

**REPORT BY THE APPOINTMENTS AND REMUNERATION COMMITTEE  
ON THE ASSESSMENT OF ITS PERFORMANCE IN 2018**

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**1. INTRODUCTION**

The Appointments and Remuneration Committee of Inmobiliaria Colonial, SOCIMI, S.A (the “**Company**” or “**Colonial**”) has issued this report on its performance and the fulfilment of its responsibilities throughout 2018 (the “**Report**”). For the purposes of drawing up this report, the members of this Committee were sent a questionnaire about its structure, performance and the fulfilment of responsibilities. The questionnaire was revised in terms of methodology by Spencer Stuart.

The report will be submitted to the Board of Directors of the Company, which, on the basis of the information contained therein, will be the body entrusted with assessing the performance of the Appointments and Remuneration Committee (the “**Committee**”) by virtue of Article 34 of the Regulations of the Board of Directors.

**2. CONCLUSIONS DRAWN FROM THE ASSESSMENT PROCESS**

From the assessment process carried out by the Committee regarding its performance, some positive conclusions have been drawn, both in relation to its members and internal organisation and in the performance of the responsibilities bestowed upon it.

In relation with Recommendation 48 of the Code of Good Governance for listed companies approved by the Spanish Securities Market Commission in February 2015, which stipulates that large-cap companies should have separate appointments committees and remuneration committees, it was felt that a single committee was appropriate in view of the Company’s organisational structure.

**2.1. Members of the Committee**

The Committee is made up of 5 members, thereby complying with the minimum required by Article 33 of the Regulations of the Board of Directors, which establishes that the Committee must be made up of a minimum of 3 and a maximum of 8 directors.

All members of the Committee are non-executive directors, 3 of whom are independent directors and 2 are proprietary directors. The Committee is chaired by an independent director. Therefore, the Committee has been formed in accordance with Article 33 of the Regulations of the Board of Directors.

The current members of the Company Committee are as follows:

<b>Name/Company name</b>	<b>Position</b>	<b>Category</b>
Mr Carlos Fernández-Lerga Garralda .....	Chairman	Independent director
Mr Adnane Mousannif .....	Member	Proprietary director
Mr Juan Carlos García Cañizares .....	Member	Proprietary director
Mr Luis Maluquer Trepat.....	Member	Independent director
Mr Javier Iglesias de Ussel Ordís .....	Member	Independent director

No changes were made to the composition of the Committee in 2018.

In addition to members of the Committee, the following, among others, also attended meetings: (i) the Chairman of the Board of Directors; (ii) the CEO; (iii) the Deputy Secretary of the Board of Directors; and (iv) the Company's Senior Business Advisor on the digitalisation process.

Committee members have the necessary knowledge, skills and experience to discharge their duties. In this regard, the academic and professional background of the directors are available on the Company's corporate website ([link](#)).

On the basis of this, it can be concluded that the Committee is duly organised and made up of directors who have the skills and qualifications required for their roles.

## **2.2. Performance of the Committee**

In 2018, the Committee met on 6 occasions. The meetings were held on the following dates: 23 January, 6 February, 21 February, 4 April, 18 April and 14 November.

Regarding preparation and development of the meetings, the Committee Chairman calls them with sufficient notice, and they are attended by all members. Additionally, prior to each meeting, the members of the Committee are provided with the information on the agenda, thereby encouraging them to participate actively and to make informed agreements.

Lastly, it must be pointed out that the Secretary took minutes of all the meetings held, including how they developed, their contents, discussions and the agreements reached. The Committee's minutes are at the disposal of its members and those on the Board of Directors.

In accordance with the foregoing, it has been concluded that the Committee complies with the Operating Rules established by the Company Bylaws and the Regulations of the Board of Directors, and it is organised correctly and efficiently to perform its duties and for its purposes.

## **2.3. Responsibilities of the Committee**

The Committee efficiently fulfils the duties it has been entrusted with in accordance with Article 33 of the Regulations of the Board of Directors.

Likewise, the Committee performed the following functions in the course of 2018:

- Coordinated and submitted to the Board its reports, assessing the Board of Directors and the Committee, and the performance of the Chairman of the Board, the CEO, the Independent Lead Director and the Secretary of the Board, with the advice of Spencer Stuart.
- Ensured that the remuneration policy established by the Company was being observed and, in particular, tabled a proposal to the Board of Directors concerning variable compensation for the Chairman and CEO.
- Analysed the 2018 variable remuneration targets to assess the performance of the Management Committee.
- Reported on and explained to members of the Committee the impact of digitalisation on the Company's business and culture, and the situation of competitors in the property sector and geographic markets.

- Examined the qualifications of the members of the Board of Directors in accordance with their corporate documents, the Spanish Limited Liability Companies Law and the corporate governance recommendations.
- Issued a favourable report and proposed to the Board of Directors approval of the Annual Report on Directors' Remuneration.
- Issued a favourable report on the corporate governance policy and satisfactory compliance with its recommendations in this respect.
- Sent the proposed schedule for the Committee's annual meetings to all the directors.
- Proposed, based on the achievement of the indicators, the number of shares owed to the beneficiaries of the share allocation plan approved at the General Meeting of Shareholders on 21 January 2014.
- Issued a proposal to the Board of Directors to be tabled at the General Meeting to set the number of Board members as eleven.
- Produced a favourable report for the Board of Directors on: (i) the appointment of Mr Javier López Casado as proprietary director of the Company; (ii) the re-election of Mr Juan José Brugera as director and chairman of the Board of Directors; (iii) the re-election of Mr Pedro Viñolas as director and CEO; and (iv) the re-election of Mr Juan Carlos García Cañizares as director of the Company.
- Proposed the re-election of the independent directors, Ms Ana Sainz de Vicuña, Mr Carlos Fernández-Lerga, Mr Javier Iglesias de Ussel and Mr Luis Maluquer.
- Approved, to be submitted for approval by the Board of Directors, a proposed succession plan for the chairman of the Board of Directors and the CEO.
- Issued a favourable report on the fixed and variable remuneration of the Company's management team as proposed by the CEO, and on the engagement of Ms Begoña Muñoz as the Company's head of human resources.
- Reported to the members of the Committee on the activities of the Corporate Governance Unit.

In accordance with the foregoing, it may be concluded that the Committee efficiently undertakes and fulfils the responsibilities assigned to it by the regulations applicable and by the Company's corporate documents.

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