



REPORT OF THE BOARD OF DIRECTORS OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. IN RELATION TO THE PROPOSAL OF RE-ELECTION OF MR. MIGUEL PEREDA ESPEO AS PROPRIETARY DIRECTOR OF THE COMPANY UNDER ITEM SIX SECTION FOUR OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON MARCH 16 AND 17, 2020, ON FIRST AND SECOND CALL, RESPECTIVELY

1. INTRODUCTION

This report is issued by the Board of Directors of Lar España Real Estate SOCIMI, S.A. (hereinafter, the “**Company**”) in accordance with the provisions of paragraph 5 of article 529 *decies* of the consolidated text of the Spanish Companies Law approved by Royal Legislative Decree 1/2010 of 2 July (*texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*, the “**Spanish Companies Law**”), and has the purpose of justifying the proposal of re-election of Mr. Miguel Pereda Espeso as proprietary director of the Company.

In accordance with the provisions of paragraph 4 of said article, the Board of Directors shall propose the appointment or re-election of its members who do not qualify as independent directors. This proposal shall be preceded by a report of the Appointments and Remunerations Committee and accompanied by a supporting report issued by the Board of Directors in which the competence, experience and merits of the person whose appointment or re-election is proposed to the Shareholders' Meeting are assessed.

Likewise, article 21 of the Company's Board of Directors Regulations sets out that, before proposing the re-election of directors to the General Shareholders' Meeting, the Board of Directors shall assess, with the abstention of the affected persons, the quality of the work and the involvement of the proposed directors during their previous office.

In light of the foregoing and of the upcoming expiry of Mr. Pereda's office, this report aims to assess his competence, experience and merits, in view of the Board's proposal to re-elect Mr. Pereda as director of the Company, which follows the previous report of the Appointments and Remunerations Committee. Such Committee's report is attached as **Annex** to this report.

2. PROPOSAL'S JUSTIFICATION

Below is the Board's assessment of the competence, experience and merits of Mr. Miguel Pereda Espeso and his suitability to perform his duties as proprietary director of the Company, in view of the report issued by the Appointments and Remunerations Committee of the Company at its meeting held on 13 February 2020.



For the purposes of article 518.e) of the Spanish Companies Law, this report contains complete information on Mr. Pereda's identity, CV and director category. In addition, this report includes a valuation of the quality of his job and his involvement during his previous office and of eligibility requirements needed to perform the duties corresponding to the Company's directors.

a. Biographical and professional profile

Mr. Pereda has more than 25 years of experience in the real estate sector. He serves as director of Grupo Lar Inversiones Inmobiliarias, S.A., and before this, he was Chief Executive Officer of Lar Grosvenor for 6 years.

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. Pereda has a degree in business administration from the Universidad Complutense (Madrid, Spain), and an MBA from the Instituto de Empresa (IE). He participated in the Breakthrough programme for Senior Executives at the IMD, has a masters in tax from ICADE and participated in the Real Estate Management Programme at Harvard University.

b. Membership of other Boards of Directors

Mr. Pereda is not member of the Board of Directors of any listed company other than Lar España. As a consequence, he complies with the limit set out in article 19.4 of the Board of Directors' Regulations, pursuant to which the Company's directors may belong to maximum four Boards of Directors of other listed companies.

Moreover, Mr. Pereda is member of the Board of Directors of Grupo Lar Inversiones Inmobiliarias, S.A. (management company of Lar España) and other companies of its group. He was expressly authorised to perform these duties and to obtain the relevant remuneration therefor in 2014 by the then sole shareholder of the Company. This authorisation was subsequently renewed at the General Shareholders' Meeting held on 21 April 2016, upon re-election of Mr. Pereda as director of the Company.

c. Quality of his work and involvement

Mr. Pereda was appointed director of Lar España, under the category of proprietary director, in 2014 and he was subsequently re-elected as such in 2017. Moreover, he currently is member of the Company's Appointments and Remunerations Committee.

