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PROPOSAL OF THE APPOINTMENTS AND REMUNERATIONS COMMITTEE TO THE BOARD OF DIRECTORS ON THE RATIFICATION AND RE-ELECTION OF MS. LETICIA IGLESIAS HERRAIZ AS EXTERNAL INDEPENDENT DIRECTOR TO BE SUBMITTED TO THE GENERAL SHAREHOLDERS MEETING

1. INTRODUCTION

The Appointments and Remunerations Committee of Lar España Real Estate SOCIMI, S.A. (the “**Company**”), pursuant to section 4 of article 529 *decies* of the consolidated text of the Spanish Companies Law (Ley de Sociedades de Capital), approved by Royal Legislative Decree 1/2010 of 2 July (the “**Spanish Companies Law**”), issues this proposal which is submitted for the approval of the General Shareholders Meeting of the Company called for the 24 and 25 April 2019, on first and second call, respectively, under item six on the agenda, for the ratification, if appropriate, of the appointment by means of the co-option (*cooptación*) system and the re-election for the statutory period of three years of Ms. Leticia Iglesias Herraiz, as an external independent director of the Company.

In accordance with paragraph 4 of article 529 *decies* of the Spanish Companies Law, the power to issue the proposal for the appointment or re-election of independent directors of the Board of Directors corresponds to the Appointments and Remunerations Committee.

Likewise, Article 15.4.c) of the Board of Directors' Regulation of the Company provides that this Committee must submit the proposals for the appointment or re-election of independent directors to the Company's Board of Directors which, in turn, must submit the proposal to the approval of the General Shareholders' Meeting of the Company. Furthermore, according to Article 15.5.c.iii of the Board of Directors' Regulation of the Company, this Committee shall submit to the Board of Directors the proposals of re-election of independent directors.

2. PURPOSE OF THE PROPOSAL

The proposal is prepared with the purpose of complying with the provisions included in paragraph 4 of article 529 *decies* of the Spanish Companies Law.

3. ASPECTS CONSIDERED BY THE APPOINTMENTS AND REMUNERATIONS COMMITTEE

The Company's Board of Directors, in light of Mr. Pedro Luis Uriarte Santamarina's announcement of his intention to resign from his position as member of the Company's Board of Directors, as well as from his position as member and Chair of the Audit and Control Committee, initiated the corresponding process to assess the appointment of a new director, analyzing the structure and composition of the current Board, as well as the knowledge, skills and experience of its members. The process was carried out in accordance with the principles and provisions included in the Director Selection Policy approved by the Company on January 2016.

The Appointments and Remunerations Committee carried out an analysis of the needs of the Board and, taking into account the above, concluded that in view of the current shareholding structure of the Company and the resulting number of Board members following Mr. Uriarte's



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resignation from his position as director, it is necessary to appoint an independent director. Such director would be appointed by means of the co-option system (*cooptación*) to fill the vacancy generated following Mr. Pedro Luis Uriarte Santamaria's resignation from his position as Company's director.

In this respect, and regarding the appointment of the referred independent director by means of the co-option system (*cooptación*), the Appointments and Remunerations Committee:

- (i) carried out a selection process with the assistance of Korn Ferry, a leading Head Hunter firm, selected among 3 specialized firms, whereby 19 candidates were assessed. This process has been carried out in accordance with the provisions included in the Director Selection Policy of the Company;
- (ii) received positive feedback from the rest of the directors and, particularly, from the independent directors, concerning the appointment of the final candidate as an independent director of the Company;
- (iii) assessed her potential contributions as independent director, contributing with her perspective and knowledge of the market;
- (iv) analyzed the needs of the Board of Directors regarding its members; and
- (v) reviewed her professional profile, concluding that she is highly qualified and ideal for carrying out the functions of an independent director; and that she demonstrates proven reputation, solvency, competence and experience, as well as the necessary combination of attributes and abilities to lead the supervision currently exercised by the Board of Directors.

