

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

DATA IDENTIFYING THE ISSUER

FINANCIAL YEAR END:

12/31/2020

TAX ID NUMBER (C.I.F.) 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 current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

The specific determinations for the year in progress should be described, both the remuneration of directors in their status as such and as a result of their executive functions carried out for the Board pursuant to the contracts signed with executive directors and to the remuneration policy approved by the General Shareholders' Meeting.

In any event, the following aspects should be reported:

- **Description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.**
- **Indicate and, where applicable, explain whether comparable companies have been taken into account to establish the company's remuneration policy.**
- **Information on whether any external advisors took part in this process and, if so, their identity.**

On April 19, 2018, the Annual General Meeting of Shareholders of LAR ESPAÑA REAL ESTATE SOCIMI (hereinafter, "Lar España" or the "Company"), approved the new remuneration policy of the Board of Directors, replacing the remuneration policy previously approved on April 28, 2015, as a separate item on the agenda, with 98.04% of the votes in favor. This policy determines the remuneration of the directors of Lar España in their capacity as such, within the remuneration system provided for in the bylaws of the Company.

In this regard, the Board of Directors of Lar España, following a favorable report from the Appointments and Remuneration Committee, plans to propose to the Annual General Meeting of Shareholders to be held in 2021, in accordance with the provisions of article 529 *novodecies* of Capital Companies Act, a new Remuneration Policy for the Board of Directors for the financial years 2021-2023, in similar terms to the previous one.

The policy is aligned with approved corporate governance rules and recommendations. In its elaboration, the significance of the Company, its economic situation, its condition as a Listed Real Estate Investment Company (SOCIMI), the market standards for other Spanish SOCIMIS and Real Estate Investment Trusts (REITs) from the rest of Europe, and the particular dedication of the directors of the Company, were taken in account.

The Board of Directors shall determine the remuneration of each director, taking into account the functions and responsibilities attributed, membership of Board committees and any other objective circumstances it deems relevant.

The aforementioned policy has been configured on article 40 of the Company's Articles of Association, in article 27 of the Board of Directors' Regulations of the Company, which regulate the remuneration of the directors of Lar España, and which differentiate, as the policy does,

between executive and non-executive directors, as described below.

General principles of the Remuneration Policy

The Remuneration Policy for the Board of Directors of Lar España is based on the following principles:

- Independent judgment
- Attraction and retention of the best professionals
- Long-term sustainability
- Transparency
- Simplicity and individualization
- Fairness and proportionality of compensation
- Involvement of the Appointments and Remunerations Committee
- Approval of the annual maximum quantity of the directors' remuneration by the General Shareholders' Meeting and delegations in favor of the Board of Directors

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 Remuneration Policy for the Board of Directors 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. Likewise, the Remuneration Policy, in force for the period from 2021 to 2023, which will be submitted for approval by the General Shareholders' Meeting, in similar terms to the Remuneration Policy applicable during the 2018-2020 financial years, likewise considers the remuneration system of various SOCIMIs in Spain and REITs in the rest of Europe.

Procedures and bodies involved in determining and approving the Remuneration Policy

According to article 15.4.f.ii of the Board Regulations, the Appointments and Remuneration Committee must review the Remuneration Policy for the Board of Directors 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.

In this regard, the Appointments and Remuneration Committee will submit to the Board of Directors a report and proposal for the Remuneration Policy, which will be submitted for approval at the 2021 General Meeting of Shareholders, in similar terms to the Remuneration Policy applicable during 2018-2020.

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.

At 31 December 2020, the Appointments and Remuneration Committee was configured as follows:

| Name | Position | Type |
|---------------------|-----------------|-------------|
| Roger Maxwell Cooke | Chairman | Independent |

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|------------------|-----------|--------------|
| Alec Emmott | Member | Independent |
| Miguel Pereda | Member | Proprietary |
| Laurent Luccioni | Member | Proprietary |
| Juan Gómez-Acebo | Secretary | Non-director |

Although at the beginning of the financial year 2021 the Appointments and Remuneration Committee is made up of fifty percent independent directors, the Company intends to increase this proportion as long as vacancies arise.

