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## **REPORT PREPARED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. ON ITS FUNCTIONING IN 2015**

### **I. INTRODUCTION**

In accordance with recommendation 6 of the Code of Good Governance for Listed Companies approved on 18 February 2015 by the National Securities Market Commission ("**Code of Good Governance**") related to the documents that must be given to the shareholders from the call of the ordinary General Shareholders' Meeting, and in order for the Board of Directors of Lar España Real Estate SOCIMI, S.A. ("**Lar España**" or the "**Company**") to undertake the annual evaluation of this Committee as provided in article 529 *nonies* of the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010 (the "**Spanish Companies Act**"), the aforesaid Committee will prepare an annual report on its functioning, highlighting the principal issues arising, if any, in respect of its inherent functions. In compliance with the aforesaid rules, the Appointments and Remuneration Committee prepares this report.

This report will be available to shareholders and investors by way of the Company's website ([www.larespana.com](http://www.larespana.com)) from the call of the ordinary General Shareholders' Meeting.

### **II. COMPOSITION**

Articles 43 of the Articles of Association and 15 of the Board of Directors Regulations, at the date of this report, provide that the Appointments and Remuneration Committee will be composed of at least three and at most five directors, appointed by the Board of Directors from among the outside directors, on proposal of the Chairman of the Board. The majority of the members of the Appointments and Remuneration Committee will be independent and will be appointed on the basis of the knowledge, ability and experience appropriate to the functions they are called upon to perform. The Board of Directors also will appoint one of the members of that Committee to act as the Chairman thereof. In accordance with article 15.3 of the Board of Directors Regulations, the members of the Appointments and Remuneration Committee will remain in that office for so long as their appointments as directors of the Company remain in effect, unless the Board of Directors resolves otherwise.

During 2015 there was no change in the composition of the Appointments and Remuneration Committee. It was as follows:

- **Mr. Roger Maxwell Cooke** (Chairman) is an independent non-executive director of Lar España. He was appointed as a director of Lar España by the then sole shareholder of the Company on 5 February 2014. The Board of Directors of the Company appointed him as a member of the Appointments and Remuneration Committee on 6 February 2014. Mr. Cooke is an experienced professional with more than 30 years of experience in the real estate sector. Mr. Cooke joined Cushman & Wakefield in 1980 in London where he had a role in drafting valuation standards (Red Book). Since 1995 until the end of 2013, he served as General Director of Cushman & Wakefield Spain, leading the company to attain a leading position in the sector.

Mr. Cooke holds an Urban Estate Surveying degree from Trent Polytechnic University (Nottingham, UK) and is currently President of the British Chamber of Commerce in

Spain and a Fellow of the Royal Institution of Chartered Surveyors (FRICS). Since May 2014, Mr. Cooke has been a Senior Advisor at Ernst & Young.

- **Mr. Alec Emmott** (Member) is an independent non-executive director of Lar España. He was appointed as a director of Lar España by the then sole shareholder of the Company on 5 February 2014. The Board of Directors of the Company appointed him as a member of the Appointments and Remuneration Committee on 6 February 2014. Mr. Emmott has a wide career in the listed and unlisted real estate sector in Europe, and is based in Paris. He served as CEO of Société Foncière Lyonnaise (SFL) from 1997 to 2007 and subsequently as senior advisor to SFL until 2012.

He is currently the Principal of Europroperty Consulting, and since 2011, is a Director of CeGeREAL S.A. (representing Europroperty Consulting). He is also member of the advisory committee of Weinberg Real Estate Partners (WREP I and II), Cityhold AP and MITSUI FUDOSAN. He has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971. Mr. Emmott holds an MA from Trinity College (Cambridge UK).

- **Mr. Miguel Pereda Espeso** (Member) is a proprietary non-executive director of Lar España. He was appointed as a director of Lar España by the then sole shareholder of the Company on 5 February 2014. The Board of Directors of the Company appointed him as a member of the Appointments and Remuneration Committee on 6 February 2014. Mr. Pereda has more than 25 years of experience in the real estate sector, and is a director and shareholder of Grupo Lar Inversiones Inmobiliarias, S.A., since 2007, and previously, for a period of 6 years, was Chief Executive Officer of Lar Grosvenor. In 2015, he was appointed Eminent Member of the Royal Institution of Chartered Surveyors (RICS) in London.

Mr. Miguel has a degree in business administration from Universidad Complutense (Madrid, Spain), an MBA from the Instituto de Empresa (IE), participated in the Breakthrough program for Senior Executives of the IMD, has a Masters in tax from ICADE and participated in the Real Estate Management Program of Harvard University.

In accordance with the provisions of article 15.1 of the Board of Directors Regulations, the secretary of the Appointments and Remuneration Committee is Mr. Juan Gómez-Acebo Sáenz de Heredia, as he is also the secretary of the Board of Directors.

As a result, the composition of the Committee during 2015 has been consistent with the provisions of the Board of Directors Regulations and article 529 *quincies*.<sup>1</sup> of the Spanish Companies Act, in accordance with its current version, whereby this Committee is comprised exclusively of non-executive directors and two of them independent directors.

### **III. MEETINGS**

The Appointments and Remuneration Committee ordinarily meets on a year basis. It also may meet at the request of any of its members and when called by its Chairman. The Chairman must call the meeting whenever the Board or its Chairman requests the issuance of a report or preparation and adoption of proposals and, in any event, whenever it is appropriate to the proper exercise of its authority.

The Appointments and Remuneration Committee met two times during 2015.

As a result, the Appointments and Remuneration Committee met with the frequency required for proper performance of its duties. All of its members attended the meetings that were held.

#### **IV. ACTIVITIES DURING 2015**

This Committee, in fulfilment of the duties assume under article 15 of the Board Regulations, focused its meetings during 2015 on the following principal activities:

- In connection with the Remuneration Policy of the Board of Directors, the Appointments and Remuneration Committee analysed the main issues of the remuneration policy of the directors for performance of their duties as well as the remuneration arising from the positions filled by the directors, appointed by Lar España, in boards of companies owned with other partners.

In the exercise of its duties, the Appointments and Remuneration Committee approved a Board of Directors Remuneration Policy Report and proposed the Board of Directors Remuneration Policy considered by the Board of Directors for its approval and onward referral to the General Shareholders' Meeting of 2015.

- In connection with the remuneration of the non-director secretary of the Board of Directors of Lar España, the Appointments and Remuneration Committee, after analysing the main issues of its retribution, arranged its amount.
- In connection with the incorporation of the Responsible of Investors Relationship, the Appointments and Remuneration Committee approved a proposal to the Board to create this title, with direct dependence on the Board and double functional dependence on the Board of Directors and the Financial Manager of the Company.

Additionally, the Appointments and Remuneration Committee made a proposal, according to its judgement of a candidate that should fill this title, as well as its remuneration conditions.

In the exercise of its duties, the Appointments and Remuneration Committee proposed the appointment to the Board and, where relevant, will agree the designation as Responsible of Investors Relationship.

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