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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. PEDRO LUIS URIARTE SANTAMARINA 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 6.4 of the Agenda in connection with the renewal of Mr. Pedro Luis Uriarte Santamarina 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 (with the abstention of the affected directors) the proposed directors' quality of the work and dedication during their previous office.

In light of the foregoing, and in view of the expiration of the term for which Mr. Pedro Luis Uriarte Santamarina 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. Uriarte'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

After nine years of experience in the industry sector, from 1975 to 2001, Mr. Uriarte held different professional positions, first in BBV and subsequently in BBVA, one of the largest banks in Spain. In 1994, he was appointed CEO of BBV. Simultaneously to that position, he served as Deputy President of the Board



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of Directors of BBV and subsequently of BBVA. He also served as Deputy Chairman of the board of Telefonica and director of various companies. In the area of public administration, Mr. Uriarte served as Regional Minister of Economy and Finance of the Basque Government from 1980 to 1984. In 2007 he founded Innobasque, the Basque Innovation Agency, which he headed until 2009. Ever since, he collaborates in different I+D+i initiatives. He is currently Executive Chairman of Economía, Empresa, Estrategia, S.L., a strategic consultancy firm, and sits on several boards of directors or advisory boards of various companies, Spanish and international. He also was a member of the board of UNICEF Spain.

Mr. Uriarte holds a Business and Law degree from Deusto University (Bilbao, Spain) and is a member of the Board and Executive Committee of Deusto Business School and has been honoured with many relevant accolades such as the "Gran Cruz al Mérito Civil" (granted by the Spanish Government) in 2002, the "medalla de Oro de Guipuzkoa" in 2005 and the appointment as "Manager of the Year" (by the Spanish Confederation of Managers & Executives – CEDE) in 2011.

2. Other directorships

Mr. Uriarte currently belongs to other board of directors of private companies and one public company. Consequently, Mr. Uriarte 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. Uriarte 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. Uriarte 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. Uriarte 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. Uriarte'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

6.4 Renewal of Mr. Pedro Luis Uriarte Santamarina 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. Pedro Luis Uriarte Santamarina, 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. PEDRO LUIS URIARTE SANTAMARINA 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 6.4 of the Agenda in connection with the renewal of Mr. Pedro Luis Uriarte Santamarina 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. Pedro Luis Uriarte Santamarina 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.

After nine years of experience in the industry sector, from 1975 to 2001, Mr. Uriarte held different professional positions, first in BBV and subsequently in BBVA, one of the largest banks in Spain. In 1994, he was appointed CEO of BBV. Simultaneously to that position, he served as Deputy President of the Board of Directors of BBV and subsequently of BBVA. He also served as Deputy Chairman of the board of Telefonica and director of various companies. In the area of public administration, Mr. Uriarte served as Regional Minister of Economy and Finance of the Basque Government from 1980 to 1984. In 2007 he founded Innobasque, the Basque Innovation Agency, which he headed until 2009. Ever since, he collaborates in different I+D+i initiatives. He is currently Executive Chairman of Economía, Empresa, Estrategia, S.L., a strategic consultancy firm, and sits on several boards of directors or advisory boards of various companies, Spanish and international. He also was a member of the board of UNICEF Spain.

Mr. Uriarte holds a Business and Law degree from Deusto University (Bilbao, Spain) and is a member of the Board and Executive Comitee of Deusto Business School and has been honoured with many relevant accolades such as the “Gran Cruz al Mérito Civil” (granted by the Spanish Government) in 2002, the “medalla de Oro de Guipuzkoa” in 2005 and the appointment as “Manager of the Year” (by the Spanish Confederation of Managers & Executives – CEDE) in 2011.



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As for Mr. Uriarte's work quality and dedication, the Appointments and Remuneration Committee understands that Mr. Uriarte 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. Uriarte 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. Uriarte 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. Uriarte as independent director of the Company 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

6.4 Renewal of Mr. Pedro Luis Uriarte Santamarina 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. Pedro Luis Uriarte Santamarina, as independent director for the statutory term of three years.