



Árma Real Estate SOCIMI, S.A.  
Edificio Torre Serrano  
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## **SPANISH NATIONAL STOCK MARKET COMMISSION**

Pursuant to the provisions in articles 17 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April, on market abuse, and 227 of the consolidated text of the Spanish Stock Market Act, approved by Royal Legislative Decree 4/2015 of 23 October and its concordant provisions, Árma Real Estate SOCIMI, S.A. (hereinafter, "Árma" or the "Company") hereby notifies the following

## **OTHER RELEVANT INFORMATION**

Notice is given of the text of the announcement of the call of the Ordinary General Shareholders' Meeting of the Company to be held in Madrid, on Monday, 28 June 2021, at 12:00 a.m. in the first call, at the corporate address placed in Torre Serrano, Serrano 47, 4ª floor, and should it not be possible to hold the Ordinary General Shareholders Meeting at first call due to a lack of quorum, it shall be held at second call on the following day, Tuesday, 29 June 2021, at the same time and in the same place. Likewise, notice is given of the proposals of the agreements and the Board of Directors' Reports regarding the proposed agreement referred to in the seventh, ninth, tenth and twelfth items of the agenda of the aforementioned General Meeting.

The remaining documentation related to the meeting will be available to shareholders and investors on the website [www.arimainmo.com](http://www.arimainmo.com).

Madrid, 27<sup>th</sup> May 2021

Mr Luis Alfonso López de Herrera-Oria  
Chief Executive Officer  
Árma Real Estate

**Árma Real Estate SOCIMI, S.A.**  
**Ordinary General Shareholders Meeting**

The Board of Directors unanimously agrees to call an Ordinary General Shareholders Meeting of Árma Real Estate SOCIMI, S.A. (the "Company"), to be held in Madrid, on 28 June 2021 at 12:00pm at first call at the corporate address, located at Torre Serrano, calle Serrano 47, 4<sup>th</sup> floor, or, should the necessary quorum not be achieved, **at second call on 29 June 2021 at the same time and the same place**, so that the shareholders can discuss and resolve on the points set forth in the following:

**Agenda**

- 1.- Examination and approval, as appropriate, of the individual financial statements of Árma Real Estate SOCIMI, S.A. as well as the Company's individual management report for the financial year ended 31 December 2020.*
- 2.- Examination and approval, as appropriate, of the proposed allocation of profit/losses of the individual financial statements of Árma Real Estate SOCIMI, S.A. for the financial year ended 31 December 2020.*
- 3.- Examination and approval, as appropriate, of the management carried out by the Board of Directors during the Company's financial year closed on 31 December 2020.*
- 4.- Examination and approval, as appropriate, of the consolidated financial statements of Árma Real Estate SOCIMI, S.A. and its subsidiaries, as well as the Company's consolidated management report for the financial year ended 31 December 2020.*
- 5.- Advisory vote on the Annual Report on the Remuneration of the Directors corresponding to the financial year closed on 31 December 2020.*
- 6.- Approval of the Annual Corporate Governance Report and acknowledgement on the degree of compliance by the Company with the recommendations contained in the Code of Good Governance of Listed Companies.*
- 7.- Reelection of the Directors.*
- 8.- Reelection of the Auditor of the Company and its consolidated group to audit the 2021-2023 period.*
- 9.- Modification of the Directors' Remuneration Policy.*
- 10.- Authorization for the Board of Directors, with the powers to sub-delegate and to increase the share capital, pursuant to section 297.1.b) of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital), valid for a maximum period of five years, through monetary contributions, up to a maximum amount equal to half (50%) of the company share capital, where the Board is authorized to exclude any pre-emption right of purchase up to a maximum amount equal to 20% of the company share capital.*
- 11.- Authorization to the Board of Directors for the derivative acquisition of treasury stock by the Company or its group companies, and for their operation and subsequent disposal. Revoking of previous authorizations.*
- 12.- Acknowledgement of the impact of Covid-19 on the Company.*
- 13.- Recording as a public instrument of the resolutions passed by the General Shareholders Meeting.*

Taking into consideration the quorum achieved in other Shareholders Meetings calls, it is foreseeable that the meeting will be held at second call in the place indicated in the heading.

Complement to the Call of Shareholders General Meeting: For the purposes of the provisions set forth in article 519 of the Spanish Corporate Enterprises Act, shareholders representing at least three percent (3%) of the share capital may request that a complement to the call of the Shareholders General Meeting is published by including one or more items on the agenda,

provided that these are accompanied by a justification or a justified proposal for a resolution. In said request, the shareholders must indicate at least (i) the identity of the shareholder or shareholders exercising the right, (ii) the number of shares they hold or represent, (iii) the items to be included on the agenda, as well as (iv) a justification of the items proposed or, if applicable, a justified proposal for a resolution. This right must be exercised by means of reliable notification to the Company, which must be received at the registered office within five days of the publication of the call of the meeting.

Presentation of proposed resolutions: Shareholders owning at least three per cent (3%) of share capital can, during the period of five days following publication of the call, present founded proposals for resolution on matters already included or that should be included in the agenda for the meeting called, under section 519.3 of the Spanish Corporate Enterprises Act.

Right to information: In accordance with sections 272 and 308 of the Spanish Corporate Enterprises Act, the shareholders are informed that effective with this notice they can immediately obtain from the Company, free-of-charge, all of the documentation related to the agenda and proposed resolutions submitted to them for discussion and approval. The copies are available at the Company's registered office located in Madrid, at Torre Serrano, Calle Serrano, 47, floor 4; such documents being:

- (i) Proposed resolutions.
- (ii) Documentation relating to the individual and consolidated financial statements as well as the management reports and auditors' reports for the 2020 financial year.
- (iii) The Report on the Remuneration of the Directors, which will be subject to an advisory vote.
- (iv) The Annual Corporate Governance Report for the financial year closed on 31 December 2020.
- (v) Curriculum vitae of Mr. Luis María Arredondo Malo, Mr. Luis Alfonso López de Herrera-Oria, Mr. Fernando Bautista Sagüés, Mr. David Jiménez-Blanco Carrillo de Albornoz and Mr. Cato Henning Stonex, whose positions as Directors are planned to be re-elected as a part on the agenda.
- (vi) The Directors Report related to the proposed resolution for the share capital increase and excluding any pre-emption right of purchase pursuant to sections 286 and 297.1b) of the Spanish Corporate Enterprises Act.
- (vii) The Report on the impact that Covid-19 is having on the Company.
- (viii) The Reports issued by the Appointments and Remuneration Committee and by the Board of Directors of the Company, in relation to the proposal for the re-election of the Directors and in relation to the proposal for the modification of the Remuneration Policy.
- (ix) The current Directors' Remuneration Policy.
- (x) All other documentation that is available to shareholders in advance of the General Shareholders Meeting notified here, available at the registered office and/or that can be shipped to the shareholders immediately upon request and free-of-charge.