The Board of Directors has analysed the duties performed by Mr. Pereda and his dedication during the previous office and it considers that he has fulfilled his duties with the loyalty of a loyal representative, in good faith, in the best interest of the Company and under the principles of personal responsibility, with freedom of opinion and independence from third parties' instructions and links. In particular, the Board of Directors appreciates that Mr. Pereda has exercised his duties with commitment, diligence and professionalism and has contributed to the activities and meetings of the Board of Directors and its Committees.



This same conclusion has been reached during the evaluation process of the Board and its functioning carried out by an independent external advisor in 2019 who, among other issues, has concluded that the Board is in very good standing, is balanced and in line with best corporate governance practices. It is a well-consolidated board, with a unanimous positive perception of all the directors with respect to the rest of the directors and the development of their functions.

Likewise, at the end of 2019, as a result of the evaluation process carried out, and taking into account the best Corporate Governance practices, the recommendations of the CNMV provided for in article 3 of Section 3 of the Technical Guide 1/2019, the general requests of stakeholders and, as provided in article 5 of the new Regulations of the Appointments and Remunerations Committee, the Appointments Committee has been working, in coordination with the Board, on the analysis of the composition of the Board, as well as on the preparation of a matrix defining the necessary competences of the Board for the proper functioning of the Company and the main skills and knowledge of the directors. In this context, at the end of the year a matrix of competencies was approved which summarizes in a very synthetic manner the competences that the Board considers most relevant for the management of the Company, indicating the most outstanding aspects of the profile of each director. As a consequence of such analysis, it is concluded that Mr. Miguel Pereda is fully qualified for the position for which he is proposed, being an expert, among others, in matters such as real estate, retail, valuations, ESG, finance, international markets, investment and shareholders knowledge, team and talent management; all of which are competences that the Company considers essential for its good functioning and for the good functioning of the Board as a governing body.

Likewise, the Board of Directors appreciates the extensive professional track-record of Mr. Pereda and his accredited experience and knowledge of the real estate industry and the business of Lar España. The Board considers that Mr. Pereda has the knowledge and experience required for the appropriate performance of his duties as director of the Company.

On a separate note, the Board of Directors considers that Mr. Pereda has devoted the necessary time to properly serve in his office and that he has enough time availability for the correct performance of his duties.

d. Category of director

Mr. Miguel Pereda Espeso will represent the shareholder Grupo Lar Inversiones Inmobiliarias, S.A. (management company of Lar España) on the Board of Directors, so he will be considered as proprietary director according to the provisions of applicable law.

3. PROPOSED RESOLUTION

In light of the foregoing, the Board of Directors issues a favourable report and proposes the re-election of Mr. Miguel Pereda Espeso as director of the Company, under the category of proprietary director, for the statutory term of three years. The Board is convinced that Mr. Pereda will give continuity to the management of the Company and its group carried out to date.

The full text of the proposed resolution that is submitted to the Ordinary General



Shareholders' Meeting is the following:

"Based on the proposal of the Board of Directors and following the favourable report of the Appointments and Remunerations Committee, to re-elect Mr. Miguel Pereda Espeso as member of the Board, under the category of "proprietary director", for the statutory period of three years."

Madrid, 13 February 2020.

ANNEX

APPOINTMENTS AND REMUNERATIONS COMMITTEE REPORT IN RELATION TO THE RE-ELECTION OF MR. MIGUEL PEREDA ESPESO AS PROPRIETARY DIRECTOR OF THE COMPANY

1. INTRODUCTION

In accordance with the provisions of paragraph 5 of article 529 *decies* of the consolidated text of the Spanish Companies Law approved by Royal Legislative Decree 1/2010 of 2 July (*texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*, the "**Spanish Companies Law**") and article 15.4 of the Regulations of the Board of Directors of Lar España Real Estate SOCIMI, S.A. (hereinafter, the "**Company**"), the Company's Appointments and Remunerations Committee issues this report regarding the proposal of re-election of Mr. Miguel Pereda Espeso as proprietary director of the Company for the statutory term of three years that will be submitted to the following Ordinary General Shareholders' Meeting of the Company.