In this regard, it should be noted that the independence of the Committee's decisions is guaranteed since there are no executive directors and the Chairman of the Appointments and Remuneration Committee, who is independent, has the tie-breaking vote in the event of a tie.

Functions of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee will have the following basic responsibilities, without prejudice to other functions that may be assigned to it by the Board:

- Competencies relating to the composition of the Board of Directors and its committees.
- Competencies relating to the selection of candidates for directors and senior management.
- Competencies relating to the process of appointing internal positions on the Board of Directors.
- Competencies relating to the evaluation of directors.
- Competencies relating to the removal and dismissal of directors.
- Competencies relating to the remuneration of directors and senior management.
- Competencies relating to sustainability in environmental and social matters.
- Ensuring that possible conflicts of interest do not impair the independence of the external advice provided to the Committee in connection with the performance of its duties.
- Competencies related to the duties of information of the Board Members, such as submitting to the Board the reports related to the performance of directorships or executive positions in companies that are competitors of the Company for the express authorization of the Board of Directors, as well as those reports for making decisions to be adopted in the event of situations affecting any board member, whether or not related to their performance in the Company itself, which may damage the credit and reputation of the Company and, in particular, any criminal case in which they appear as investigated, as well as the procedural vicissitudes thereof.

Particularly, in relation to the powers relating to the remuneration of directors and senior management, the functions of the Committee are as follows:

- i. Propose to the Board of Directors the remuneration policy for directors and senior management.
- ii. Periodically review the remuneration policy for directors and senior management, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to that paid to the Company's other directors and senior management, as well as ensure compliance therewith, and may propose amendments and updates to the Board of Directors.
- iii. Propose to the Board of Directors the individual remuneration of non-executive directors, taking into consideration the functions and responsibilities attributed to each director.
- iv. Propose the individual remuneration of executive directors and the other basic conditions of their contracts for approval by the Board of Directors, including any compensation that may be set in the event of early termination of their duties and the amounts to be paid by the Company as insurance premiums or contributions to savings systems, in accordance in all cases with the provisions of the Company's internal regulations and, in particular, in accordance with the remuneration policy approved by the General Shareholders' Meeting.
- v. Report and submit to the Board of Directors the proposals of the Chairman of the

- Board of Directors or the Chief Executive Officer, if any, regarding the remuneration structure of senior executives and the basic conditions of their contracts, including any compensation or indemnities that may be established in the event of dismissal.
- vi. Ensure compliance with the Company's remuneration programs and report on the documents to be approved by the Board of Directors for general disclosure with regard to information on remuneration, including the Annual Report on Directors' Remuneration and the corresponding sections of the Company's Annual Corporate Governance Report, as well as verify the information on remuneration of directors and senior management contained in the various corporate documents.
 - vii. To report, on a mandatory basis and prior to approval by the competent corporate body, on the remuneration established for independent directors of other companies in the Group.

Meetings of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee shall ordinarily meet at least three times a year. It shall also meet at the request of any of its members and whenever convened by its Chairman, who must do so whenever the Board of Directors or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its functions.

Meetings of the Appointments and Remuneration Committee shall be called by the Secretary of the Committee, by order of the Chairman, at least three days in advance, except for reasons of urgency that justify immediate convening at shorter notice.

The Appointments and Remuneration Committee shall also draw up minutes of its meetings, a copy of which shall be sent to all members of the Board. The Board of Directors shall deliberate on the proposals and reports submitted to it by the Committee.

In the 2020 financial year, the Committee met on nine occasions, submitting preparatory reports on the proposals submitted for the Committee's consideration for its subsequent submission to the Board of Directors, copies of which are kept with the minutes.

According to the schedule for the financial year 2021, the Appointments and Remuneration Committee is expected to hold at least 7 meetings during the financial year 2021.

External advice

The Appointments and Remuneration Committee may obtain the advice of external experts when it deems necessary for the best performance of its duties. Pursuant to the foregoing, the Company has received external advice from Willis Towers Watson for the analysis of market information on Directors' remuneration, from Michael Page in relation to the market information on executive compensation, and from EY Abogados, S.L.P. for the preparation of this Report.

