

REPORT PREPARED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. ON ITS FUNCTIONING IN 2018

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**") relating to the documents that must be given to 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 the Appointments and Remuneration 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 -which includes the information contained in the CNMV's Proposal for a Technical Guide on Appointments and Remuneration Committees of 20 November 2018 (the "**Technical Guide**")-.

For the purpose of compliance with Recommendation 6 of the Code of Good Governance of listed companies, this report will be available to shareholders, investors and other stakeholders on the Company's website (www.larespana.com) from the call of the Ordinary General Shareholders' Meeting.

II. REGULATION

The Appointments and Remuneration Committee of Lar España is regulated in articles 43 of the Articles of Association and 15 of the Regulations of the Board of Directors, which reflect and develop the regime established in article 529 *quindecies* of the Spanish Companies Act.

Furthermore, on 20 November 2018, the National Securities Market Commission (hereinafter, the "**CNMV**") published the proposal for the Technical Guide on Appointments and Remuneration Committees, which contains a series of principles, criteria and good operating practices of these committees, as well as criteria on how these committees can improve the management of the company's talent and the performance of its functions.

Without prejudice to the fact that at the date of approval of this Report, the aforementioned Technical Guide has not been approved by the CNMV, the Report on the operation and activities of the Appointments and Remuneration Committee of Lar España has been drawn up in accordance with best corporate governance practices and the applicable regulations, the Company's corporate texts and the

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provisions of section 11 of the proposed Technical Guide on Appointments and Remuneration Committees.

III. COMPOSITION

Articles 43 of the Articles of Association and 15 of the Board of Directors' Regulations of the Company 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 external directors, following the proposal of the Board's Chairman. 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 will also appoint one of the members of that Committee as its Chairman.

In accordance with article 15.3 of the Board of Directors' Regulations, the members of the Appointments and Remuneration Committee will remain in their office for so long as their appointments as directors of the Company are effective, unless the Board of Directors resolves otherwise.

During 2018, the composition of the Appointments and Remuneration Committee has not been modified and is as follow:

- **Mr. Roger Maxwell Cooke MBE** (Chairman), is an independent non-executive director of Lar España. He was appointed as a director of Lar España by Grupo Lar Inversiones Inmobiliarias S.A., the then sole shareholder of the Company on 5 February 2014 and re-elected as external independent director, at the prior proposal of the Appointments and Remuneration Committee and following the favourable report from the Board of Directors, by the Ordinary General Shareholders' Meeting held on 29 May 2017. 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 Chief Executive Officer of Cushman & Wakefield Spain, leading the company to attain a leading position in the sector and between 2014 and 2018 he was Senior Advisor at EY.

In the 2017 New Year's honours' list, Mr. Cooke was awarded an MBE for his services to British businesses in Spain and to Anglo-Spanish trade and investment

Mr. Cooke holds an Urban Estate Surveying degree from Trent Polytechnic University (Nottingham, UK) and is currently a Fellow of the Royal Institution of Chartered Surveyors (FRICS). Until May 2016, he was the President of the British Chamber of Commerce in Spain. Since September 2017, Mr. Roger Maxwell is Chairman of the Editorial Board of Iberian Property.

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- **Mr. Alec Emmott** (Member) is an independent non-executive director of Lar España. He was appointed as a director of Lar España by Grupo Lar Inversiones Inmobiliarias S.A., the then sole shareholder of the Company, on 5 February 2014 and re-elected as external independent director, at the prior proposal of the Appointments and Remuneration Committee and following the favourable report from the Board of Directors, by the Ordinary General Shareholders' Meeting held on 29 May 2017. 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). 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 Grupo Lar Inversiones Inmobiliarias S.A., the then sole shareholder of the Company on 5 February 2014 and re-elected as external proprietary director, at the prior proposal of the Appointments and Remuneration Committee and following the favourable report from the Board of Directors, by the Ordinary General Shareholders' Meeting held on 29 May 2017. 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. for more than 10 years, 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. He is currently the chairman of Villamagna, S.A., a company belonging to the Grosvenor Group, and he is also chairman of the Altamira Lar foundation.

