

## **EXHIBIT I**

### **ANNUAL REPORT ON DIRECTOR REMUNERATION AT LISTED COMPANIES**

#### **DATA IDENTIFYING THE ISSUER**

##### **FINANCIAL YEAR END:**

12/31/2016

##### **TAX ID NUMBER (CIF):**

A-86918307

##### **Registered Business name:**

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

##### **Registered Business office:**

Rosario Pino 14-16, Madrid

## ANNUAL REPORT ON DIRECTOR REMUNERATION AT LISTED COMPANIES

### A REPORTING COMPANY'S REMUNERATION POLICY FOR THE YEAR IN PROGRESS

#### A.1 Explain the Company's remuneration policies. The information reported in this section should include:

- General remuneration policy principles and fundamentals.
- The most significant changes in remuneration policy with respect to that applied during the prior reporting period, including any changes made during the year to the terms for exercising stock options already granted.
- Criteria used to determine, and composition of, the groups of comparable companies whose remuneration policies have been examined in the course of establishing the company's remuneration policy.
- The relative importance of the remuneration inputs used to determine fixed pay and the criteria followed to determine the various components of the directors' remuneration packages (remuneration mix).

#### Explanation of the remuneration policy

LAR ESPAÑA REAL ESTATE SOCIMI S.A. (hereinafter, Lar España) was incorporated on January 17, 2014; despite the fact that the sole transitory provision of Spanish Law 31/2014 (of December 3, 2014) would allow the company to delay obtaining shareholder approval for a remuneration policy until 2018. However, at the proposal of the Appointments and Remuneration Committee, the Board chose to establish them commencing in 2015. Against this backdrop, the policy on the remuneration of the members of the Board of Directors in their capacity as such, under the scope of the remuneration regime provided for in the company's Articles of Association, was approved at the Annual General Meeting of April 28, 2015.

The policy is aligned with recent corporate governance developments in Spain, the company's performance and the experience acquired during Lar España's first year in existence. It is up to the Board of Directors to determine the remuneration of each director, to which end it will factor in the duties and responsibilities assigned to each, their membership of Board committees and other circumstances it deems material.

#### General principles

The remuneration policy of the Board of Directors of Lar España is based on the principles of transparency, moderation, compensation for dedication and correlation with performance, which is why director remuneration shall be kept at all times reasonably proportionate to the company's importance, the evolving economic situation and market standards for comparable companies.

**Most significant changes in remuneration policy with respect to that applied during the prior reporting period**

The prevailing remuneration policy was ratified at the Annual General Meeting held in 2015 and is effective for 2015, 2016, and 2017.

**Criteria used to determine the company's remuneration policy**

The remuneration regime established in the shareholder-approved policy is designed to promote the long-term profitability and sustainability of the company and inject the safeguards needed to prevent the assumption of too much risk or the reward of adverse results.

The guiding principles of director remuneration policy are approved and updated by the Appointments and Remuneration Committee and the Board of Directors with a view to keeping the company's policy in line with market trends and best remuneration practices among competitors.

**The relative importance of variable vs. fixed remuneration items, as well as criteria for determining the different components of board member remuneration packages (remuneration mix).**

The prevailing remuneration policy does not contemplate variable remuneration for directors. In 2016, director remuneration consisted entirely of fixed pay.

- A.2 Explain the Company's remuneration policies. This section should include information on: A report on the preparatory work and decision-making process behind the design of the remuneration policy and the role played, as warranted, by the remuneration committee and other governing bodies in determining remuneration policy. This information should include, as necessary, the mandate and composition of the remuneration committee and the identity of any external advisers engaged to help define remuneration policy. State also the nature of any directors involved in designing the firm's remuneration policy.**

**Explain the remuneration policy design process**

As per article 15.5.e.ii of the Board Regulations, the Appointments and Remuneration Committee must review the directors' remuneration policy periodically and make proposals for any amendments or updates to the Board of Directors for submission to the company's shareholders in general meeting; this remit includes proposals with respect to the amount directors receive annually. Note that the Appointments and Remuneration Committee submitted a remuneration policy report and proposal, prepared with the assistance of Ernst & Young, S.L., to the Board of Directors in 2015. This policy was then ratified at the Annual General Meeting held on April 28.

**Composition of the Appointments and Remuneration Committee**

As stipulated in article 15 of the Board Regulations, the Appointments and Remuneration Committee must comprise a minimum of three and maximum of five directors, appointed by the Board of Directors itself, from among its external directors, at the proposal of the Board's Chairman. The majority of the members of the Appointments and Remuneration Committee must be independent directors. The Board of Directors must also appoint a committee chair from among the independent directors comprising the committee.