All of the above documents can likewise be viewed and downloaded from the Company's web page ([www.arimainmo.com](http://www.arimainmo.com)).

In accordance with sections 197 and 520 of the Spanish Corporate Enterprises Act and 29 of the Company's Articles of Association, until the fifth calendar day preceding the date of the meeting, shareholders can request that the Directors provide the information or clarifications that the shareholders may consider appropriate regarding the matters included in the agenda, or address the questions that the shareholders considers to be pertinent, in writing. Likewise, and up to the

fifth day prior to the date of the General Shareholders Meeting scheduled, the shareholders can request that the Directors provide, in writing, the clarifications that the shareholders consider appropriate regarding information available to the public and provided by Árima Real Estate SOCIMI, S.A. to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) regarding the auditor's report. Shareholders can also in this respect during the General Shareholders Meeting verbally request from the Directors, the information or clarifications that they may consider pertinent.

Requests allowed pursuant to the shareholders right to information can be delivered or sent by mail or similar messenger service delivered at the registered office (Madrid, Torre Serrano, Calle Serrano, 47, floor 4), in a written request with original signature and a photocopy attached of a valid identification document. The request will include the address where the requesting shareholders wishes delivery of the information requested (which can include an email address). For purposes of the above and pursuant to section 11 *quater* of the Spanish Corporate Enterprises Act, any response or request submitted by electronic means will be understood as accepted when presented via the same means if the shareholders, included an email address within the framework of the request made, and the use of electronic means for sending the request is not expressly rejected. If rejected the response or information will be sent by regular post to the address indicated in the communication (which information will be mandatory, if the sending is not accepted by electronics means or if an email address is not included).

Additional information and documentation available on the Company web page ([www.arimainmo.com](http://www.arimainmo.com)). Effective from the date of the notice and until the General Shareholders Meeting is held, the following documents, among others, will be available for view, downloading and printing on the Company web page ([www.arimainmo.com](http://www.arimainmo.com)):

- 1) full text of the call of the General Shareholders Meeting;
- 2) total number of shares and voting rights on the date of the call;
- 3) individual financial statements of Árima Real Estate SOCIMI, S.A. and the Company's individual management report for the financial year closed on 31 December 2020, with the corresponding audit report;
- 4) consolidated financial statements of Árima Real Estate SOCIMI, S.A. and its subsidiaries, as well as the Company's consolidated management report for the financial year closed on 31 December 2020, with the corresponding audit report;
- 5) complete texts of the proposed resolutions for each of the points on the agenda; as they are received, proposed resolutions submitted by shareholders will also be included;
- 6) support reports issued by the Appointment and Retributions Committee and by the Board of Directors;
- 7) the Report on the Remuneration of the Directors, for the financial year closed on 31 December 2020;
- 8) the Annual Corporate Governance Report for the financial year closed on 31 December 2020;
- 9) the current Directors' Remuneration Policy;
- 10) Curriculum vitae of Mr. Luis María Arredondo Malo, Mr. Luis Alfonso López de Herrera-Oria, Mr. Fernando Bautista Sagüés, Mr. David Jiménez-Blanco Carrillo de Albornoz and Mr. Cato Henning Stonex;
- 11) The Report on the impact that Covid-19 is having on the Company.
- 12) applicable rules to delegation and voting by means of remote communication systems and the form of delegation cards and distance voting;
- 13) current consolidated texts of the Company Articles of Association, Regulation of the General Shareholders Meeting, Regulation of the Board of Directors and other documents that comprise the corporate governance system;

- 14) a document from which the shareholders' right to information is extracted;
- 15) and any other documentation specified by Law.

Shareholders will have the right to review the above listed documents in the registered office and to request that they be delivered or sent to them free-of-charge.

It is placed on record that even when the additional information and documentation available on the Company web page ([www.arimainmo.com](http://www.arimainmo.com)) includes the proposed resolutions presented by the Board of Directors to the General Shareholders Meeting on each of the points of the agenda, the Board of Directors reserves the possibility of amending the content of the proposals, for justified reasons. In this event each circumstance will be reported as soon as possible through the pertinent and timely publication of the full and complete text of the changes.

Shareholders can send any request for clarification on delivery of the documentation and other points referred to in this notice to the offices of Árima Real Estate SOCIMI, S.A. (Madrid, Torre Serrano, Calle Serrano, 47, floor 4), or to the Shareholder Information Office + 34 910 532 803 during business hours Monday through Friday, 9:00 am to 7:00 pm, or to the email [investors@arimainmo.com](mailto:investors@arimainmo.com).

Right to attend: As specified in section 23 of the Articles of Association, shareholders owning one or more shares, including those with no voting rights, whose ownership is registered in the corresponding books of notes, five (5) days in advance of the date set for the General Shareholders Meeting and who confirm same by exhibiting the corresponding authentication certificates or attendance cards issued by the Company or any other form admitted by current legislation, will have the right to attend the General Shareholders Meeting.

The right to attend can be delegated as established in the Spanish Corporate Enterprises Act, in the Company's Articles of Association and the Regulation of the General Shareholders Meeting.

Attendance cards will be issued by the Company upon justification of their share ownership, or by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), or entities participants of those systems. The attendance card can be replaced only through the corresponding authentication certificate that confirms compliance with the requirements for attendance.

Registry of the attendance cards will begin one hour before the time indicated for the General Shareholders Meeting. To confirm the identity of the shareholders, those attending the General Shareholders Meeting will be requested, at the entry of the meeting room, to provide national identity document, a foreigner's identification card or passport. If the shareholder is a legal entity, then its representative can likewise be requested to provide confirmation that he has sufficient powers to represent the attending entity.

Right to representation and voting by means of remote communication: In accordance with section 25 of the Articles of Association, each shareholder with a right to attend the General Shareholders Meeting can (i) do so through another person, shareholder or not, as established in the Company Articles of Association, Regulation of the General Shareholders Meeting and the Spanish Corporate Enterprises Act and (ii) exercise their vote, through remote communication means, prior to the holding of the General Meeting. The representative will represent all of the shares owned by the shareholder. The representation can always be revoked. The attendance of the represented shareholder at the General Shareholders Meeting will be considered as a revocation of the representation and the vote.