2. ASSESSMENT OF THE PROPOSAL

In view of the upcoming expiry of Mr. Pereda's office, the Appointments and Remunerations Committee has analysed the current composition of the Board of Directors and has reviewed the competence, experience and merits of its current members with the purpose of identifying the Board's needs and specifying the functions and aptitudes that candidates must fulfil to properly perform their duties.

Likewise, the Appointments and Remunerations Committee has evaluated the professional and biographical profile of Mr. Pereda and has assessed his performance as member of the Board of Directors and member and the Appointments and Remunerations Committee of the Company.

Mr. Pereda has more than 25 years of experience in the real estate sector. He serves as director of Grupo Lar Inversiones Inmobiliarias, S.A., and before this, he was Chief Executive Officer of Lar Grosvenor for 6 years. 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. Pereda has a degree in business administration from the Universidad Complutense (Madrid, Spain), and an MBA from the Instituto de Empresa (IE). He participated in the Breakthrough programme for Senior Executives at the IMD, has a masters in tax from ICADE and participated in the Real Estate Management Programme at Harvard University.

As for the quality of his work, the Appointments and Remunerations Committee considers that Mr. Pereda has fulfilled his duties with the loyalty of a loyal representative, in good faith, in the best interest of the Company and under the principles of personal responsibility, with freedom



of opinion and independence from third parties' instructions and links. In particular, the Committee appreciates that Mr. Pereda has exercised his duties with commitment, diligence and professionalism and has contributed to the activities and meetings of the Board of Directors and its Committees.

This same conclusion has been reached during the evaluation process of the Board and its functioning carried out by an independent external advisor in 2019 who, among other issues, has concluded that the Board is in very good standing, is balanced and in line with best corporate governance practices. It is a well-consolidated board, with a unanimous positive perception of all the directors with respect to the rest of the directors and the development of their functions.

Likewise, at the end of 2019, as a result of the evaluation process carried out, and taking into account the best Corporate Governance practices, the recommendations of the CNMV provided for in article 3 of Section 3 of the Technical Guide 1/2019, the general requests of stakeholders and, as provided in article 5 of the new Regulations of the Appointments and Remunerations Committee, the Appointments Committee has been working, in coordination with the Board, on the analysis of the composition of the Board, as well as on the preparation of a matrix defining the necessary competences of the Board for the proper functioning of the Company and the main skills and knowledge of the directors. In this context, at the end of the year a matrix of competencies was approved which summarizes in a very synthetic manner the competences that the Board considers most relevant for the management of the Company, indicating the most outstanding aspects of the profile of each director. As a consequence of such analysis, it is concluded that Mr. Miguel Pereda is fully qualified for the position for which he is proposed, being an expert, among others, in matters such as real estate, retail, valuations, ESG, finance, international markets, investment and shareholders knowledge, team and talent management; all of which are competences that the Company considers essential for its good functioning and for the good functioning of the Board as a governing body.

On a separate note, the Appointments and Remunerations Committee has analysed the other offices in which Mr. Pereda serves. Mr. Pereda is member of the Board of Directors of Grupo Lar Inversiones Inmobiliarias, S.A. (management company of Lar España) and other companies of its group. He was expressly authorised to perform these duties and to obtain the relevant remuneration therefor in 2014 by the then sole shareholder of the Company. This authorisation was subsequently renewed at the General Shareholders' Meeting held on 21 April 2016. The Committee considers that Mr. Pereda is not involved in any situation that may prevent him from performing his duties as director of the Company under the category of proprietary director.

3. FAVOURABLE REPORT

In light of the foregoing, the Appointments and Remunerations Committee believes that Mr. Miguel Pereda Espeso has the appropriate competence, experience and merits to exercise his duties as director of the Company pursuant to applicable law. As a consequence, the Committee issues a favourable report on the proposal to re-elect Mr. Pereda as director of the Company, under the category of proprietary director, for the statutory term of three years.



The full text of the proposed resolution is the following:

"Based on the proposal of the Board of Directors and following the favourable report of the Appointments and Remunerations Committee, to re-elect Mr. Miguel Pereda Espeso as member of the Board, under the category of "proprietary director", for the statutory period of three years."