Likewise, the Appointments and Remunerations Committee has verified, to the extent possible, that there were no incompatibilities, prohibitions or conflicts of interest involved in accordance with the law or as provided in the corporate governance system, and that the procedures for selecting Board members had no implicit bias that could entail any form of discrimination and, in particular, that could hinder the selection of female directors.

Under the powers of appointment by means of the cooption (*cooptación*) system legally delegated thereto, and following the proposal submitted by the Appointments and Remunerations Committee, the Board of Directors appointed Ms. Leticia Iglesias Herraiz as director of the Company on 16 October 2018.

In addition to the above, the Appointments and Remunerations Committee has re-evaluated the suitability of the appointment of Ms. Leticia Iglesias Herraiz considering (i) the current shareholding structure of the Company (ii) the prospective quantitative composition of the Board of Directors after the General Meeting of Shareholder and (iii) the performance of Ms. Leticia Iglesias Herraiz. In this regard, the Committee considers that the current circumstances justify the ratification of Ms. Leticia Iglesias Herraiz. Moreover, the Appointments and Remunerations Committee deems that, considering her profile and professional career, Ms. Leticia Iglesias Herraiz is going to exercise her duties as director with the loyalty of a faithful representative, acting in good faith, in the best interest of the Company and responsible and with freedom and independence of judgement, as shown by her professional track record.



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Furthermore, the Appointments and Remuneration Committee has considered that Ms. Leticia Iglesias Herraiz is going to devote the necessary time to carry out her tasks effectively and is sufficient available for the proper development of her functions. Given the above, the Appointments and Remuneration Committee considers to be appropriate the re-election of Ms. Leticia Iglesias Herraiz as director of the Company.

Therefore, the Committee deems that Ms. Leticia Iglesias Herraiz counts with the required skills, expertise, merits to carry out her tasks as director of the Company.

4. CATEGORY OF DIRECTOR TO WHICH SHE BELONGS OR MUST BE ASSIGNED

D.^a Leticia Iglesias Herraiz will not represent any shareholder at the Board of Directors; neither will she have executive functions. Therefore, according to the applicable law, she will be an external independent director.

5. CONCLUSIONS OF THE APPOINTMENTS AND REMUNERATIONS COMMITTEE

The Appointments and Remunerations Committee, in view of the above, as well as in view of the services rendered to this date in her position, considers that Ms. Leticia Iglesias Herraiz meets the appropriate competence, experience and merits requirements to serve the position of director of the Company under conditions established by Law and regulation, and consequently, submits to the Board of Directors for the approval of the General Meeting of Shareholders the proposal of ratification and re-election of Ms. Leticia Iglesias Herraiz as external independent director of the Company.

6. RESOLUTION PROPOSAL

The proposed resolution submitted for the approval of the General Shareholders Meeting reads as follows:

"ITEM SIX ON THE AGENDA

Ratification of the appointment and re-election, if appropriate, of Ms. Leticia Iglesias Herraiz as independent director of the Company, for the statutory period of three years.

RESOLUTION

Ratify the resolution adopted by the Board of Directors at its meeting held on 16 October 2018, appointing Ms. Leticia Iglesias Herraiz, of legal age, of Spanish nationality and Spanish identification number (DNI) 05266631E, in force, with professional address for these purposes at Rosario Pino 14-16, 8^o Planta, Madrid, as a member of the Board, under the category of "independent directors", by the co-option system to replace the vacancy arising from the resignation of Mr. Pedro Luis Uriarte Santamarina; and reappoint her as an independent director of the Company for the statutory period of three years starting from the date of this General Shareholders Meeting.

The proposed re-election is accompanied by a supporting report from the Board, evaluating the competence, experience and merits of Ms. Leticia Iglesias Herraiz, as well as the corresponding report from the Appointments and Remunerations Committee. These reports have been made available to the shareholders as from the publication of the notice of the General Shareholders Meeting.

Ms. Leticia Iglesias Herraiz will accept her appointment by any means valid under the Law."

En Madrid, a 14 de marzo de 2019.