## 1. Delegation of the representation by means of remote communication systems.

a. Shareholders can authorize their representative by correspondence sent by post or by equivalent messenger service in a document sent to the Company containing the representation granted, together with the attendance card issued by the Company or entities responsible for keeping the registry of notes on account; they also complete and sign (i) the attendance card and delegation issued on paper by the parties participants of the Sociedad de Gestion de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR), that apply to each case; or (ii) the form provided by Árima Real Estate SOCIMI, S.A. through the mechanism established for the purpose on the Company Web Page ([www.arimainmo.com](http://www.arimainmo.com)) in the "Meeting of Shareholders" section. In both cases they will sign the section of the card provided for signature of the representative. In the second case (remission of the form provided by Árima Real Estate SOCIMI, S.A.), a certificate confirming ownership of the shares will likewise be attached. The card duly completed and signed in original (and as applicable the certificate of ownership) will be sent to Árima Real Estate SOCIMI, S.A. (Madrid, Torre Serrano, Calle Serrano, 47, floor 4) by post or by equivalent messenger service. Shareholders that are legal entities will attach a copy of the document confirming the sufficient powers to represent of the person signing. Delivery of the delegation made in person at the reception office of Árima Real Estate SOCIMI, S.A. (Madrid, Torre Serrano, Calle Serrano, 47, floor 4) will be considered the same as correspondence by post.

b. Communication of the delegation to the representative. The shareholder advising of its representative by correspondence by post or by equivalent messenger service agrees to inform the designated representative of the representation granted. When the representation is granted to Árima Real Estate SOCIMI, S.A., to any Director and/or to the Secretary of the Board of Directors, this communication will be understood as made and accepted upon receipt by Árima Real Estate SOCIMI, S.A. of the physical or electronic card, duly completed and signed. The person to whom the vote is delegated can exercise that vote only through its personal attendance at the General Shareholders Meeting. The designated representatives will identify themselves through an identity card, foreigner's identification card or passport, on the date and place of the General Shareholders Meeting within the hour immediately preceding the time announced for the meeting. Delegations made by a legal entity shareholder may require a copy of the document confirming that the representative has sufficient powers to represent the party signing the delegation; if a legal entity is representing one or more shareholders then a document may likewise be requested to confirm that the individual appearing as representing has sufficient powers to represent.

## 2. Voting by means of remote communication systems.

The Board of Directors has considered postal correspondence or equivalent messenger services as valid means of remote communication for voting in this General Shareholders Meeting. For distance voting by postal correspondence or equivalent messenger service, shareholders must complete and sign (i) the voting card issued on paper by the parties participants of the Sociedad de Gestion de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR), that apply to each case; or (ii) the form provided by Árima Real Estate SOCIMI, S.A. through the mechanism established for the purpose on the Company Web Page ([www.arimainmo.com](http://www.arimainmo.com)) in the "Meeting of Shareholders" section, and, in both cases, signing the section of the card provided for signature of the representative; in the second case (remission of the form provided by Árima Real Estate SOCIMI, S.A.), a certificate confirming ownership of

the shares will likewise be attached. The card duly completed and signed in original (and as applicable the certificate of ownership) will be sent to Árima Real Estate SOCIMI, S.A. (Madrid, Torre Serrano, Calle Serrano, 47, floor 4) by post or by equivalent messenger service. Shareholders that are legal entities will attach a copy of the document confirming the sufficient powers to represent of the person signing. Delivery of the vote made in person at the reception office of Árima Real Estate SOCIMI, S.A. (Madrid, Torre Serrano, Calle Serrano, 47, floor 4) will be considered the same as correspondence by post.

### 3. Period for receipt by Árima Real Estate SOCIMI, S.A.:

Powers to represent and votes granted through any of the above-mentioned remote communications means will be received by the Company at the latest by 23:59pm on the day preceding the date set for the General Shareholders Meeting opened at first call. Otherwise the powers to represent will be considered as not granted. After the abovementioned deadline, only delegations granted on paper that are presented to the personnel in charge of the shareholders' registry on the day and place of the General Shareholders Meeting and within the hour immediately prior to the scheduled start of the meeting will be accepted. As an exception to the above, intermediaries who receive to represent will inform the Company, within the seven (7) days prior to the date set for the Meeting, of a list indicating the identity of each client, the number of shares with voting rates exercised by the representative in the name of its client, as well as voting instruments that may have been given to the representative, if any.

### 4. Priority rules:

- a) The attendance of the shareholder at the General Shareholders Meeting will be considered as a revocation of the executed delegation and the vote casted by means of remote communication systems.
- b) The vote casted by means of remote communication systems may be cancelled by subsequent express revocation by the same means used to cast them, and within the time limit established for such revocation.
- c) In the event a shareholder should validly represent various shareholders through a card printed on paper, then the last representation received by Árima Real Estate SOCIMI, S.A. will prevail.
- d) The vote casted by means of remote communication systems will render ineffective any written delegation, whether prior, which shall be deemed to have been revoked, or subsequent, which shall be deemed not to have been made.

### 5. Coverage of the delegation and voting instructions:

The powers to represent will cover the points on the agenda as well as, unless expressly indicated otherwise, such other points that may deal with in the General Shareholders Meeting, even though not included in the agenda sent in the notice. Vote delegations will include indications as to the sense in which the representative will vote. In the absence of precise voting instructions or if questions should arise on the scope of the delegation, then it will be understood that (i) votes on all proposals made by the Board of Directors will be considered to be in favor; and (ii) the delegation will extend to and cover the remaining points not included in the agenda of the notice but that may be dealt with by the General Shareholders Meeting, as allowed by applicable standards; and the representative will abstain from voting on the matters unless there are elements that allow him to consider what is the most favorable to the interests of his client in order to vote in favor of or against the proposals.

6. Parties delegated powers to represent:

Delegations of powers to represent that are made simply to Árima Real Estate SOCIMI, S.A. or that do not indicate the person to whom they are delegated will be understood as made to the Chairman of the Board of Directors or, in the event of his absence at the General Shareholders Meeting, then to the person representing him as Chairman of the General Shareholders Meeting.

In the case of delegations that are expressly or tacitly made to the Chairman of the Board of Directors as well as those expressly granted to a director, in the event that any point dealt with may represent a possible conflict of interest to the representative and if the document delegating the representation does not give precise instructions from the shareholder represented, then the delegation will be considered as granted to the Secretary to the Board of Directors.

For these purposes, as well as for the purposes established in the applicable regulations, you are informed that:

- (i) if, as allowed by the applicable legislation, any or several proposals from those described in section 526.1 b) and c) of the Spanish Corporate Enterprises Act be submitted to the General Shareholders Meeting, the directors affected by those proposals would be in conflict of interest in that vote;
- (ii) the Chair of the Board and the other directors are in a conflict of interest regarding points third, fifth, seventh and ninth of the agenda.

7. The transfer of shares with voting rights that are known by Árima Real Estate SOCIMI, S.A., will annul the delegation granted.

8. Árima Real Estate SOCIMI, S.A. will provide to the shareholders on its Company Web Page the forms to be used for delegation of representation and voting.