Mr. Miguel has a degree in business administration from Universidad Complutense of Madrid, 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 2015, he was appointed member of the Royal Institution of Chartered Surveyors (FRICS).

- **Mr. Laurent Luccioni** (Member) is a proprietary non-executive director of Lar España. He was appointed as a director of Lar España by the Ordinary General Shareholders' Meeting held on 29 May 2017, at the prior proposal of the Appointments and Remuneration Committee and following the favourable report from the Board of Directors.

Mr. Laurent Luccioni has more than 18 years of experience in the investment and financial services sector. He is currently managing director and portfolio manager at PIMCO's

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London Office, where he oversees the European commercial real estate team. Mr. Laurent Luccioni holds an MBA from Kellogg School of Management at Northwestern University, and a doctorate in civil and environmental engineering from the University of California, Berkeley.

Detailed information on the members of the Committee and their professional careers is available to the shareholders, investors and other stakeholders of Lar España on the website of the Company.

In accordance with the provisions of article 15.1 of the Board of Directors' Regulations, the Secretary non member 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, being Deputy Secretary of the Committee, the Deputy Secretary of the Board of Directors Mrs. Susana Guerrero Trevijano.

Therefore, during 2018 the composition of the Committee has been consistent with the provisions of article 529 quaterdecies.1 of the Spanish Companies Act, being all the members of the Committee non-executive directors and two of them, including its Chairman, independent directors.

On the other hand, the Regulations of the Board of Directors establish, in line with Recommendation 47 of the Code of Good Governance, that the majority of the members must be independent. The Company intends to comply with this requirement as soon as vacancies arise in the Company, and therefore has not modified the Regulations of the Board in this sense. In this regard, the Company has pursued a different composition in the Appointments and Remuneration Committee and in the Audit and Control Committee (made up of the other three independent Directors) in order to achieve independence between the two bodies and a greater participation of all the external Directors in the different Committees. Notwithstanding the foregoing, and as reported in the Annual Corporate Governance Report for fiscal year 2018, the independence of the Commission's decisions is guaranteed since there are no executive directors and that the Chairman of the Appointments and Remuneration Committee, who is independent, has the casting vote in the event of a tie.

IV. MEETINGS

In accordance with the provisions of article 15 of the Regulations of the Board of Directors, the Appointments and Remuneration Committee normally meets on a yearly basis. It may also 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 Chair person requests the issue of a report or the preparation and adoption of proposals and, in any event, whenever appropriate for the proper exercise of its authority.

The Appointments and Remuneration Committee met nine times in 2018, upon convocation by the Secretary (and on one occasion, by the Deputy Secretary), following instructions from the Chairman of the Committee by means of an individual communication (electronic mail) to each of its members, including the Agenda for the meetings. Likewise, the documents relating to the different items on the Agenda have been made available to the members of the Committee prior to the meeting.

Therefore, the Appointments and Remuneration Committee met with the required frequency to properly perform its duties.

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All the members of the Committee attended (physically or telematically) all the meetings held. Just, in one meeting each, Mr. Laurent Luccioni and Mr. Alec Emmot attended represented by Mr. Roger M. Cooke acting by virtue of a special power of representation granted for that purpose in both cases, with specific voting instructions.

In addition to its members, the meetings of the Appointments and Remuneration Committee have been attended by various non-members, such as the Deputy Secretary of the Board and Legal Director, in some cases to deal with a specific item on the agenda and in others to act as Secretary of the Committee in the absence of the Secretary and Mr. Jon Armentia (Corporate Director) who attended a meeting of the Committee as a guest of the Chairman to deal with some items on the Agenda.

Likewise, when it has been deemed appropriate, external advisors or suppliers have participated in specific matters of the Appointments and Remuneration Committee.

V. FUNCTIONS OF THE COMMITTEE AND ACTIVITIES DURING 2018

Article 15 of the Regulations of the Board of Directors, in sections 4 and 5, includes the functions of the Appointments and Remuneration Committee, which focus on the areas of selection, appointment, removal and evaluation of Directors and the composition of the Board of Directors, appointment of internal positions on the Board and senior management, remuneration issues and corporate social responsibility and sustainability.

