

# **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 ESPESO AS PROPRIETARY DIRECTOR OF THE COMPANY UNDER ITEM SIX OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON MARCH 30 AND 31, 2023, 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, Remuneration and Sustainability 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 in view of the upcoming expiry of the term of office of Mr Miguel Pereda Espeso, the purpose of this report is to assess the proposal of the Appointments, Remuneration and Sustainability Committee to re-elect Mr Miguel Pereda Espeso as a director of the Company, as well as his competence, experience and merits. The aforementioned report of the Nomination, Remuneration and Sustainability Committee is attached as an **Annex** to this report.

As an introduction to this report, it should be noted that at the end of 2022, the Board unanimously agreed to implement a **plan for the orderly and staggered renewal of the Board**, which in the short term, and more specifically through the General Meetings of 2023 and 2024, will allow full compliance with the 40% quota of women on the Board established by Recommendation 15 of the Code of Good Corporate Governance of Listed Companies ("**CBG**"), without affecting compliance with the other recommendations related to the structure and composition of the Board of Directors. This plan affects the continuity in office of two independent directors whose terms of office now expire: Mr. Alec Emmott (independent director) and Mr.

Roger Maxwell Cooke (independent director), proposing a staggered renewal that will be carried out by coordinating the principles of representativeness with those of diversity and independence. In this way, **the Board has the objective of complying with recommendation 15 of the CBG in 2024** and all the directors, who share this objective, have personally assumed the commitment to adopt as many measures as necessary or convenient to facilitate this. In particular, it is envisaged that in 2024, Mr. Alec Emmott will complete his term of office. Alec Emmott will end his connection as a director of the Company, thus facilitating compliance with the 40% quota of women next year, and Mr. Roger Cooke will do so in 2025, also facilitating the staggered renewal of the Board, but guaranteeing, at all times, the appropriate stability in the composition of the Board of Directors and its Committees in order to maintain the suitability of the Board as a whole and preserve the experience and knowledge of those who have been serving as directors.

It should also be noted that under the Investment Manager Agreement entered into between the Company and its investment manager (Grupo Lar Inversiones Inmobiliarias, S.A.), the latter has the right to request the Board of Directors to appoint a non-executive director of the Company designated by the investment manager, subject to compliance with applicable regulations and to the proposed candidate being duly qualified. The investment manager exercised this right in respect of Mr. Miguel Pereda, whose appointment has been validated by the Board, following his first appointment in 2014, both in 2017 and in 2020.

## **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, Remuneration and Sustainability Committee of the Company at its meeting held on 23 February 2023.

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 30 years of experience in the real estate sector, having served as Chief Executive Officer of Lar Grosvenor for 6 years.

He is currently Chairman and a shareholder of Grupo Lar Inversiones Inmobiliarias, S.A., as well as director of some of its subsidiaries, Chairman of Villamagna, S.A., a company of the Grosvenor Group, Chairman of the Altamira Lar Foundation and in 2015 he was appointed Eminent Member of the Royal Institution of Chartered Surveyors (RICS) in London.

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 Master's Degree in taxation from ICADE and participated in the Real Estate Management Programme at Harvard University.

## **b. Membership of other Boards of Directors of listed companies**

Mr. Pereda is not member of the Board of Directors of any listed company other than the Company. 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 a shareholder and the Chairman of the Board of Directors of Grupo Lar Inversiones Inmobiliarias, S.A. (management company of Lar España) and a director other companies of its group. He was expressly authorised to perform these duties and to obtain the relevant remuneration in 2014 by the then sole shareholder of the Company. This authorisation was subsequently renewed at the General Shareholders' Meeting held in 2017 and in the General Shareholders' Meeting held on March 17, 2020, and , it will be submitted for shareholder approval at the 2023 ordinary General Shareholders' Meeting.

In keeping with the provisions of the Annual Corporate Governance Report approved by the Board of Directors at its meeting held on 24 February 2023, Mr. Miguel Pereda does not perform any additional remunerated activities on a regular basis, of any nature whatsoever, other than those indicated above.

## **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 and in 2020. Moreover, he currently is member of the Company's Appointments, Remuneration and Sustainability 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 2022 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 2022 and beginning of 2023, as the Company has been doing on a yearly basis 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 and, as provided in article 5 of the Regulations of the Appointments, Remuneration and Sustainability Committee, the Appointments Committee has reviewed, in coordination with the full Board, the composition

of the Board as well as the matrix of the Board's competencies. In this context, at the beginning of 2023, 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 of Directors as a collegiate 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. Holdings in the Company**

According to the information that has been disclosed to the Company, Mr. Miguel Pereda holds, (i) directly, 29,905 shares representing 0.035% of the voting rights of the Company, and (ii) indirectly, through the company Grupo Lar Inversiones Inmobiliarias, S.A., of which he is one of its shareholders, shares representing 10% of the voting rights of the Company.

#### **e. Director's category**

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, Remuneration and Sustainability 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."*



*This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.*

Madrid, February 24, 2023.

## ANNEX

### APPOINTMENTS, REMUNERATION AND SUSTAINABILITY 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, Remuneration and Sustainability 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, Remuneration and Sustainability 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, Remuneration and Sustainability 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, Remuneration and Sustainability Committee of the Company.

Mr. Pereda has more than 30 years of experience in the real estate sector, having served as Chief Executive Officer of Lar Grosvenor for 6 years.