9. Shareholders with the right to attend who cast their vote remotely will be considered as present for the purposes of constituting the General Shareholders Meeting.

10. Technical conditions:

Árima Real Estate SOCIMI, S.A. will not be responsible for any harm that could be caused to the shareholder as a result of postal service or messenger service malfunction, or any other equal or similar event that is outside the control of Árima Real Estate SOCIMI, S.A. and that may prevent the use of remote delegation and voting mechanisms.

11. Additional information:

For more information on delegating powers to represent through remote communications means, shareholders can see (i) the Company's web page ([www.arimainmo.com](http://www.arimainmo.com)); (ii) the email [investors@arimainmo.com](mailto:investors@arimainmo.com); or (iii) telephone of the Shareholder Attention +34 910 532 803.



Personal Data Management: Personal information sent by shareholders to Árima Real Estate SOCIMI, S.A. to exercise their rights to attend, delegate powers to represent and vote in the General Shareholders Meeting, as well as in compliance with other legal obligations that may derive from the notice or celebration of the General Shareholders Meeting or that may be provided by bank entities and securities agencies and companies in which the shareholders have deposited their shares, through the entity legal allowed to carry the registry of notes on account, IBERCLEAR, will be handled in order to manage the performance, compliance and control of the share relationship existing with regard to the notice and celebration of the General Shareholders Meeting. This data will be included in a file that is the responsibility of Árima Real Estate SOCIMI, S.A. In the event the attendance card or delegation should include personal data referring to individuals other than the owner, then the shareholder will have the consent of the owners to assign the personal data to Árima Real Estate SOCIMI, S.A. and to inform them of the points indicated in this notice and related to the management of their personal information. Personal data will be preserved during development of the share relationship and after this for a period of six (6) years, solely for the purpose of responding to any legal or contract proceedings except, on an exceptional basis, when any of the superior contractual or legal proceedings should be subject to a statute of limitations. Owners of the data will be able to exercise their rights to access, rectify, oppose, limit the handling, carry, delete or any other right recognized by data protection law, in accordance with EU Regulation 2016/679 of the European Parliament and Council of 27 April 2016 related to the protection of natural persons with regard to the processing of personal data and on the free movement of such data, (General Data Protection Regulation) in accordance with current standards and under the terms and in compliance with the requirements established therein, and will address a document identified by the reference of "Personal Data Processing" that contains the specific request, to: Árima Real Estate SOCIMI, S.A. Madrid, Torre Serrano, Calle Serrano, 47, floor 4.

*NOTE: The General Shareholders Meeting will be held, foreseeable, **at second call**, on 29 June 2021, in the place and at the time indicated, unless the shareholders are advised otherwise through the same newspaper that published this notice, in the Company web page [www.arimainmo.com](http://www.arimainmo.com)) or through the pertinent relevant fact that will be sent to the CNMV.*

*In view of the possibility that the limitations imposed on the free movement of persons by the declaration of the state of alarm may be extended and may, as appropriate, prevent the physical attendance of shareholders at the General Meeting on the scheduled date, it is recommended that shareholders use the different channels made available to them to delegate representation and vote remotely.*

*Finally, despite the fact that the General Meeting will not be held telematically, members of the Board of Directors will be allowed to attend via videoconference, particularly those who reside or are outside the province of the Company's registered office.*

In Madrid, on 27 May 2021

Iván Azinovic Gamo.  
Secretary to the Board of Directors.



PROPOSED RESOLUTION ON ITEM ONE OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Examination and approval, as appropriate, of the individual financial statements of Árima Real Estate SOCIMI, S.A. as well as the Company's individual management report for the financial year ended 31 December 2020.**

PROPOSED RESOLUTION:

To approve the individual financial statements and management report of Árima Real Estate SOCIMI, S.A., for the financial year ended 31 December 2020, as drawn-up by the Board at its meeting of 18 February 2021.



PROPOSED RESOLUTION ON ITEM TWO OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Examination and approval, as appropriate, of the proposed allocation of profit/losses of the individual financial statements of Árima Real Estate SOCIMI, S.A. for the financial year ended 31 December 2020.**

PROPOSED RESOLUTION:

To approve, as proposed by the Board of Directors, the allocation of profit/losses for the financial year ended 31 December 2020, yielding losses of 5,224 thousand Euro allocating that result to the accounting entry "Accumulated Losses".

Consequently, no distribution of dividends is anticipated.



PROPOSED RESOLUTION ON ITEM THREE OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Examination and approval, as appropriate, of the management carried out by the Board of Directors during the Company's financial year closed on 31 December 2020.**

PROPOSED RESOLUTION:

To approve the management carried out by the Board of Directors of Árima Real Estate SOCIMI, S.A. in exercise of its duties, during the financial year closed on 31 December 2020.



PROPOSED RESOLUTION ON ITEM FOUR OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Examination and approval, as appropriate, of the consolidated financial statements of Árima Real Estate SOCIMI, S.A. and its subsidiaries, as well as the Company's consolidated management report for the financial year ended 31 December 2020.**

PROPOSED RESOLUTION:

To approve the consolidated financial statements and management report of Árima Real Estate SOCIMI, S.A. and its subsidiaries, for the financial year ended 31 December 2020, as drawn-up by the Board of Directors at its meeting of 18 February 2021.



PROPOSED RESOLUTION ON ITEM FIVE OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Advisory vote on the Report on the Remuneration of the Directors corresponding to the financial year closed on 31 December 2020.**

PROPOSED RESOLUTION:

Approve, in an advisory capacity, the Annual Directors Remuneration Report corresponding to the financial year closed on 31 December 2020.



PROPOSED RESOLUTION ON ITEM SIX OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Approval of the Annual Corporate Governance Report and acknowledgement on the degree of compliance by the Company with the recommendations contained in the Code of Good Governance of Listed Companies.**

PROPOSED RESOLUTION:

Approve the Annual Corporate Governance Report and acknowledgement on the degree of compliance by the Company with the recommendations contained in the Code of Good Governance of Listed Companies.