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

- **Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to guarantee a suitable balance between the fixed and variable components of the 3 remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adapt this to the long-term objectives, values and interests of the company, which will include, as the case may be, mention of any measures to guarantee that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company, and any measures to avoid conflicts of interest.**

Furthermore, state whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or the handover of accrued and vested financial instruments, or if any clause has been approved reducing the deferred remuneration or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate.

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Remuneration mix

Insofar as the Board of Directors of Lar España only has non-executive Directors, the Remuneration Policy to be submitted for approval by the Annual General Shareholders Meeting does not include variable remuneration elements, so that the remuneration of non-executive Directors consists entirely of fixed components, in accordance with best practices in corporate governance of remuneration.

Tailored actions to reduce risks

Within the limits set forth in the Articles of Association and in the Remuneration Policy, the Board of Directors shall endeavor to ensure that remuneration is set taking into consideration the dedication, qualifications and responsibility required by the position, as well as the experience, functions and duties performed by each director. In addition, remuneration shall maintain a balance between market competitiveness and internal equity. The remuneration system established should be geared to promoting profitability, attracting and retaining the best professionals and the long-term sustainability of the company, and incorporate the necessary safeguards to avoid excessive risk-taking and the rewarding of unfavorable results.

Furthermore, the Remuneration Policy of Lar España does not contemplate any variable remuneration system, thus removing a large part of the risks derived from the remuneration system.

- **Amount and nature of fixed components that are due to be accrued during the year by directors in their status as such.**

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The Board of Directors of Lar España, following a favorable report from the Appointments and Remuneration Committee, plans to propose to the Annual General Meeting of Shareholders to be held in 2021, in accordance with the provisions of article 529 *novodecies* of Capital Companies Act, a new Remuneration Policy for the Board of Directors for the financial years 2021-2023, in similar terms to the previous one.

In this regard, the fixed components of the directors' remuneration of such Policy are expected to be similar to the content of the Remuneration Policy for the Board of Directors of Lar España applicable during the financial years 2018-2020. In this regard, the Remuneration Policy for the Board of Directors applicable during the financial years 2018-2020 established the following:

- In relation to the remuneration of the members of the Board of Directors due to their status as such, the Remuneration Policy intends to reward them in an adequate and sufficient manner for their dedication, qualifications and responsibilities, without implying compromising their independence of criteria.
- Apart from proprietary directors, who are not compensated in any way, Lar España's Board of Directors earn a fixed payment of 70,000 per annum. The Chairman earns an additional 55,000€ of the remuneration paid to the remaining Board members (a total of 125,000 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. The President of the Audit and Control Committee will earn an additional 7,500 euros annually (a total of 22,500 euros annually) and the President of the Appointments and Remuneration Committee an additional 2,000 euros (a total of 17,000 euros annually).
- 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 15,000 euros per annum.
- Lar España also reimburses its Board members for any travel expenses corresponding to their participation on the Board and Committees.
- Lar España's Remuneration Policy stipulates, according to the circumstances and composition of the Board back in 2018, a maximum annual amount payable to the Board of Directors of 530,000 euros.
- **Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.**

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As Lar España has no executive directors, no amounts will accrue for the performance of senior management functions by executive directors in 2021.

- **Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favor of the director.**

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During the financial year 2021, the directors of Lar España do not plan to receive any remuneration in kind.

- **Amount and nature of variable components, differentiating between those established in the short and long term. Financial and nonfinancial, including social, environmental and climate change parameters selected to determine variable remuneration in the year in progress, explaining the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, deadline necessary and techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration explaining the criteria and factors applicable in terms of the time required and methods for verifying that the performance or other conditions to which each component of variable remuneration was linked have been effectively met the performance or other conditions to which the accrual and vesting of each component of variable remuneration was linked have been effectively fulfilled.**

State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

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The Remuneration Policy to be submitted for approval at the 2021 Annual General Meeting of

Shareholders does not provide for 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.

Likewise, non-executive directors may only participate in share-based remuneration schemes provided they retain such shares until the end of their mandate.

It should be noted that Lar España will not have any executive directors during the 2021 financial year.