He is currently Chairman and a shareholder of Grupo Lar Inversiones Inmobiliarias, S.A., as well as director of some of its subsidiaries, Chairman of Villamagna, S.A., a company of the Grosvenor Group, Chairman of the Altamira Lar Foundation and in 2015 he was appointed Eminent Member of the Royal Institution of Chartered Surveyors (RICS) in London.

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 Master's Degree in taxation from ICADE and participated in the Real Estate Management Programme at Harvard University.



As for the quality of his work, the Appointments, Remuneration and Sustainability 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 2022 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.

In this regard, it should also be noted that the Committee has placed special emphasis on being able to comply with recommendation 15 of the Good Corporate Governance Code for Listed Companies ("**CBG**") approved by the National Securities Market Commission and has been working together with the Board towards this goal. In fact, already in 2022, at the Commission's proposal, the Company went from having 29% women on the Board to the current 33.3%, when the size of the Board was reduced. In the same vein, the Committee proposed to the Board the implementation of a **plan for the orderly and staggered renewal of the Board**, so that in the short term (2024), the 40% quota of women on the Board is fully complied with. This plan affects the tenure of the independent directors whose terms of office now expire: Mr. Alec Emmott (independent director), Mr. Roger Maxwell Cooke (independent director) and Mr. José Luis del Valle (independent chairman), proposing a staggered renewal that will be carried out by coordinating the principles of representativeness with those of diversity and independence.

Likewise, at the end of 2022 and beginning of 2023, as the Company has been doing on a yearly basis 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 and, as provided in article 5 of the Regulations of the Appointments, Remuneration and Sustainability Committee, the Appointments Committee has reviewed, in coordination with the full Board, the composition of the Board as well as the matrix of the Board's competences. In this context, at the beginning of 2023, an updated 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 directors, attached to this report as an **Annex**. 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 of Directors as a collegiate body.

On a separate note, the Appointments, Remuneration and Sustainability Committee has analysed the other offices in which Mr. Pereda serves. Mr. Pereda is a shareholder and the Co-Chairman of the Board of Directors of Grupo Lar Inversiones Inmobiliarias, S.A. (management company of Lar España) and a director of other companies of its group. He was expressly authorised to perform these duties and to obtain the relevant remuneration in 2014 by the then sole shareholder of the Company. This authorisation was subsequently renewed at the General Shareholders' Meeting held in 2017 and in the General Shareholders' Meeting held on March 17, 2020, and , it will be submitted for shareholder approval at the 2023 ordinary General Shareholders' Meeting

### **3. FAVOURABLE REPORT**

In light of the foregoing, the Appointments, Remuneration and Sustainability 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. Miguel Pereda Espeso 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, Remuneration and Sustainability 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."*



## ANNEX

### COMPETENCY MATRIX OF THE BOARD OF DIRECTORS OF LAR ESPAÑA

	Jose Luis del Valle	Alec Emmott	Roger Cooke	Isabel Aguilera	Leticia Iglesias	Miguel Pereda
Role/ Committees	Non-executive Chairman/ Member of the ACA*	Board Member / Member of the ARSC**	Board Member / Chair of the ARSC**	Board Member / Chair of the ACA*	Board Member / Member of the ACA*/ Member of the ARSC**	Board Member / Member of the ARSC**
Category	Independent	Independent	Independent	Independent	Independent	Proprietary
Diversity						
Gender (Women 33,3%)				☑	☑	
Nationality Spanish (66,7%) British (33,3%)	☑	☑	☑	☑	☑	☑
Seniority on the board (First appointment)	05/02/2014	05/02/2014	05/02/2014	29/05/2017	16/10/2018	05/02/2014
< 5 years (33,3%)				☑	☑	
6-9 years (66,7%)	☑	☑	☑			☑
10-12 years (0%)						
> 12 years (0%)						
Academic background						
Engineering	☑					
Real Estate		☑	☑			
Architecture and Urban Planning				☑		
Business and Economics					☑	☑
Legal / tax						☑
General Management Programmes/ Senior Management/ MBA / Specialisation	☑	☑	☑	☑	☑	☑
Skills and experience						
Sector:		☑	☑			☑
Real Estate / Retail /Valuations						
Technical Sector:	☑			☑		
Architecture / Urban Planning / Engineering				☑	☑	
IT / Digital / Cybersecurity				☑		
Finance	☑			☑	☑	☑
Audit / Accounting / Internal Control / Risk Management	☑		☑	☑	☑	☑
International markets	☑	☑	☑	☑	☑	☑
Governance	☑	☑	☑	☑	☑	☑
Sustainability		☑	☑		☑	
Management experience						
Other boards of listed companies	☑	☑		☑	☑	

	Jose Luis del Valle	Alec Emmott	Roger Cooke	Isabel Aguilera	Leticia Iglesias	Miguel Pereda
Role/ Committees	Non-executive Chairman/ Member of the ACA*	Board Member / Member of the ARSC**	Board Member / Chair of the ARSC**	Board Member / Chair of the ACA*	Board Member / Member of the ACA* / Member of the ARSC**	Board Member / Member of the ARSC**
Category	Independent	Independent	Independent	Independent	Independent	Proprietary
Investors' knowledge / Other stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Team and talent management / Remuneration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Functions of the Chief Executive / CEO	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

\*ACA: Audit and Control Committee

\*\*ARSC: Appointments, Remuneration and Sustainability Committee