PROPOSED RESOLUTION ON ITEM SEVEN OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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### **Reelection of the Directors**

#### PROPOSED RESOLUTION:

Re-elect as members of the Company's Board of Directors, at the proposal of the Appointments and Remuneration Committee, for the statutory term of three (3) years, within the limits established in article 34 of the Company Bylaws and in article 8 of the Regulations of the Board of Directors, to:

- a. **Mr. Luis María Arredondo Malo**, of legal age, of Spanish nationality, married, with domicile for these purposes at Torre Serrano, calle Serrano 47, 4th floor, Madrid, and ID number 26396191-B, in force, with the status of independent director of the Company.
- b. **Mr. Luis Alfonso López de Herrera-Oria**, of legal age, of Spanish nationality, married, with domicile for these purposes at Torre Serrano, calle Serrano 47, 4th floor, Madrid, and ID number 0503949P, in force, with the status of executive director of the Company.
- c. **Mr. Fernando Bautista Sagüés**, of legal age, of Spanish nationality, married, with domicile for these purposes at Torre Serrano, calle Serrano 47, 4th floor, Madrid, and ID number 05343685-A, in force, with the status of independent director of the Company.
- d. **Mr. David Jiménez-Blanco Carrillo de Albornoz**, of legal age, of Spanish nationality, married, with domicile for these purposes at Torre Serrano, calle Serrano 47, 4th floor, Madrid, and ID number 24186711-A, in force, with the status of independent director of the Company.
- e. **Mr. Cato Henning Stonex**, of legal age, of British nationality, married, with domicile for these purposes at Torre Serrano, calle Serrano 47, 4th floor, Madrid, and with passport of his nationality number 510766307 and Spanish Foreign Identification Number Y5577692-E, both in force, with the status of independent director of the Company.





PROPOSED RESOLUTION ON ITEM EIGHT OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Reelection of the Auditor of the Company and its consolidated group to audit the 2021-2023 period.**

PROPOSED RESOLUTION:

Reelect as auditor of the individual and consolidated accounts of Árima Real Estate SOCIMI, S.A., to PricewaterhouseCoopers Auditores, S.L., registered in the Madrid Commercial Registry (sheet 75, volume 9.267, book 8.054, section 3<sup>rd</sup>) and in the Official Register of Account Auditors (number S0242), with C.I.F. B-79031290 and registered office at Paseo de la Castellana 259 B, Torre PwC Building, 28046 Madrid. The reelection is executed for a period of three fiscal years, that is, those ended on 31 December 2021, 31 December 2022 and 31 December 2023.



PROPOSED RESOLUTION UNDER ITEM NINE ON THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ÁRIMA REAL ESTATE SOCIMI, S.A. TO BE HELD ON 28 JUNE 2021 AT THE FIRST CALL TO MEETING OR ON 29 JUNE 2021 AT THE SECOND CALL TO MEETING.

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**Amendment of the Board Remuneration Policy.**

PROPOSED RESOLUTION:

In accordance with article 529 *novodecies* of the Spanish Corporate Enterprises Act [*Ley de Sociedades de Capital*], it is resolved to approve the amendment of the current remuneration policy for directors of the Company, in accordance with the substantiated proposal approved by the Board of Directors, which is accompanied by the mandatory report by the Appointment and Remuneration Committee.



PROPOSED RESOLUTION ON ITEM TEN OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Authorization for the Board of Directors, with the powers to sub-delegate and to increase the share capital, pursuant to section 297.1.b) of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), valid for a maximum period of five years, through monetary contributions, up to a maximum amount equal to half (50%) of the company share capital, where the Board is authorized to exclude any pre-emption right of purchase up to a maximum amount equal to 20% of the company share capital.**

PROPOSED RESOLUTION:

To authorize and empower the Board of Directors, as broadly as may be required, in order that, pursuant to section 297.1.b) of the Spanish Corporate Enterprises Act, it may increase the share capital on one or more occasions and at any time, without having to previously consult with the General Meeting, within a five-year period from the date in which this General Meeting was convened, up to a maximum nominal amount equal to half (50%) of the company share capital at the time executing this power of attorney and where it must, accordingly, adhere to the limits set by the applicable regulations.

Capital increases granted under this power of attorney will be made, on one or more occasions, through the issuance and placing into circulation new shares (with or without a premium), whose equivalent value will consist of monetary contributions. With regard to any increase, it will depend on the Board of Directors to make a decision on whether the new shares to be issued are ordinary, preferred, redeemable, non-voting or of any other type permitted by law.

Furthermore, for any matter not mentioned, the Board of Directors may establish the terms and conditions of any capital increase and the characteristics of the shares, as well as to determine the intended investors and markets where the capital increases will be announced as well as the procedures to be followed for their placement, by freely offering the new unsubscribed shares within the period to exercise the right of pre-emption and may declare, should there be shares that remain unpurchased, any capital increase non-effective or that the capital is to increase only in the same amount of the underwritten subscriptions, and to redraft the text of the Articles of Association relating to the share capital. The Board of Directors may delegate a person, or persons, whether they are a

director or not, who is to implement any of the resolutions passed, while using this power of attorney, and specifically for the formalization of the capital increase.

In the event of an incomplete subscription of capital, the Board of Directors may also establish that it be increased only by the subscribed amount and is to amend the Articles of Association relating to the share capital and number of shares. Any shares issued by means of this power of attorney may be used to settle the conversion of convertible notes issued or to be issued by the Company.

Furthermore, with regard to any capital increase carried out by means of this power of attorney, up to a maximum amount equal to 20% of the company share capital, the Board of Directors is empowered to exclude, either totally or partially, any pre-emption right of purchase, pursuant to section 506 of the Spanish Corporate Enterprises Act.

Any new shares issued for the purpose of any capital increase ratified under this agreement are to be ordinary shares with the same rights as those already issued (except for dividends already declared and pending payment at the time of issuance), which are to be issued at their nominal value or with the established share premium, where applicable. The equivalent value of the new shares to be issued is dependant on monetary contributions.

The Company will request, whenever considered appropriate, the admission to trading on official or unofficial secondary markets, whether organized or not, either Spanish or foreign, of the shares issued by the Company by means of this power of attorney, empowering the Board of Directors to carry out any procedures and actions required for their admission to trading before the competent bodies of the various Spanish or foreign securities markets.

Moreover, under the resolution for the increase of share capital, it will be expressly stated that, for the appropriate legal purposes, in the event that the Company be subsequently excluded from official trading, it will be resolved by means of the procedures required by the regulations at the time and, in such case, any ownership interests will be guaranteed for shareholders who oppose or do not vote in favour of the agreement, whereby complying with the requirements established under the Spanish Corporate Enterprises Act, the Spanish Securities Market Act and any other relevant regulation.

This authorization invalidates the delegation granted by the Company's General Shareholders Meeting dated 28 May 2020.

The Board of Directors is empowered to jointly execute and aggregate, in one and the same issuance of new shares, any capital increase approved by the Board, by means of this power of attorney, and or any other capital increase approved by the General Shareholders Meeting in the future, pursuant to section 297.1.a) of the Spanish Corporate Enterprises Act, for the amount and manner it considers appropriate.

Moreover, the Board of Directors is expressly empowered to sub-delegate, under section 249, subsection (l) of the Spanish Corporate Enterprises Act, the powers conferred upon it under this resolution.