The following is a list of the functions that the Regulations attribute to the Committee, indicating its most important actions during 2018 in relation to them and how the Committee has exercised them in practice:

1) With regard to the composition of the Board of Directors and its Committees and the process for appointing internal positions on the Board of Directors and senior executives:

In relation to this matter, the Appointments and Remuneration Committee has the following functions:

- Evaluate the necessary competences, knowledge and experience in the Board of Directors. To this end, the Board will define the necessary functions and skills of candidates who will cover each vacancy and will evaluate the time and dedication needed for to properly perform their duties.
- Advise the Board of Directors about the most appropriate configuration of the Board of Directors and of its committees, both in size and balance between the different classes of members at all times. To this end, the Committee will regularly review the structure of the Board of Directors and of its committees, particularly when vacancies occur in these bodies.
- Advise and review the criteria to be followed for the composition of the Board of Directors and the selection of candidates, ensuring that in the promotion of new vacancies or the nomination of new directors, the selection procedures do not include implicit processes that might imply any discrimination and, in particular, that might impede the selection of

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members, similarly establishing a goal of their representation on the Board and providing guidelines on how to achieve such goal.

- Inform of or draw up proposals with regard to nomination or removal of the members who should form part of each of the committees.
- Inform of the proposals with regard to the appointment or removal of the Chairman of the Board of Directors.
- Advise of proposals of the Chairman of the Board of Directors regarding the appointment or removal of the CEO.
- Examine or organize the succession of the Chairman of the Board of Directors and of the senior executive of the Company and, as applicable, making proposals to the Board of Directors such that this succession occurs in an orderly and planned way.
- Advise of the proposals of the Chairman of the Board of Directors related to nomination or removal of the Deputy Chairman or Deputy Chairmen of the Board of Directors.
- Bring to the Board of Directors the proposal of nomination of a non-executive director especially allowed in the event that the Chairman of the Board of Directors exercises executive functions, and inform of proposals for his/her removal.
- Advise of the proposals of the Chairman of the Board of Directors related to nomination or removal of the Secretary and, as applicable, of the Deputy Secretary or Deputy Secretaries of the Board of Directors, of the Secretary General and of the Legal Counsel
- Advise of the proposals of the Chairman of the Board of Directors or of the Chief Executive Officer related to nomination or removal of senior managers.
- Annually verify compliance with the criteria for promoting diversity in the composition of the Board of Directors established by the Company, which will be taken account of in the Annual Corporate Governance Report.

In relation to these functions, in 2018 the Appointments and Remuneration Committee analysed possible incompatibilities of one of its Directors when appointed to the Board of another Entity, concluding that there were no impediments as there was no conflict of interest and the Director did not reach the maximum number of Boards of which he may form part provided for in the Articles of Association.

Furthermore, in the selection process for the appointment of new members of the Board, the Committee has particularly ensured that the selection of female directors had not been obstructed and that the diversity criteria in the composition of the Board of Directors had been duly fulfilled. For such purpose, the Appointments and Remuneration Committee has performed such duties in collaboration with Korn Ferry consultancy firm.

In addition, the conclusions of Georgeson's report that were presented during one of the Committee meetings, including some of the matters dealt with in the "Challenges of the Appointments and

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Remuneration Committee" event attended by several of the members of the Board of Directors of Lar España, commenting on questions such as gender diversity, the Chairman's succession plan or the relationship with proxy advisors and investors.

In relation to the succession plan for the Chairman of the Board, the Committee analyzed the proposal for the Chairman's Succession Policy prepared with the collaboration of Uría Menéndez, agreeing that it should be approved by the full Board and that the advisability of appointing a Vice-Chairman in the medium term should be assessed.

2) In regard to the selection of Directors:

The Appointments and Remuneration Committee has the following functions with regard to the selection of Directors:

- Select the possible candidates to be, as applicable, nominated as board members of the Company and presenting its proposals or reports, as applicable, to the Board of Directors via its Chairman.
- Bring to the Board of Directors the nomination proposals (for its decision or for submission to the decision of the General Shareholders Meeting) for the non- executive members.
- Prove compliance with the requirements specifically applicable to non-executive members in Law and in the Company's internal standards and collating suitable information about their personal qualities, experience and knowledge and about their availability.
- Inform the Chairman of the Board of Directors of the nomination proposals (for approval or for submission for decision of the General Shareholders Meeting) of the remaining members.
- Draw up the report referred to in article 5.6 of these Regulations and verify, annually, compliance with the member selection policy, reporting on this in the Annual Corporate Governance Report.

