable report issued by the Company's Board of Directors, it is resolved to renew the appointment of Mr. José Luis del Valle Doblado, as independent director for the statutory term of three years.



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ANNEX

PROPOSAL OF THE APPOINTMENTS AND REMUNERATION COMMITTEE TO THE BOARD OF DIRECTORS TO SUBMIT TO THE GENERAL SHAREHOLDERS' MEETING THE RENEWAL OF MR. JOSÉ LUIS DEL VALLE DOBLADO AS INDEPENDENT DIRECTOR

1. INTRODUCTION

The Appointments and Remuneration Committee 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**”), makes this proposal that is 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 6.3 of the Agenda in connection with the renewal of Mr. José Luis del Valle Doblado as independent director of the Company.

Section 4 of article 529 decies of the Companies Law sets out that the proposal to renew independent directors corresponds to the Appointments and Remuneration Committee. Section 5 of this article adds that such proposal must be accompanied by a report prepared by the Board of Directors assessing the competence, experience and merits of the proposed candidate.

Article 15.1.4 of the Board of Directors' Regulation of Lar España attributes to this Committee the responsibility to submit directors' renewals proposals to the Company's General Meeting.

For these purposes, and in view of the expiration of the term for which Mr. José Luis del Valle Doblado was appointed as independent director in 2014, the Appointments and Remuneration Committee has analyzed the Board's current composition, assessing whether the Board members have the knowledge, competence and experience necessary, in aggregate, to properly perform its duties and defining the time and dedication necessary for directors to effectively serve their office.

The Committee has also reviewed the candidate's professional and biographical profile.

Mr. del Valle has a wide professional career in banking and energy sector.

From 1988 to 2002, Mr. del Valle held different positions in Banco Santander, one of the largest financial entities in Spain. In 1999 he was appointed General Director and Chief Financial Officer of the bank (1999-2002). Subsequently, he was appointed Strategy and Corporate Development Director of Iberdrola, one of the major Spanish energy companies (2002-2008), CEO of Scottish Power (2007-2008), Strategy and Studies Director of Iberdrola (2008-2010) and advisor to the Chairman of the wind turbine's manufacturer of Gamesa (2011-2012).

At present he is non-executive Chairman of the Board of GES – Global Energy Services, supplier of construction, transaction and maintenance services for renewable energies industry; he is director of the insurance group Ocaso; of Abengoa, S.A., supplier of innovative technological solutions for sustainable development; of Verditek Plc, an investor in clean technologies; and of Instituto de Consejeros-Administradores.

Mr. del Valle holds a mining engineering degree from Politécnica University (Madrid, Spain), ranking first in his class, and Master of Science and Nuclear Engineer degrees from Massachusetts



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Institute of Technology (Cambridge, EE. UU.). He also holds an MBA with high distinction from Harvard Business School (Boston, EE. UU.).

As for Mr. del Valle's work quality and dedication, the Appointments and Remuneration Committee understands that Mr. del Valle has fulfilled his duties with the loyalty of a faithful representative, acting in good faith, in the best interest of the Company and under the principle of personal liability with independence of judgement in respect of any third party instructions or connections. Moreover, the Appointments and Remuneration Committee considers that Mr. del Valle has devoted the necessary time to effectively fulfil his duties and that his availability is sufficient for the proper performance of his duties.

2. RESOLUTION PROPOSAL

Pursuant to the above, the Appointments and Remuneration Committee understands that Mr. del Valle 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 submits to the Board the proposal to renew Mr. del Valle as independent director of the Company for the statutory term of three years.

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

RESOLUTION

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Following the proposal of the Appointments and Remuneration Committee and based on the favorable report issued by the Company's Board of Directors, it is resolved to renew the appointment of Mr. José Luis del Valle Doblado, as independent director for the statutory term of three years