

REPORT BY THE BOARD OF DIRECTORS OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. IN CONNECTION WITH THE AMENDMENT OF THE AUDIT AND CONTROL COMMITTEE'S REGULATIONS INCLUDED IN ITEM TEN OF THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING TO BE HELD ON MARCH 16 AND 17, 2020, IN 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 with the purpose of informing the General Shareholders' Meeting about the amendments carried out in connection with the Audit and Control Committee's Regulations of Lar España (the "**Regulations**") approved by the Board of Directors of the Company on 12 December 2019.

To simply the comprehension of the amendments, a description of the purpose and justification of the amendments is hereby provided to the shareholders of the Company.

Finally, and with the purpose of simplifying the comparison between the new text of the amended articles, a document highlighting the changes with respect to the previous version is attached to this report.

2. GENERAL JUSTIFICATION OF THE PROPOSAL

The amendments to the Audit and Control Committee's Regulations are carried out within the continuous review and updating process carried out by the Company in connection with its internal corporate governance rules. Particularly, articles 6 and 7 of the Regulations have been modified in order to (i) adjust the deadline for convening meetings (article 6.3) to the provisions of the Board Regulations; and (ii) expressly incorporate the fact that at the meetings of the Audit and Control Committee the guests will not attend the deliberation and voting phases of the Audit and Control Committee, a provision included in Section Two of Technical Guide 1/2019 of the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on Appointments and Remunerations Committees and which such Guide expressly extends to the audit committees.

3. STRUCTURE OF THE AMENDMENT

A document highlighting the changes to articles 6 and 7 of the Audit and Control Committee's Regulations with respect to the previous version of the Regulations is attached to this report as **Annex.**

Madrid, 13 February 2020



This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

ANNEX
CHANGES TO ARTICLES 6 AND 7 OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AUDIT AND CONTROL COMMITTEE'S REGULATIONS, APPROVED IN THEIR MEETING OF 12 DECEMBER 2019 WITH HIGHLIGHTED CHANGES WITH RESPECT TO THE PREVIOUS VERSION

The rest of the articles from the Audit and Control Committee's Regulations remain unaltered with respect to the previous version in force.

Article 6. Call of the meetings

1. The Audit and Control Committee shall meet regularly, on a quarterly basis, to review the periodic financial information that must be submitted to the supervisory authorities, as well as the information that the Board of Directors has to approve and include as part of its annual public documents. In relation to these matters, the internal auditor must attend the Committee's meetings and, if any type of review report is issued, the external auditor must also attend, however, they will not be present in the decision-making part of the meeting when the Audit and Control Committee must adopt the relevant decisions.
2. Additionally, the Committee shall also meet at the request of any of its members and when called by its Chairman, which must call a meeting whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever deemed appropriate for the successful performance of its functions.
3. Audit and Control Committee meetings shall be called by the Secretary of the Committee or, where applicable, the Deputy Secretary, by order of the Chairman, at least ~~ten~~three days prior to the meeting, except in cases of emergency that justify calling a meeting immediately or within less time. The call notice will be sent by letter, fax, e-mail or by any other means that provide evidence of receipt.

The call notice shall always include the agenda of the meeting and will be accompanied by the necessary information, without prejudice to the fact that in certain circumstances all or part of the information may be provided at the meeting itself.

Article 7. Meetings

1. Audit and Control Committee meetings shall be held, in accordance with its annual work plan, at the Company's registered office or at any location previously designated by the Chairman and indicated in the call notice.
2. Committee meetings may be held through multiconference calls, videoconference or any other similar systems such that one or several members may attend the meeting through the indicated system. For such purpose, the call notice of the meeting, in addition to indicating the location where the actual meeting will take place, must mention that members may also attend the meeting through conference calls, videoconference or an equivalent system, whereby the technical means necessary for such purpose must be indicated and available, which in any case must enable direct and simultaneous communication between all attendees. The Secretary of the Audit and Control Committee must place on record in the minutes of the meetings held, in addition to those members attending the meeting in person or, where applicable, represented by another Committee member, those that attend the meeting through the multiconference call, videoconference or similar system.
3. Constructive discussions among its members shall be encouraged at the Committee meetings, promoting free expression and the supervisory and analysis mindset of its members, whereby the Chairman of the Committee must ensure that its members freely participate in discussions.

4. The Audit and Control Committee shall draft an annual report on its performance during the year, which will serve as the basis for the evaluation to be carried out by the Board of Directors, highlighting the main incidents, if any, that have arisen in relation to its functions. The report shall include, among other issues, the significant activities carried out during the period, and report on those that were carried out in collaboration with external experts and, when deemed appropriate by the Committee, this report will include proposals to improve the Company's governance rules. The report shall be available to shareholders and investors through the Company's website well in advance of the Ordinary General Shareholders' Meeting.
5. The Audit and Control Committee may call any of the members of the management team or the Company's personnel, even ordering their appearance without the presence of another senior officer. Those called shall be obliged to attend the meetings of the Audit and Control Committee and provide their collaboration and access to the information they have available. The Committee may also require attendance at its meetings by other persons (executive directors, experts, auditors, etc.), although only by invitation of the Chairman of the Committee and only to discuss those specific items on the agenda for which they are summoned. In particular, senior officers or other executive or non-executive directors shall only occasionally attend Committee meetings, also ensuring that invited parties not to attend the committee's deliberation and voting stages.