The Committee reviewed and approved the Report of the Committee on the appointment of Mrs. Isabel Aguilera as an independent Director of the Company, and also resolved to send it to the Board for final approval, a report that was made available to shareholders at the time of the call of the Ordinary General Meeting of Shareholders.

Likewise, in the process of selecting a new Director within the framework of the resignation of Mr. Pedro Luis Uriarte as Director of the Company and member and Chairman of the Audit and Control Committee of Lar España, the Committee assessed and interviewed a series of candidates following the criteria and procedures established in the Company's Policy for the Selection of Directors, as well as the recommendations given by the firm Korn Ferry hired for this process. Following this, the Committee agreed to propose to the Board the appointment by cooptation of Mrs. Leticia Iglesias as new independent Director, member and Chairman of the Audit and Control Committee, as a result of her having the appropriate honour, knowledge, aptitudes and experience to carry out the functions of the position.

3) In regard to the evaluation and re-election of Directors:

In this matter, the Appointments and Remuneration Committee has the functions listed below:

- Establish and oversee an annual programme of continuous evaluation and review of the qualification, education and, as applicable, independence, as well as maintenance of the terms needed to exercise the role of board member and committee member, and proposing to the Board of Directors those measures it considers appropriate in this regard.
- Participate in the annual process of evaluating the performance of the Chairman of the Board of Directors and of the Chief Executive Officer.
- Bringing to the Board of Directors its proposal (in the case of the non-executive members) or report (in the case of the other members), about re-election of members.

The Committee reviewed and agreed to issue a favourable report to the Board of Directors on the proposed modification of the Procedure for the evaluation of the Board of Directors, its members and its Committees and on the Policy for the selection, appointment, re-election and evaluation of the directors and diversity of the Board of Directors.

The Committee also reviewed the "Report on the Evaluation of the Functioning of the Board and its Committees in 2017", analyzing and debating the conclusions of said evaluation and the proposed action plan for 2018 with regard to the Appointments and Remuneration Committee, approving the contents thereof with regard to the Committee as well as the monitoring of the proposed action plan for 2018.

In this sense, the evaluation carried out in 2018 focused on the following areas: (i) the quality and efficiency of the work carried out by the Board of Directors of Lar España; (ii) the diversity of experience and skills represented on the Board; (iii) the performance of the Chairman of the Board of Directors; (iv) the performance and contribution of each member of the Board; (v) the composition, quality and efficiency of the functioning of the Audit and Control Committee; and (vi) the composition, quality and efficiency of the functioning of the Appointments and Remuneration Committee.

With respect to the methodology used, the Chairman of the Board led the evaluation process of the Board, its members and its Committees, with the collaboration of the Secretary of the Board and the Deputy Secretary in part of the process in order to guarantee the objectivity and confidentiality of the process. First, each member of the Board, as well as the Secretary, completed questionnaires - prepared with the collaboration of EY as an external consultant - with questions related to the different areas mentioned above; then the Secretary of the Board and the Deputy Secretary systematized the information extracted from the questionnaires together with that derived from the minutes of the Board and its Committees corresponding to fiscal year 2017, the experience acquired by their attendance at the meetings of these bodies and the review of the conclusions of the 2016 evaluation and its action plan. From this analysis process, the Secretary of the Board and the Deputy Secretary drew their main conclusions, which were included in the "Report on the Evaluation of the Functioning of the Board and its Committees in 2017", which includes recommendations and the planned action plan in view of the results.

In particular, with respect to the Appointments and Remuneration Committee, both the composition (knowledge and experience of its members, and in particular its Chairman, as well as their dedication) and the functioning of the Committee (frequency and efficiency of its meetings, attendance at the

meetings of its members, agenda of the meetings, remuneration policy, exercise of its powers and means to exercise its powers and seek external advice if necessary) were highly valued.