In 2016, the Appointments and Remuneration Committee was configured as follows:

<b>Name</b>	<b>Position</b>	<b>Type</b>
Mr. Roger Cooke	Chairman	Independent
Mr. Alec Emmott	Member	Independent
Mr. Miguel Pereda	Member	Proprietary
Mr. Juan Gómez-Acebo	Secretary	Non-director

**A.3 Amount of the fixed components, itemized where necessary, of compensation paid to executive directors, and additional compensation for acting as chairman or member of a Board committee, committee attendance fees, and other fixed director payments, as well as with an estimate of the fixed annual payment they give rise to. Mention any other benefits not paid in cash, and other key parameters for granting them.**

**Describe fixed remuneration components.**

As stipulated in Lar España's Director Remuneration Policy approved on April 28, 2015 and in effect for 2015, 2016 and 2017, the fixed components of director remuneration are as follows:

- The maximum annual overall amount to be paid to all Board members is 365,000 euros.
- Director attendance fees and other fixed remuneration components are those considered necessary for compensating performance, i.e., the dedication, qualifications, and responsibilities demanded by the position, yet not so high that they compromise the independence of non-executive directors. In any event, this compensation is based on market criterion, in accordance with remuneration guidelines for listed companies comparable to Lar España.
- Apart from proprietary directors, who are not compensated in any way, Lar España's Board of Directors earn a fixed payment of 60,000 per annum for participating in at least 8 meetings. The Chairman earns an additional 50% of the remuneration paid to the remaining Board members (a total of 90,000 euros annually).
- Board members serving on any of the Committees will be compensated with an additional 15,000 euros per year for participating in them.
- Lastly, the members of the Board who, at the appointment of Lar España, hold positions on the boards of company investees may receive additional

fixed remuneration for attending those boards' meetings in an amount of: (i) 15,000 euros per annum if Lar España does not have control over the investee; and (ii) 5,000 euros per annum if Lar España does have control. Note that the additional remuneration corresponding to this concept would total 35,000 euros per annum at most.

- Lar España also reimburses its Board members for any travel expenses corresponding to their participation on the Board and Committees.

#### **A.4 The amount, nature, and main characteristics of the variable components of compensation paid to executive directors.**

##### **In particular:**

- Describe each of the compensation plans benefiting each Board member, their scope, approval and implementation dates, duration, and key characteristics. Information on stock option plans and other financial instrument plans should include their general terms, and information on the conditions for exercising them.
- Indicate any payments made under profit-sharing or bonus schemes, and the reason for their accrual.
- Key parameters and grounds for any system of annual bonuses.
- Types of board members (executive directors, external directors, independent directors, or other executive directors) who are the recipients of remuneration schemes or plans involving variable compensation.
- The basis for these variable remuneration schemes or plans, selection of performance-assessing criteria, as well as the components and methods for determining whether established criteria has been met, as well an estimated sum total of variable payments arising from the remuneration policy, based on degree of compliance with pre-set targets or benchmarks.
- Where necessary, provide information on deferment or payment instalment plans established, and/or retention periods for any stocks or other financial instruments.

#### **Variable components of remuneration policies**

The prevailing remuneration policy does not contemplate variable remuneration for directors. However, Lar España's Board Regulations (article 27.5) provide that any variable remuneration tied to the company and/or the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans be confined to executive directors. Non-executive directors may only participate in share-based remuneration schemes provided they retain such shares until the end of their mandate.

Note that Lar España did not have any executive directors in 2016.

#### **A.5 Chief characteristics of long-term savings plans, including retirement and any other survivor benefits which are partially or entirely financed by the**

**Company, granted internally or externally, including an estimated amount or equivalent annual amount, with indications on plan type, whether defined contribution or defined benefit plans, conditions necessary for consolidating economic rights in favour of board members, and their compatibility with any other types of indemnification arising from early termination of the contractual relationship between the Company and the board member.**

**Also, reflect contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes.**

<b>Long-term savings schemes</b>
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In 2016, none of the Lar España directors benefited from long-term savings plans, including retirement as well as any other survivor benefits partially or entirely financed by the Company.

**A.6 Any severance packages agreed or paid for termination of board member functions.**

**Describe the indemnities**

None of Lar España's board members were terminated this year, and therefore during 2016 no indemnities were paid in this regard.

**A.7 The contractual conditions to be observed by executive directors exercising management functions. Any other clauses covering hiring bonuses, as well as indemnities, golden parachutes, notice periods, in the event of early termination of the contractual relation between the Company and executive director. Include any non-competition, exclusivity, permanence, loyalty, and post-contractual non-competition agreements or pacts.**

**Describe the conditions set forth in executive director contracts**

Note that Lar España did not have any executive directors in 2016.