PROPOSED RESOLUTION ON ITEM ELEVEN OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Authorization to the Board of Directors for the derivative acquisition of treasury stock by the Company or its group companies, and for their operation and subsequent disposal. Revoking of previous authorizations.**

PROPOSED RESOLUTION:

Authorize the Board of Directors for the derivative acquisition of shares of Árima Real Estate SOCIMI, S.A., their operation and subsequent disposal, by the Company itself, in accordance with sections 146 and concordant of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), in compliance with the requirements and limitations established in current legislation at any given time, all under the following terms

- **Acquisition modes:** The acquisitions may be made directly by the Company or indirectly through its group companies, and they may be formalized, on one or several occasions, through the purchase, exchange or any other legal transaction valid in Law. The acquisitions may also be carried out through a mediator that acquires the shares on behalf of the Company under a liquidity contract entered into between the Company and the mediator.
- **Maximum number of shares to be acquired:** The par value of the shares to be acquired, plus, when appropriate, those it already owns, directly or indirectly, must not exceed the maximum percentage allowed in law at each time.
- **Maximum and minimum value:** The acquisition price per share must be at least its listed stock market price on the date of acquisition and not more than the prices listed in Delegated Regulation 2016/1052.
- **Duration of the authorization:** This authorization is granted for a five-year period.

In addition, and for the purposes of section 146.1 paragraph two letter a) of the Spanish Corporate Enterprises Act, it is expressly that express authorization is granted to acquire Company shares by any of its affiliates, under the same aforementioned terms.

The authorization also includes the acquisition of shares that, if appropriate, are to be provided directly to Company employees or management or its group companies; or as a result of exercising option rights by those entitled to them.

This authorization invalidates the delegation granted by the Company's General Shareholders Meeting dated 28 May 2020.



PROPOSED RESOLUTION ON ITEM TWELVE OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Acknowledgement of the impact of Covid-19 on the Company.**

PROPOSED RESOLUTION:

Following the presentation of the report issued by the Company, acknowledge the impact that the crisis of Covid-19 is having on the Company and the actions performed by the latter to combat the pandemic.





PROPOSED RESOLUTION ON ITEM THIRTEEN OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.

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**Recording as a public instrument of the resolutions passed by the General Shareholders Meeting.**

PROPOSED RESOLUTION:

Without prejudice to any acts of delegation included in the previous resolutions, it is resolved to authorize the Company's Board of Directors, with the express possibility of sub-delegation or replacement and as broadly as may be necessary by Law, to perform completion, execution, performance, and technical modification (if necessary) of all the previous resolutions, as well as correction of any errors or omissions (whether formal, substantive, or technical) that they may contain, as well as to engage in their interpretation; and with authority also being granted jointly to the Board members, with the express possibility for sub-delegation or replacement, and also to the Chair and Secretary of the Board, to formalize the appropriate public instruments in which the resolutions passed are contained, with the broadest powers possible for purposes of carrying out any acts that may be necessary, and for formalization of any documents that may be required in order to carry out registration, including partial registration, in the Commercial Register of the previous resolutions, and in particular to:

- (a) Correct, clarify, specify, or complete the resolutions passed by this General Shareholders Meeting, or in relation to any other deeds or documents executed when those resolutions are implemented, and in particular, in relation to any omissions, defects, or errors in their contents or formats, whether substantive or technical, in cases where these would prevent entry of these resolutions and their consequences into the Commercial Register, Property Register, Industrial Property Register, or any others.
- (b) To carry out any legal acts or business that may be necessary or appropriate when implementing the resolutions passed by this General Shareholders Meeting, formalizing any public or private documents as may be necessary or appropriate in order to grant the broadest effects possible to these resolutions, including performance of any actions that may be necessary or appropriate before any public or private entities.

- (c) To delegate to one or more of its members all or a portion of the powers considered to be appropriate from among those corresponding to the Board of Directors, and any that have been attributed to that board by the General Shareholders Meeting, and on either a sole or joint basis.
- (d) To carry out final determination of all other circumstances that may be required, adopting and executing the necessary resolutions, formalizing the documents required, carrying out as many procedures as may be appropriate, and complying with any requirements as necessary in accordance with the law in order to allow the full and complete implementation of the resolutions passed by the General Shareholders Meeting.

Also, to expressly authorize any members of the directorship body to, individually and using only their sole signature, record the resolutions passed as a public instrument, as well as to execute any additional deeds or documents that may be necessary or pertinent in order to correct, clarify, specify, or complete the resolutions passed by this General Shareholders Meeting.

**REPORT ISSUED BY THE BOARD OF DIRECTORS OF ÁRIMA REAL ESTATE SOCIMI, S.A. (THE "COMPANY") ON THE RE-ELECTION OF MR. LUIS LÓPEZ DE HERRERA-ORIA AS EXECUTIVE DIRECTOR AND MR. LUIS MARÍA ARREDONDO MALO, MR. FERNANDO BAUTISTA SAGÜÉS, MR. DAVID JIMÉNEZ-BLANCO CARRILLO DE ALBORNOZ AND MR. CATO HENNING STONEX AS INDEPENDENT DIRECTORS**

**INTRODUCTION**

In accordance with article 529 *decies* of the consolidated text of the Spain's Corporate Enterprises Act [*Ley de Sociedades de Capital*] approved by Royal Legislative Decree 1/2010, of July 2 (the "Corporate Enterprises Act"), this report is issued for the purpose of evaluating the re-election proposal of Mr. Luis López de Herrera-Oria, Mr. Luis María Arredondo Malo, Mr. Fernando Bautista Sagüés, Mr. David Jiménez-Blanco Carrillo de Albornoz and Mr. Cato Henning Stonex as directors of the Company and assess their competence, experience and merits.

**PURPOSE**

In accordance with section 529 *decies*, subitem 5, of the Corporate Enterprises Act, the Board is to draw up an explanatory report evaluating the nominees' skills, experience, and merits. Furthermore, in accordance with section 529 *decies*, subitem 6, of the Corporate Enterprises Act, in the case of non-independent Directors, that report is to be preceded by a report issued by the Appointment and Remuneration Committee. The Board has taken the conclusions set out in the report of the Appointment and Remuneration Committee in relation with non-independent Director into account when drawing up this report.

Accordingly, the purpose of this report is (i) to explain the re-election of Mr. Luis López de Herrera-Oria as director of the Company, with the role of executive director; (ii) to explain the re-election of Mr. Luis María Arredondo Malo, Mr. Fernando Bautista Sagüés, Mr. David Jiménez-Blanco Carrillo de Albornoz and Mr. Cato Henning Stonex as directors of the Company, with the role of independent directors and (iii) to evaluate the nominees' skills, experience, and merits; regarding the non-independent Director, having in mind the above-mentioned preliminary report by the Company's Appointment and Remuneration Committee. The aforesaid report issued by the Appointment and Remuneration Committee is attached to this report as its Sole Appendix.