- **Main characteristics of the long-term savings systems. Among other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are vested for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided, between the Company and the director.**

State if the accrual or vesting of any of the long-term savings plans is linked to achieving certain objectives or parameters related to the short- or long-term performance of the director.

The Company has no pension, retirement or similar obligations or commitments to any director.

- **Any type of payment or severance pay for early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided between the company and the director, whether voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, continuance in office or loyalty, which entitle the director to any type of remuneration.**

There are currently no agreed severance payments related to the termination of the relationship with Lar España as a director.

- **State the conditions that contracts should respect for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, compensation and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, any clauses or agreements on non-competition, exclusivity, continuance in office and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.**

Lar España does not have any executive directors in 2021.

- **The nature and estimated amount of any other supplementary remuneration accrued by directors in the year in progress in consideration for services rendered other than those inherent in the post.**

The directors do not receive any additional remuneration for services other than those inherent to their position, which have not been described in this report.

- **Other items of remuneration like those deriving from the company providing advances, loans, guarantees or any other remuneration to the directors.**

At the date of approval of this report, there are no loans, advances granted or guarantees provided by the Company to members of the Board of Directors on the Company's balance sheet. Likewise, the directors have not received any other remuneration in addition to that described in this report.

- **The nature and estimated amount of any other planned supplementary remuneration accrued by directors in the year in progress that is not included in the previous sections, whether payment is made by the company or another group company.**

At the date of approval of this report, there are no other remuneration items other than those described in the previous sections.

A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:

- **A new policy or a modification of the policy already approved by the General Meeting.**
- **Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.**
- **Proposals that the board of directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and which are proposed to be applicable to the current year.**

The Board of Directors of Lar España, following a favorable report from the Appointments and Remuneration Committee, intends to propose to the Annual General Meeting of Shareholders to be held in 2021, in accordance with the provisions of article 529 *novodecies* of Capital Companies Act, a new Remuneration Policy for the Board of Directors for the financial years 2021-2023, in similar terms to the previous one.

A.3 Identify the direct link to the document where the current company remuneration policy is posted, which must be available on the web page of the company.

As the Remuneration Policy will be submitted for approval at the Annual General Meeting of Shareholders in the financial year 2021, the link to the Company's remuneration information is identified below:

<https://www.larespana.com/gobierno-corporativo/remuneracion-de-los-consejeros/>

A.4 Explain, taking into account the data provided in Section B.4, the outcome of voting, of a consultative nature, by shareholders at the General Shareholders' Meeting on the annual report on remuneration for the previous year.

The shareholders' vote was considered as ratification of the annual remuneration report of the previous year, as it obtained 96.22% of votes in favor.

B OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

B.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and, as the case may be, the identity and the role of the external advisors whose services have been used in the process to apply the remuneration policy in the year ended.

The process followed to apply the Remuneration Policy and determine individual remuneration has been carried out as indicated in section A.1 of this report.

In particular with reference to financial year 2020, the Committee reviewed the Annual Report on Directors' Remuneration for financial year 2019 in accordance with the provisions of article 541 of Capital Companies Act, resolving to approve it and send it to the Board for its final approval and subsequent submission to the Annual General Meeting of Shareholders.

Likewise, the Appointments and Remuneration Committee has assessed the remuneration of the members of the Board during the financial year 2020. Notwithstanding the above, at the meeting held on 15 December 2020 it was agreed to postpone any study or discussion regarding the remuneration of the Board to a later point in time due to the overall circumstances.

In addition, and in the context of the crisis caused by the Covid-19 pandemic, the Committee reviewed the remuneration of the members of the Board of Directors and agreed to propose to the Board of Directors to temporarily reduce the remuneration of the directors. In this regard, the Board of Directors assessed the proposal of the Appointments and Remuneration Committee and unanimously agreed at its meeting on 17 June 2020 to approve a temporary reduction of 20% in the remuneration of independent directors, including that of the non-director secretary, applicable to the second quarter of 2020.

B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting them to the long-term objectives, values and

interests of the company, including a reference to the measures that have been adopted to guarantee that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been attained between the fixed and variable components of the remuneration, the measures that have been adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, if appropriate.

Lar España's Remuneration Policy is compatible with adequate and effective risk management.

