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NATIONAL SECURITIES MARKET COMMISSION

In compliance with the reporting requirements under article 228 of the consolidated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, Lar España Real Estate SOCIMI, S.A. (hereinafter, "Lar España" or the "Company") hereby informs the National Securities Market Commission of the following

MATERIAL FACT

The Company informs that its Board of Directors, at a meeting held on 6 July 2016, pursuant to the authorization granted by the ordinary Shareholders' Meeting of Lar España of 21 April 2016 under item sixth of the agenda, has adopted, inter alia, the following resolutions:

- i). To increase the share capital of Lar España by a total nominal amount up to €59,826,958 by the issuance and placing into circulation up to 29,913,479 new ordinary shares, each with a par value of €2, of the same class and series as those currently in circulation and represented by book entries with preferential subscription rights for all the existing shareholders (the "New Shares" and the "Capital Increase", respectively). The New Shares shall confer on the holders thereof the same rights as the shares currently in circulation from their entry in the accounting records of the Spanish securities, clearance and settlement system (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.) ("Iberclear").
- ii). The New Shares are issued at par value of €2 plus a share premium of €2.92 per share, which gives rise to an issue price of €4.92 for each New Share, which must be paid by means of monetary contributions. Therefore, the actual total amount of the Capital Increase shall be €147,174,316.68, accounting for the possibility of an incomplete subscription.
- iii). In accordance with the provisions of Article 304 of the Spanish Companies Act, the shareholders of Lar España who acquire their shares up to the date of publication of the compulsory announcement of the Capital Increase in the Official Gazette of the Commercial Registry ("BORME") (which is expected to occur on 8 July 2016) and whose transactions are settled up to 13 July 2016 through Iberclear, both dates inclusive, are entitled to a preferential subscription right in relation to the New Shares. For each existing share of Lar España its holder shall be entitled to one preferential subscription right. Ninety-one preferential subscription rights shall be necessary in order to subscribe for 45



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New Shares.

The preferential subscription rights shall be transferable under the same conditions as the shares from which they are derived and may be traded through the Spanish Automated Quotation System (*Sistema de Interconexión Bursátil Español*). Therefore, investors who acquire preferential subscription rights on the market may also subscribe for New Shares. The preferential subscription period during which the preferential subscription rights may be exercised shall be 15 calendar days, beginning on the day following the date of publication of the compulsory announcement of the Capital Increase in the BORME.

- iv). In relation to the foregoing, on 7 July 2016 an underwriting agreement has been signed between the Company as issuer, Grupo Lar Inversiones Inmobiliarias, S.A. as Lar España's investment manager, J.P. Morgan Securities plc and Morgan Stanley & Co. International plc, acting as joint global coordinators and joint bookrunners in connection with the Capital Increase, and Fidentiis Equities, Sociedad de Valores, S.A., acting as joint bookrunner in connection with the Capital Increase. According to the underwriting agreement, all the New Shares have been underwritten by J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Fidentiis Equities, Sociedad de Valores, S.A.
- v). The Company's purpose is to use the net proceeds of the Capital Increase to expand its existing Portfolio, enhance it through capital expenditures as well as to fund the Company's operating expenses consistently with its business strategy.

In particular, the Company has identified market opportunities with an estimated size of €838.5 million, of which approximately €145 million correspond to a retail complex in the north of Spain in respect of which the Company has entered into a purchase agreement which is expected to be closed during the fourth quarter of 2016.

The preferential subscription period shall only commence when the prospectus of the Capital Increase has been registered with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "CNMV"), which is expected to occur today. Once it has been approved, the prospectus will be available on Lar España's and the CNMV's web pages (www.larespana.com and www.cnmv.es, respectively), as well as in the offices of Lar España. The terms and conditions of the Capital Increase and the procedure established for the subscription of the New Shares shall appear in the prospectus.



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The Company shall notify through the applicable legal channels the commencement of the preferential subscription period of the Capital Increase.

It is informed as significant event in the appropriate effects in Madrid, on 7 July 2016.

Lar España Real Estate SOCIMI, S.A.
Mr. José Luis del Valle Doblado,
Chairman of the Board of Directors



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The issue, exercise (in the case of preferential subscription rights) or sale of securities in the offering are subject to specific legal or regulatory restrictions in certain jurisdictions. Lar España assumes no responsibility in the event there is a violation by any person of such restrictions.

The information contained herein shall not constitute an offer to sell or the solicitation of an offer to buy the securities referred to herein, nor shall there be any sale in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Lar España has not authorized any offer to the public of securities in any Member State of the European Economic Area other than Spain. With respect to each Member State of the European Economic Area other than Spain and which has implemented the Prospectus Directive (each, a "Relevant Member State"), no action has been undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, as long as the necessary procedures for the execution of the public offer are not adopted, the securities



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may only be offered in Relevant Member States (a) to any legal entity which is a qualified investor as defined in Article 2(1)(e) of the Prospectus Directive; or (b) in any other circumstances which do not require the publication by Lar España of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this paragraph, the expression an “offer of securities to the public” means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to exercise, purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010/73/EU Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

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