



REPORT OF THE BOARD OF DIRECTORS OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. IN RELATION TO THE PROPOSAL OF RE-ELECTION OF MR. JOSÉ LUIS DEL VALLE DOBLADO AS INDEPENDENT DIRECTOR OF THE COMPANY UNDER ITEM SIX SECTION ONE 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. José Luis del Valle Doblado as independent director of the Company.

In accordance with the provisions of paragraph 4 of said article, the Appointments and Remunerations Committee shall propose the appointment or re-election of independent directors. This proposal shall be 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. del Valle's office, this report aims to assess his competence, experience and merits, in view of the Appointments and Remunerations Committee's proposal to re-elect Mr. del Valle as director of the Company. Such proposal is attached as **Annex** to this report.

2. CANDIDATE'S ASSESSMENT

Below is the Board's assessment of the competence, experience and merits of Mr. José Luis del Valle Doblado and his suitability to perform his duties as independent director of the Company, in view of the motivated proposal 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. del Valle'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. del Valle has extensive experience in the banking and energy sectors.

From 1988 to 2002 he held various positions with Banco Santander, one of the most relevant financial entities in Spain. In 1999 he was appointed General Manager and Financial Manager of the bank (1999-2002). Subsequently he was Development and Strategy Manager of Iberdrola, one of the main Spanish energy companies (2002-2008), Managing Director of Scottish Power (2007-2008), Strategy and Research Manager of Iberdrola (2008-2010) and Advisor to the Chairman of the aerogenerator manufacturer Gamesa (2011-2012). Currently, Mr. del Valle is Chairman of the Board of Directors of Wizink Bank; Director of Abengoa, S.A., which provides innovative technological solutions for sustainable development; Director of the insurance group Ocaso; and Director of the Instituto de Consejeros-Administradores.

Mr. José Luis is a Mining Engineer from Universidad Politécnica (Madrid, Spain), number one of his class, Master of Science and Nuclear Engineer from the Massachusetts Institute of Technology (Cambridge, USA). Furthermore, Mr. del Valle holds an MBA with high honours from Harvard Business School (Boston, USA).

b. Membership of other Boards of Directors

Mr. del Valle is member of the Board of Directors of the listed company Abengoa, S.A. 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.

c. Quality of his work and involvement

Mr. José Luis del Valle was appointed director of Lar España, under the category of independent director, in 2014 and he was subsequently re-elected as such in 2017. Moreover, he currently chairs the Board of Directors and is member of the Company's Audit and Control Committee.

The Board of Directors has analysed the duties performed by Mr. del Valle 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. del Valle 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. José Luis del Valle is fully qualified for the position for which he is proposed, being an expert, among others, in matters such as finance, audits, risks, ESG, international markets, participation in other board of directors, investments and shareholders knowledge or technical knowledge as an engineer; 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. del Valle and his accredited experience in management and business strategy, as well as his knowledge of the business of Lar España. The Board considers that Mr. del Valle 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. del Valle 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. José Luis del Valle will not represent any shareholder on the Board of Directors and will not perform executive duties. Furthermore, the Board has verified that the candidate fulfils the requirements to be considered as independent director according to the provisions of applicable law.

3. FAVOURABLE REPORT

In light of the foregoing, the Board of Directors fully adheres to the Appointments and Remunerations Committee's proposal and issues a favourable report on the re-election of Mr. José Luis del Valle as director of the Company, under the category of independent director, for the statutory term of three years. The Board is convinced that Mr. del Valle 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 Appointments and Remunerations Committee and following the favourable report of the Board of Directors, to re-elect Mr. José Luis del Valle Doblado as member of the Board, under the category of "independent director", for the statutory period of three years."

Madrid, 13 February 2020.

ANNEX

APPOINTMENTS AND REMUNERATIONS COMMITTEE PROPOSAL TO THE BOARD OF DIRECTORS IN RELATION TO THE RE-ELECTION OF MR. JOSÉ LUIS DEL VALLE DOBLADO AS INDEPENDENT DIRECTOR OF THE COMPANY

1. INTRODUCTION

In accordance with the provisions of paragraph 4 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 proposal of re-election of Mr. José Luis del Valle Doblado as independent director of the Company for the statutory term of three years to be submitted to the following Ordinary General Shareholders' Meeting of the Company.

2. PROPOSAL'S JUSTIFICATION

In view of the upcoming expiry of Mr. del Valle'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. del Valle and has assessed his performance as member and Chairman of the Company's Board of Directors and as member of the Audit and Control Committee.

Mr. del Valle has extensive experience in the banking and energy sectors. From 1988 to 2002 he held various positions with Banco Santander, one of the most relevant financial entities in Spain. In 1999 he was appointed General Manager and Financial Manager of the bank (1999-2002). Subsequently he was Development and Strategy Manager of Iberdrola, one of the main Spanish energy companies (2002-2008), Managing Director of Scottish Power (2007-2008), Strategy and Research Manager of Iberdrola (2008-2010) and Advisor to the Chairman of the aerogenerator manufacturer Gamesa (2011-2012). Currently, Mr. del Valle is Chairman of the Board of Directors of Wizink Bank; Director of Abengoa, S.A., which provides innovative technological solutions for sustainable development; Director of the insurance group Ocaso; and Director of the Instituto de Consejeros-Administradores. Mr. José Luis is a Mining Engineer from Universidad Politécnica (Madrid, Spain), number one of his class, Master of Science and Nuclear



Engineer from the Massachusetts Institute of Technology (Cambridge, USA). Furthermore, Mr. del Valle holds an MBA with high honours from Harvard Business School (Boston, USA).

As for the quality of his work, the Appointments and Remunerations Committee considers that Mr. del Valle 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. del Valle 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. José Luis del Valle is fully qualified for the position for which he is proposed, being an expert, among others, in matters such as finance, audits, risks, ESG, international markets, participation in other board of directors, investments and shareholders knowledge or technical knowledge as an engineer; 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. del Valle serves. Mr. del Valle is member of the Board of Directors of the listed company Abengoa, S.A. As a consequence, he complies with the limit set out in article 19.4 of the Board of Directors' Regulations. The Committee has also evaluated the director's independence and considers that Mr. del Valle is not involved in any situation that prevent him from performing his duties as director of the Company under the category of independent director.

3. PROPOSED RESOLUTION

In light of the foregoing, the Appointments and Remunerations Committee believes that



Mr. del Valle 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 submits to the Board of Directors the proposal to re-elect Mr. José Luis del Valle as director of the Company, under the category of independent director, for the statutory term of three years.

The full text of the proposed resolution is the following:

"Based on the proposal of the Appointments and Remunerations Committee and following the favourable report of the Board of Directors, to re-elect Mr. José Luis del Valle Doblado as member of the Board, under the category of "independent director", for the statutory period of three years."