On the other hand, the Committee confirmed that an external evaluation should be carried out for the 2018 financial year, for which different possibilities for independent external advisors were reviewed and it was agreed to request proposals from three of them. The evaluation process will be channeled through the Secretariat of the Board.

4) In regard to the separation and dismissal of Directors:

In this matter, the Appointments and Remuneration Committee has the functions listed below:

- Inform the Board of Directors about proposals for removal due to breach of the duties inherent in the role of member or where the circumstances of mandatory dismissal or termination have been incurred.
- Propose the removal of members in the event of incompatibility, prohibitions or any other grounds for dismissal or termination, in compliance with the law or the Company's internal standards.

In 2018, the Appointments and Remuneration Committee has not been required to exercise the aforementioned functions.

5) In regard to remunerations:

The Appointments and Remuneration Committee has the following functions:

- To propose to the Board of Directors the remuneration policy for Directors and general managers or those who perform their senior management functions under the direct dependence of the Board, executive committees or managing directors, as well as the individual remuneration and other contractual conditions for executive directors, ensuring their observance.
- Regularly review the senior managers' reward policy and propose modifications and updates to the Board of Directors.
- Regularly review the members reward policy and proposing modifications and updates to the Board of Directors for referral to the General Shareholders Meeting, as well as the amount of their annual remuneration.
- Propose the individual remuneration of the executive officers and the other basic terms of their contracts for approval by the Board of Directors, including any compensation that may be fixed for early termination in their functions and the amounts to be spent by the Company on insurance premiums or savings system contributions, always in compliance with the Company's internal standards and, in particular, in accordance with the remuneration policy approved by the General Shareholders Meeting.
- Inform, in advance and prior to approval by the competent company body, the remuneration established for the non-executive members of other companies in the group.

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- Inform of and submit to Board of Directors the proposals of the Chairman of the Board of Directors or the Chief Executive Officer related to the senior managers' reward structure and the basic terms of their contracts, including any compensation that may be fixed for departure.
- Oversee observance of the Company's remuneration programmes and advising on the documents to be approved by the Board of Directors for general disclosure about remuneration information, including the annual report on members' remuneration and the corresponding part of the Company's corporate governance annual report.
- Ensure that any conflicts of interest do not prejudice the independence of the external consultancy supplied to the Committee.

During 2018, the Appointments and Remuneration Committee approved proposing to the Board of Directors the review of the remuneration of the Company's Directors for 2018 and on. In this sense, was held a detailed study of the proposals of the members of the Committee and of the external advisers contracted for this purpose and took place and intense debates carried out during several meetings in which different proposals and opinions were evaluated. In this process, advice was provided by Mercer, who prepared a comparative study of the remuneration of the Directors, including a proposal for the Directors of Lar España.

In addition, and after incorporating the Board's comments, the Committee agreed to approve the Directors' Remuneration Policy and to send it to the Board for approval, a Policy that was made available to shareholders at the time the Ordinary General Shareholders' Meeting was called, as well as the Committee's Report on the aforementioned Policy.

Also in relation to the Directors, it reviewed and approved the Annual Report on Directors' Remuneration for fiscal year 2018 in accordance with the provisions of article 541 of the Spanish Companies Act.

In addition, the Committee approved submitting to the Board the proposal for (i) the salary increases of the Company's executives for 2018, (ii) the degree of compliance with the objectives set for 2017 and the corresponding variable remuneration, as well as (iii) the objectives applicable to the remuneration for 2018.

With respect to the Company's executives, the Appointments and Remuneration Committee analysed the changes after the departure of the Financial Director as well as the half-yearly evaluation of the executives, concluding with the need to review their remuneration packages and to establish a medium-term incentive plan to complete them., The remuneration package should have three elements: fixed, annual variable and a medium-term supplementary incentive plan. In the debate and vote on these points the Deputy Secretary of the Board was absent. It also analyzed the fulfillment of the objectives, both general and personal, of the Company's executives in 2017 and 2018, reviewing the proposed objectives for 2018 and 2019.