The different actions taken by the Company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the Company's objectives, values and long-term interests have been indicated in section A.1 of this report.

These actions are intended to control the Company's remuneration practices in order to align them with the business strategy, promoting the long-term profitability and sustainability of Lar España, and incorporating the necessary safeguards to avoid excessive risk-taking and the rewarding of unfavorable results.

B.3 Explain how the remuneration accrued over the year meets the provisions contained in the current remuneration policy.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, as the case may be, how the variations in the performance of the company have influenced changes in the remuneration of directors and how the latter contribute to the short- and long-term results of the company.

To the extent that the Board of Directors of Lar España only has non-executive Directors, the Remuneration Policy does not contemplate variable elements of remuneration, so that the remuneration of non-executive Directors is composed entirely of fixed components, in accordance with best practices in corporate governance of remuneration.

B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes against that may have been cast:

The Annual Report on Directors' Remuneration for the financial year 2019 was submitted to the advisory vote of the General Meeting of Shareholders on 16 March 2020, as the ninth item on the Agenda, with the following result:

| | Number | % of total |
|------------|------------|------------|
| Votes cast | 57,340,492 | 65.432 |

| | Number | % of cast |
|------------------------|------------|-----------|
| Votes against | 4,326 | 0.007 |
| Votes in favour | 56,501,711 | 96.227 |
| Abstentions | 834,075 | 1.420 |

The total amount of votes cast additionally includes blank votes, as stated in the General Meeting Resolution of 17 March 2020.

B.5 Explain how the fixed components accrued during the year by the directors in their capacity as such have been determined and how they have changed with respect to the previous year.

The fixed remuneration of the Directors in their capacity as such in 2020 has been determined as indicated in section A.1. of this report, remaining unchanged in this financial year with respect to that of the previous financial year.

The amount paid to the Directors for their membership of the Board and the Committees was EUR 465,025 in 2020, lower than the maximum amount established in the Remuneration Policy.

B.6 Explain how the salaries accrued by each one of the executive directors over the past financial year for the performance of management duties were determined, and how they have changed with respect to the previous year.

As Lar España has no executive directors, no amounts have been accrued for the performance of senior management duties by executive directors in 2020.

B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued in the year ended.

In particular:

- **Identify each one of the remuneration plans that have determined the different types of variable remuneration accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, the periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated explaining conditions and criteria stipulated, with detailed explanations of the criteria and factors you have applied in terms of the time required and methods to verify that the performance or other conditions attached to the accrual and vesting of each component of variable remuneration have been effectively met.**

In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions to acquire unconditional ownership (vesting) and to exercise these options or financial instruments, including the price and term to exercise them.

- **Each one of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other**

external directors), that are beneficiaries of remunerations systems or plans that include variable remuneration.

- **As the case may be, information is to be provided on periods for the accrual or deferment of payment applied and/or the periods for withholding/unavailability of shares or other financial instruments, if they should exist.**

The Remuneration Policy in force in financial year 2020 does not provide for 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.

Likewise, non-executive directors may only participate in share-based remuneration schemes provided they retain such shares until the end of their mandate.

Notwithstanding the above, it should be noted that Lar España did not have any executive directors during the 2020 financial year.

B.8 Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been vested and deferred or, in the case of the latter, vested and paid, on the basis of data that have subsequently proved to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction or clawback clauses, why they were implemented and the years to which they refer.

As described in the previous section, the Remuneration Policy in force in financial year 2020 does not contemplate variable remuneration for directors.

B.9 Explain the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions for vesting economic rights for directors and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.

During the 2020 financial year, none of the directors of Lar España has been a beneficiary of long-term savings schemes, including retirement or any other survivor's benefits, financed in whole or in part by the Company.

B.10 Explain, where appropriate, the severance pay or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract upon the terms provided for therein, accrued and/or received by directors during the year ended.

In 2020, no board member has ceased his role as a director. Therefore, during this year, no compensation has been made for said circumstance.

B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, where appropriate, explain such changes. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

Lar España did not have any executive directors in 2020.

B.12 Explain any supplementary remuneration accrued by directors as consideration for services rendered outside of their post.

In 2020, the Lar España board members did not provide any services not inherent to their positions.