**A.8 Supplementary income paid to board members arising from other services provided apart from those inherent to the position.**

**Describe supplementary remuneration**

In 2016, the Lar España board members did not provide any services not inherent to their positions.

**A.9 Any severance packages agreed or paid for termination of board member functions. State any compensation in the form of advances, loans, and guarantees granted, indicating interest rate, basic characteristics, and amounts repaid, as well as commitments assumed in the form of guarantees.**

**Advances, loans, and guarantees provided**

In 2016, the Lar España board members did not avail themselves of any advances, loans, or guarantees.

**A.10 Key characteristics of remuneration in kind.**

**Describe remuneration in kind.**

In 2016, the Lar España board members did not avail themselves of any remuneration in kind.

- A.11 Compensation paid to board members arising from payments by the listed company to a third-party entity to which they currently provide service, when payments are designed as remuneration for services rendered to the company.**

**Compensation paid to board members arising from payments by virtue of payments made by the listed company to a third-party entity in which the board member provides services.**

In 2016, no Lar España directors earned compensation by virtue of payments made by the listed company to a third-party entity in which the board members provide services.

- A.12 Any type of remuneration other than the abovementioned, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its issuing would detract from a true and fair view of the total remuneration received by the director.**

**Describe other items of remuneration**

During 2016, no Lar España board members were remunerated through any other items apart from the abovementioned.

- A.13 Actions adopted by the Company related to its remuneration policy to reduce its long-term exposure to excessive risk, and adjust it to the objectives, value, and interests, to include the following, where appropriate: measures in place to ensure that its remuneration policies are in line with the Company's long-term results, measures establishing a sufficient balance between fixed and variable components, with regard to personnel categories whose professional activities may have material repercussions on the entity's risk profile, collection formulae or clauses designed for claiming the repayment of items of variable remuneration based on results, when the components in question were paid in accordance with data subsequently and manifestly proven to be inaccurate, as well as any measures established to avoid conflicts of interest, where applicable.**

**Actions established to reduce risk**

Within the limits established in the company's Articles of Association and remuneration policy, the Board of Directors shall strive to ensure that director remuneration is reasonably proportionate to the company's importance, the evolving economic situation and market standards for comparable companies. The remuneration regime established must be designed to promote the long-term profitability and sustainability of the company and inject the safeguards needed to prevent the assumption of too much risk or the reward of adverse results.



Moreover, Lar España's remuneration regime does not contemplate any performance-based pay, therefore eliminating the biggest source of remuneration-related risks.

## **B** REMUNERATION POLICIES FORESEEN FOR UPCOMING YEARS

Amended

## **C** OVERALL SUMMARY OF REMUNERATION POLICY APPROVAL PROCESS DURING YEAR ENDED

### **C.1 Summary of chief characteristics of remuneration structure and concepts applied during the year ended arising in the breakdown of individual compensation accrued by each board member reflected in Section D of this report, as well as a summary of decisions made by the Board of Directors to apply them.**

#### **Remuneration policy structure and concepts applied during the year**

As detailed above, as a result of approval of the remuneration policy at the Annual General Meeting of April 2015, the main policy characteristics and concepts applied during the last fiscal year correspond to the general remuneration policy principles outlined in section A of this report.

- Apart from proprietary directors, who are not compensated in any way, Lar España's Board of Directors earn a fixed payment of 60,000 euros per annum for participating in at least 8 meetings. The Chairman earns an additional 50% of the remuneration paid to the remaining Board members (a total of 90,000 euros annually).
- Board members serving on any of the Committees will be compensated with an additional 15,000 euros per year for participating in them.
- Lastly, the members of the Board who, at the appointment of Lar España, hold positions on the boards of company investees, may receive additional fixed remuneration for attending those board meetings in the amount of: (i) 15,000 euros per annum if Lar España does not have control over the investee; and (ii) 5,000 euros per annum if Lar España does have control.
- Lar España also reimburses its Board members for any travel expenses corresponding to their participation on the Board and Committees.