In this connection, the Committee reviewed and agreed to issue a favourable report to the Board of Directors on the proposal to modify the System for evaluating the performance of Executives.

6) In regard to Corporate Social Responsibility and Sustainability:

In the area of Corporate Social Responsibility, the Appointments and Remuneration Committee has the following functions:

- Be aware of, promote, guide and supervise the Company's action in matters of corporate social responsibility and sustainability and report on them to the Board of Directors or, as applicable, to the Executive Committee.
- Review the Company's corporate social responsibility policy, ensuring it is geared towards creating value, including the monitoring and evaluation of the same and supervising its degree of compliance. The report issued, as applicable, by the Appointments and Remuneration Committee about the Company's corporate social responsibility policy will be produced using any of the internationally accepted methodologies and will be provided to shareholders and investors via the web page of the Company with sufficient notice prior to the Ordinary General Meeting.
- Supervise and evaluate processes for different interest groups.

In relation to these competencies, in 2018 the Appointments and Remuneration Committee has followed up and supervised and dealt with various corporate social responsibility (CSR) issues.

In this regard, among other questions, the Group assessed the CSR indices in which the Company must participate and the cost of adhering to them. The Committee agreed that the Company should join GRESB in 2018.

Likewise, the BREEAM® (Building Research Establishment Environmental Assessment Methodology) certifications obtained were analysed (this is the most technically advanced and world-leading method for evaluating and certifying the sustainability of building).

In addition, the budget for CSR issues was analysed, for which purpose it was decided that, among the proposals received, EY would provide its services for the implementation of the action plan from the corporate perspective, a decision that Mr. Roger Cooke abstained from due to the fact that he was in a situation of potential conflict of interest.

The Committee also reviewed and agreed to issue a favourable report to the Board of Directors on the proposal to modify the Corporate Social Responsibility Policy.

7) Other competences:

In addition, the Appointments and Remuneration Committee reviewed and approved the Committee's operating report for fiscal year 2017 in accordance with the provisions of article 529 nonies of the Companies Act, which will serve as the basis for the Committee's evaluation by the Board, in accordance with the provisions of the aforementioned article of the Company's Act and the Company's internal regulations.

The Appointments and Remuneration Committee was informed of the main aspects of the CNMV's Proposal for a Technical Guide on Appointments and Remuneration Committees, as well as that the

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Company is monitoring it and working to adapt and comply with the recommendations of the CNMV as soon as the final version is published..

Throughout the year's meetings, contacts have been maintained with other interested parties, such as proxy advisors, and specialist advice has been available, for example from Uría Menéndez or Georgeson, in relation to different issues that have arisen in the areas of competence of the Commission.

VI. EVALUATION AND CONCLUSIONS

Based on the foregoing, the Appointments and Remuneration Committee has evaluated its composition and functioning during the year 2018, considering that:

- The composition of the Committee has been adjusted to the legal and corporate provisions laid down for this purpose, being comprised of members that have the technical knowledge necessary with regard to the competences of the Committee and the Company's business sector to which Lar España belongs, being all the members of the Committee independent directors.
- The Committee has held meetings with the frequency provided in article 15 of the Board Regulations and whenever it has been necessary in response to the issues to be addressed in such Committee.
- The nine meetings of the Committee have been attended by all its members, present or duly represented.
- The members of the Committee have had at their disposal, prior to the Committee's meetings, the necessary information with regard to the different Items of the Agenda in order to be able to deliberate and make informed decisions. In addition, when necessary, the Committee has been advised by external experts.
- Lastly, the Committee has deliberated and adopted resolutions on matters within its competence, among which the following can be highlighted the proposal for the appointment of new Directors, the proposal for the remuneration of Directors, the evaluation and remuneration of executives and the analysis of various CSR issues.

In accordance with the foregoing, it can be concluded that the Appointments and Remuneration Committee has complied with the rules provided in the Law regarding the composition, frequency of meetings, attendance and informed participation of its members, having dealt with the matters of competence of the Committee during fiscal year 2018.



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This report has been approved by the Appointments and Remuneration Committee at its meeting held on 26 February 2019, and by the Board of Directors at its subsequent meeting held on 26 February 2019.