B.13 Explain any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, their key characteristics and the amounts eventually returned, as well as the obligations taken on by way of guarantee or collateral.

In 2020, Lar España board members did not avail themselves of any advances, loans, or guarantees.

B.14 Itemize the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary components.

In 2020, Lar España board members did not avail themselves of any remuneration in kind.

B.15 Explain the remuneration accrued by directors by virtue of payments made by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.

In 2020, 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.

B.16 Explain any other items of remuneration other than those mentioned in the previous sections, whatever their nature or the group company that settles the payment, particularly when this is a related-party transaction or the payment thereof distorts the true image of the total remuneration accrued by the director.

During 2020, no Lar España board members were remunerated through any other items apart from the abovementioned.

C ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

| Name | Type | Accrual period 2020 |
|---------------------|-----------------------------------|-------------------------|
| José Luis del Valle | Independent Director and Chairman | January – December 2020 |
| Roger M. Cooke | Independent Board Member | January – December 2020 |
| Alec Emmott | Independent Board Member | January – December 2020 |
| Miguel Pereda | Proprietary director | January – December 2020 |
| Isabel Aguilera | Independent Board Member | January – December 2020 |
| Laurent Luccioni | Proprietary director | January – December 2020 |
| Leticia Iglesias | Independent Board Member | January – December 2020 |

C.1 Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration in cash (thousand €)

| Name | Fixed compensation | Per diem allowances | Remuneration for membership on Board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Severance pay | Other grounds | Total financial year 2020 | Total financial year 2019 |
|---------------------|--------------------|---------------------|---|--------|----------------------------------|---------------------------------|---------------|---------------|---------------------------|---------------------------|
| José Luis del Valle | 118 | 0 | 14 | 0 | 0 | 0 | 0 | 0 | 132 | 140 |
| Roger M. Cooke | 67 | 0 | 16 | 0 | 0 | 0 | 0 | 0 | 83 | 88 |
| Alec Emmott | 67 | 0 | 14 | 0 | 0 | 0 | 0 | 0 | 81 | 87 |
| Miguel Pereda | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Isabel Aguilera | 67 | 0 | 14 | 0 | 0 | 0 | 0 | 0 | 81 | 85 |
| Laurent Luccioni | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Leticia Iglesias | 67 | 0 | 21 | 0 | 0 | 0 | 0 | 0 | 88 | 93 |

| Remarks |
|---------|
| |

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

| Name | Name of Plan | Financial instruments at start of financial year 2020 | | Financial instruments granted during financial year 2020 | | Financial instruments vested during the year | | | | Instruments matured but not exercised | Financial instruments at end of financial year 2020 | |
|------|--------------|---|--------------------------|--|--------------------------|--|---------------------------------|------------------------|---|---------------------------------------|---|-------------------------|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instrument | No. of equivalent/vested shares | Price of vested shares | Gross profit from vested shares or financial instruments (thousand) | No. of instruments | No. of instruments | No. of equivalent share |

| | | | | | | | | | | | | |
|---------|--|--|--|--|--|--|--|--|----|--|--|--|
| | | | | | | | | | 6) | | | |
| No data | | | | | | | | | | | | |

iii) Long-term savings systems

| | |
|--|---|
| | Remuneration from vesting of rights to savings system |
| | 0 |

| Remarks |
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| |

| Name | Contribution over the year from the company (thousand €) | | | | Amount of accumulated funds (thousand €) | | | |
|---------|--|---------------------|---|---------------------|---|---|---|---|
| | Savings systems with vested economic rights | | Savings systems with non-vested economic rights | | Financial Year 2020 | | Financial Year 2019 | |
| | Financial Year 2020 | Financial Year 2019 | Financial Year 2020 | Financial Year 2019 | Savings systems with vested economic rights | Savings systems with non-vested economic rights | Savings systems with vested economic rights | Savings systems with non-vested economic rights |
| | | | | | | | | |
| No data | | | | | | | | |

iv) Details of other items

| Name | Concept | Amount remunerated |
|---------|---------|--------------------|
| No data | | |

b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (thousand €)