D

BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH BOARD MEMBER

<b>Name</b>	<b>Type</b>	<b>2015 accrual period</b>
Mr. José Luís del Valle	Independent Director and Chairman	January-December 2016
Mr. Pedro Luis Uriarte	Independent Board Member	January-December 2016
Mr. Roger Cooke	Independent Board Member	January-December 2016
Mr. Alec Emmott	Independent Board Member	January-December 2016
Mr. Miguel Pereda	Proprietary director	January-December 2016

**D.1 Individualized remuneration for each board member (including compensation paid for exercising executive functions) accrued during the year.**

**a) Remuneration accrued in the reporting Company:**

**i. Remuneration in cash (in thousands of euros)**

<b>Name</b>	<b>Salaries</b>	<b>Fixed compensation</b>	<b>Travel expenses</b>	<b>Short-term employee benefits</b>	<b>Long-term employee benefits</b>	<b>Remuneration for membership of Board Committees</b>	<b>Termination benefits</b>	<b>Travel expenses + others*</b>	<b>Total 2016</b>	<b>Total 2015</b>
Mr. José Luis del Valle	0	90	0	0	0	15	0	0	105	105
Mr. Pedro Luis Uriarte	0	60	0	0	0	15	0	0	75	75
Mr. Roger Cooke	0	60	0	0	0	15	0	0.5	75.5	75.9
Mr. Alec Emmott	0	60	0	0	0	15	0	2.9	77.9	80.3
Mr. Miguel Pereda	0	0	0	0	0	0	0	0	0	0

**ii. Share-based employee benefits**

**iii. Describe long-term savings schemes**

**b) Remuneration accrued by Company board members arising from their membership on other Group Boards:**

**i. Remuneration in cash (in thousands of euros)**

<b>Name</b>	<b>Salaries</b>	<b>Fixed compensation</b>	<b>Travel expenses</b>	<b>Short-term employee benefits</b>	<b>Long-term employee benefits</b>	<b>Remuneration for membership in Board Committees</b>	<b>Termination benefits</b>	<b>Other items</b>	<b>Total 2016</b>	<b>Total 2015</b>
Mr. José Luís del Valle	0	0	0	0	0	0	0	0	0	0
Mr. Pedro Luis Uriarte	0	0	0	0	0	0	0	0	0	0
Mr. Roger Cooke	0	16.2	0	0	0	0	0	0	16.2	18
Mr. Alec Emmott	0	0	0	0	0	0	0	0	0	0
Mr. Miguel Pereda	0	0	0	0	0	0	0	0	0	0

**ii. Share-based employee benefits**

**iii. Describe long-term savings schemes**

**c) Summary of remuneration (in thousands of euros)**

**This should include the amounts corresponding to all remuneration concepts accrued by the board member included herein, in thousands of euros. Contributions made or amounts granted for long-term Savings Plans:**

Name	Remuneration accrued in the Company				Remuneration accrued in Group companies				Totals		
	Total compensation paid in cash	Number of shares granted	Gross profit from exercised options	Total 2016	Total compensation paid in cash	Number of shares granted	Gross profit from exercised options	Total 2016 Group	Total 2016	Total 2015	Contributions to savings schemes during the year
Mr. José Luís del Valle	105	0	0	105	0	0	0	0	105	105	0
Mr. Pedro Luis Uriarte	75	0	0	75	0	0	0	0	75	75	0
Mr. Roger Cooke	75.5	0	0	75.5	16.2	0	0	16.2	91.7	94	0
Mr. Alec Emmott	77.9	0	0	77.9	0	0	0	0	77.9	80.3	0
Mr. Miguel Pereda	0	0	0	0	0	0	0	0	0	0	0

**D.2 The relationship between remuneration earned by board members and other entity performance measures, including how changes in company performance might have influence changes in board member remuneration.**

In 2016, none of Lar España's directors received any variable remuneration so that there is no bearing between the remuneration received by the members of the Board of Directors and the company's earnings or other performance benchmarks.

**D.3 Results on the General Shareholders' advisory vote on the annual report on directors' remuneration from the previous report, indicating number negative votes, where applicable:**

On April 21, 2016, the 2015 annual report on directors' compensation was submitted to an advisory vote during the General Shareholders Meeting as the 15<sup>th</sup> item of the Agenda, with the following outcome:

	<b>Number</b>	<b>% of Total</b>
<b>Total votes</b>	38,603,759	64.342

	<b>Number</b>	<b>% of total</b>
<b>Votes against</b>	296,401	0.766
<b>Votes in favour</b>	38,306,258	98.954
<b>Abstentions</b>	1,100	0,003

**E OTHER INFORMATION OF INTEREST**

**Relevant aspects of director remuneration not reflected in the above sections of this report, yet considered necessary for inclusion so as to provide more comprehensive and reasoned information on the Company's remuneration structure, and its practices with regard to compensating its directors.**

This remuneration report was approved by the Company's Board of Directors at its meeting held on 24/02/2017.

**Indicate whether any directors voted against or abstained from voting on the approval of this Report.**

Yes  No