**BASIS FOR THE NOMINATION**

**1. The nominees' professional and biographical profile and background; skills, experience, and merits**

**1.1. Mr. Luis López de Herrera-Oria**

Has more than 30 years' experience in the real estate sector. He was Managing Director of Axiare from 2014 to 2018 and Executive Director of Prima from 1986 to 2002. During that period, Prima was listed on the Madrid Stock Exchange (1988) and, in 1990, it became the biggest real estate company in Spain.

In 2002, he founded Rodex with a small team of former Prima members. In 2007, Rodex's core business was transferred to Alza Real Estate, SA, where he carried out his career as CEO and Independent Director.

Luis Alfonso López de Herrera-Oria has also been an independent advisor to funds such as Falcon II Real Estate, founded by Morgan Stanley and CBRE, and a former advisor to iAdvise Partners, EAFI, SL.

He is graduated in Economic Sciences and member of the Royal Institution of Chartered Surveyors (FRICS).

### **1.2. Mr. Luis María Arredondo Malo**

He is Roads, Channels and Ports' Engineer and holds the I.C.C.P. college's Professional Merit Medal. He has also completed a senior program in Business Administration (P.A.D.E) at the IESE Business School (University of Navarra).

Between 1969 and 1975 he worked as project engineer at the Spain's Ministry of Public Works. Between 1975 and 1978 he was General Director of the construction company S.A.C.R.A., subsidiary of the Belgian Group C.F.E. In 1980 and until 1988 he was General Director of Hispamer Real Estate Corporation (CIH) and General Director of the Sociedad de Edificaciones de Madrid y Provincia, S.A. (EMPSA). In 1988 and until 1994 he was Managing Director (CEO) of Inmobiliaria Zabálburu, S.A., a company listed on the Spanish stock market. In that period, the real estate company became a company with a fast and constant growth. Between 1994 and 2006 he was Managing Director of Inmobiliaria Urbis, role that he held simultaneously with the one of President during 2006, a company that, in that period, reached a market value of 3,400 million euros.

Between 2006 and 2013, he was the Chairman and Managing Director of Santander Global Property, Banco Santander's asset company, with large international projects in cities such as Madrid, Sao Paulo, Mexico City, Monterrey, Miami and Berlin. Between 2014 and 2018, he was the Chairman of the Board of Directors of Axiare Patrimonio, one of the largest SOCIMI's listed on the Spanish stock market, recently acquired by Inmobiliaria Colonial.

### **1.3. Mr. Fernando Bautista Sagüés**

He is graduated in Law at the Deusto University and in Economic and Business Sciences at the Catholic Institute of Business Management (ICADE) and has been a member of the Madrid Bar Association since 1981.

Mr. Fernando Bautista Sagüés was appointed as partner of the law firm J&A Garrigues in 1989 and, after its merger with Arthur Andersen, he became partner of Arthur Andersen Worldwide in 1996. Two years later, in 1998, he was named partner of Freshfields.

Between 2014 and 2018 he was non-executive independent Director of Axiare Patrimonio.

Currently, he gives advice as independent lawyer in matters of corporate and financial law, is independent director of Abante Asesores, S.A. and secretary of the Sustainable Development Commission of Iberdrola, S.A.

#### **1.4. Mr. David Jiménez-Blanco Carrillo de Albornoz**

He is graduated in Economic and Business Sciences at CUNEF.

Mr. Jiménez-Blanco worked in Goldman Sachs International between 1995 and 2006, being responsible of the European Industrial Clients' Group and of the investment banking teams in Spain and Portugal.

Between 2006 and 2009, Mr. Jiménez-Blanco was President of Merrill Lynch Capital Markets España, S.A, Sociedad de Valores, Head of Investment and Global Markets Banking of the same firm in Spain and Portugal, and member of the EMEA Investment Banking Operating Committee.

Between 2010 and 2013, he was a partner of BK Partners, a company dedicated to direct investment in Mexico; between 2013 and 2016 he was Financial Director of World Duty Free SpA, a company listed in Milan, and between 2016 and 2020 he was Restructuring Director at Abengoa.

Between 2011 and 2012 he was a Director of Atento (a subsidiary company of the Telefonica group) and between 2014 and 2018 he was an independent Director of Axiare Patrimonio.

At present and since 2020 he is Chairman of the Governing Society of the Madrid Stock Exchange, Vice-Chairman of Bolsas y Mercados Españoles and Independent Director of SIX Group. He is also Chairman of Gawa Capital, an impact investment fund managing entity.

#### **1.5. Mr. Cato Henning Stonex**

He is holder of a BSC (Econ) of the London School of Economics and Political Science.

From 2006 to 2016 he was governor and in 2016 he was appointed as emeritus governor. Mr. Cato Henning Stonex is director of LSE Ideas (think tank) and member of the Investment Committee.

Mr. Cato Henning Stonex joined Morgan Grenfell & Co in 1986, where he became a trader of European government bonds.

In 1989, he joined J.Rothschild Administration as funds administrator.

In 1996 he was partner founder of Taube Hodson Stonex.

In 2016, Taube Hodson Stonex merged with Global Asset Management.

In 2017, Mr. Cato Henning Stonex founded Partners' Investment Company. He was non-executive independent Director of Axiare Patrimonio from 2017 until 2018.

## **2. Appointment and Remuneration Committee's report and assessment of the nominee to be re-elected as Executive Director.**

The Appointment and Remuneration Committee issued the requisite preliminary report recommending the re-election of Mr. Luis López de Herrera-Oria as Company's Director, and the Board concurs with the Committee's conclusions and findings. Taking the foregoing into account, the Appointments and Remuneration Committee considers the re-election of Mr. Luis López de Herrera-Oria as a Director as timely and appropriate.

## **3. Basis for the nomination**

Having the foregoing in mind and in accordance with the Rules of Procedure of the Company's Board of Directors, the Board considers that for a Company director to be able to properly perform his or her duties of oversight and control and all other duties attaching to the position, a director needs to offer an appropriate combination of, *inter alia*:

- (i) proven skills and experience;
- (ii) knowledge of the sector in which the Company is active, and others;
- (iii) the ability to take part and engage in the Company's business; and
- (iv) further additional knowledge over and above that strictly relating to the Company's business activities.

The Board believes that the five proposed candidates' profile, high qualifications, outstanding professional background, and track record, together with the findings made by the Appointment and Remuneration Committee (with which the Board concurs), all demonstrate that the skills, experience, and merits they possess make them apt to perform the duties of Company Directors, assist in running the Company more advantageously, and help the Company achieve its objectives, and therefore that they are suitable for being re-elected as members of the Company's Board of Directors.