| Name | Fixed compensation | Per diem allowances | Remuneration for membership on Board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Severance pay | Other grounds | Total financial year 2020 | Total financial year 2019 |
|---------------------|--------------------|---------------------|---|--------|----------------------------------|---------------------------------|---------------|---------------|---------------------------|---------------------------|
| José Luis del Valle | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Roger Cooke | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 15 |
| Alec Emmott | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | |
|-------------------------|---|---|---|---|---|---|---|---|---|---|
| Miguel Pereda | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Isabel Aguilera | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Laurent Luccioni | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Leticia Iglesias | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

| Name | Name of Plan | Financial instruments at start of year 2020 | | Financial instruments vested during year 2020 | | Financial instruments vested during the year | | | | Instruments matured but not exercised | Financial instruments at end of year 2020 | |
|---------|--------------|---|--------------------------|---|--------------------------|--|---------------------------------|------------------------|---|---------------------------------------|---|--------------------------|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent/vested shares | Price of vested shares | Gross profit from vested shares or financial instruments (thousand €) | No. of instruments | No. of instruments | No. of equivalent shares |
| No data | | | | | | | | | | | | |

| |
|---------|
| Remarks |
| |

iii) Long-term savings systems

| | |
|--|---|
| | Remuneration from vesting of rights to savings system |
| | 0 |
| | 0 |

| | Contribution over the year from the company (thousand €) | | | | Amount of accumulated funds (thousand €) | | | |
|---------|--|---------------------|---|---------------------|---|--|---|---|
| Name | Savings systems with vested economic rights | | Savings systems with non-vested economic rights | | | | | |
| | Financial year 2020 | Financial year 2019 | Financial year 2020 | Financial year 2019 | Financial year 2020 | | Financial year 2019 | |
| | | | | | Savings systems with vested economic rights | Savings systems with non-vested economic right | Savings systems with vested economic rights | Savings systems with non-vested economic rights |
| No data | | | | | | | | |

iv) Details of other items

| Name | Item | Amount remunerated |
|---------|------|--------------------|
| No data | | |

| |
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| Remarks |
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| Remarks |
| |

c) Summary of remuneration (thousand €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

| Name | Remuneration accrued in the Company | | | | | Remuneration accrued at group companies | | | | |
|---------------------|-------------------------------------|--|-----------------------------------|------------------------------|-------------------------------------|---|--|-----------------------------------|------------------------------|-----------------------------------|
| | Total compensation paid in cash | Gross profit from vested shares or financial instruments | Remuneration from savings systems | Remuneration for other items | Total financial year 2020 - company | Total Cash remuneration | Gross profit from vested shares or financial instruments | Remuneration from savings systems | Remuneration for other items | Total financial year 2020 - group |
| José Luis del Valle | 132 | 0 | 0 | 0 | 132 | 0 | 0 | 0 | 0 | 0 |
| Roger Cooke | 83 | 0 | 0 | 0 | 83 | 14 | 0 | 0 | 0 | 14 |
| Alec Emmott | 81 | 0 | 0 | 0 | 81 | 0 | 0 | 0 | 0 | 0 |
| Miguel Pereda | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Isabel Aguilera | 81 | 0 | 0 | 0 | 81 | 0 | 0 | 0 | 0 | 0 |
| Laurent Luccioni | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Leticia Iglesias | 88 | 0 | 0 | 0 | 88 | 0 | 0 | 0 | 0 | 0 |
| Total: | 465 | 0 | 0 | 0 | 465 | 14 | 0 | 0 | 0 | 14 |

D OTHER INFORMATION OF INTEREST

If there are any relevant issues relating to directors' remuneration that you have not been able to address in the previous sections of this report, but which are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

This remuneration report was approved by the Company's Board of Directors, on the proposal of the Appointments and Remuneration Committee, at its meeting held on February 23th, 2021.

The Remuneration Policy was approved in 2018, based on the circumstances and composition of the Board at the time, the principles and remunerations established in the policy have been strictly complied with.

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

Yes ☐

No ☒

| Name or company name of the member of the Board of Directors who has not voted for the approval of this report | Reasons (against, abstention, non-attendance) | Explain the reasons |
|--|---|---------------------|
| | | |

| Remarks |
|---------|
| |