Finally, this re-election is also based in the undertaking assumed by the Company, included in the Prospectus of the IPO, to manage the Company with this Board of Directors, whose members were clue of the success of Axiare Patrimonio SOCIMI, S.A. in the past, as well as the commitment assumed by the sponsors of the Company towards its shareholders.

## **4. Category**

For purposes of section 529 *duodecies* of the Corporate Enterprises Act, it is noted for the record that Mr. Luis López de Herrera-Oria is part of the Directive Team and, therefore, he would be re-elected as Executive Director. For their part, Mr. Luis María Arredondo Malo, Mr. Fernando Bautista Sagüés, Mr. David Jiménez-Blanco Carrillo de Albornoz and Mr. Cato Henning Stonex would be re-elected as independent directors of the Company.

## **CONCLUSIONS OF THE BOARD**

Based on the above, the Board considers that Mr. Luis López de Herrera-Oria, Mr. Luis María Arredondo Malo, Mr. Fernando Bautista Sagüés, Mr. David Jiménez-Blanco Carrillo de Albornoz and Mr. Cato Henning Stonex fully merit the appointment as directors of the Company.

This report is issued by the Board in Madrid, on 24 May 2021.

A handwritten signature in blue ink, appearing to be 'Iván Azinovic Gamo', written over a horizontal line.

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**Mr. Iván Azinovic Gamo**  
**Secretary of the Board of Directors**

The proposed resolution submitted to the General Shareholders Meeting for approval is:

*“PROPOSED RESOLUTION ON ITEM SEVEN OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY*

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### **Re-election of the Directors**

#### **PROPOSED RESOLUTION:**

*Re-elect as members of the Company's Board of Directors, at the proposal of the Appointments and Remuneration Committee, for the statutory term of three (3) years, within the limits established in article 34 of the Company Bylaws and in article 8 of the Regulations of the Board of Directors, to:*

- a. **Mr. Luis María Arredondo Malo**, of legal age, of Spanish nationality, married, with domicile for these purposes at Torre Serrano, calle Serrano 47, 4th floor, Madrid, and ID number 26396191-B, in force, with the status of independent director of the Company.
- b. **Mr. Luis Alfonso López de Herrera-Oria**, of legal age, of Spanish nationality, married, with domicile for these purposes at Torre Serrano, calle Serrano 47, 4th floor, Madrid, and ID number 0503949P, in force, with the status of executive director of the Company.
- c. **Mr. Fernando Bautista Sagüés**, of legal age, of Spanish nationality, married, with domicile for these purposes at Torre Serrano, calle Serrano 47, 4th floor, Madrid, and ID number 05343685-A, in force, with the status of independent director of the Company.
- d. **Mr. David Jiménez-Blanco Carrillo de Albornoz**, of legal age, of Spanish nationality, married, with domicile for these purposes at Torre Serrano, calle Serrano 47, 4th floor, Madrid, and ID number 24186711-A, in force, with the status of independent director of the Company.
- e. **Mr. Cato Henning Stonex**, of legal age, of British nationality, married, with domicile for these purposes at Torre Serrano, calle Serrano 47, 4th floor, Madrid, and with passport of his nationality number 510766307 and Spanish Foreign Identification Number Y5577692-E, both in force, with the status of independent director of the Company.



## **APPENDIX – REPORT ISSUED BY THE NOMINATING AND REMUNERATION COMMITTEE OF ÁRIMA REAL ESTATE SOCIMI, S.A. ON THE PROPOSED RE-ELECTION OF MR. LUIS LÓPEZ DE HERRERA-ORIA AS EXECUTIVE DIRECTOR**

### **INTRODUCTION**

This preliminary report setting out an analysis of the Board's needs has been drawn up pursuant to Recommendation 14 of the Good Governance Code of Listed Companies (the "GGC") approved by the Spanish National Securities Market Commission [*Comisión Nacional del Mercado de Valores*] as a basis for the relevant report on the re-election of directors. It is this Committee's task to submit re-election of Directors to the Board for referral to the General Shareholders Meeting for approval, to verify compliance with existing requirements, and to gather suitable information on candidates' personal qualities, experience, knowledge, and eligibility.

### **PURPOSE**

The purpose of this report is to set out the findings of the assessment performed by the Committee regarding the selection of Mr. Luis López de Herrera-Oria as a candidate for being re-elected as director.

1. GGC Recommendation 14 requires ensuring that "appointment or re-election proposals are based on a preliminary analysis of the Board's needs" and that "the findings of the preliminary analysis of the Board's needs are set out in the explanatory report issued by the Nominating Committee with the notice convening the General Shareholders Meeting at which the appointment or re-election of each director is to be ratified". Similarly, according to sections 3 and 4 of the Spanish National Securities Market Commission's Technical Guide 1/2019 on Appointment and Remuneration Committees dated 20 February 2019 (the "Guide"), analysing the competencies, knowledge, experience, and other occupations of the directors who are already Board members and preparing a Board competency matrix to define the profiles, duties, and skills required of candidates for the post of director are considered good practices. The Guide also recommends progressive renewal of the Board. With this in mind, the Committee has analysed and examined the needs of the Company's Board of Directors concerning the re-election of the director.
2. The Appointments and Remuneration Committee has carried out an analysis of the size, composition, powers and effectiveness of the Board of Directors, and has determined that the Company has a corporate governance structure that sufficiently guarantees independence, through a series of checks and balances that avoid the eventual risks associated with the accumulation of powers, among which the figure of the non-executive Chairman of the Board of Directors stands out, of an independent nature, as well as the overall composition of the Board of Directors, in which, apart from a Dominical Director, The rest of the directors, other than the Vice-Chairman and Managing Director and a second Executive Director, are independent directors. Therefore, there is an adequate balance in the Board of Directors between capacity and experience, and an adequate and operational size.
3. It is purpose of this Committee to ensure the proper functioning and composition of the Board of Directors at the time of issuing this report, analysing the needs of the Board of Directors and at the same time continuing making progress in compliance with the existing recommendations and best practices in matters of corporate governance, meeting the contractual commitments acquired by the Company.
4. The candidate is mainly and basically proposed in attention to his personal and professional conditions: training, extensive experience, qualification, professional career, especially valuing the deep knowledge he owns on Árima, and his availability and commitment with it.

5. It is hereby stated that, in accordance with the fourth clause of the service contract signed on September 26, 2018 between the candidate and Árima, the candidate is subject to a minimum period of five years in the company. This commitment is also reflected in the “Minimum stay of the CEO” section within the “Other terms and conditions of agreements with Management Team” section of the Árima Public Offering Prospectus.

#### **CONCLUSIONS**

The Committee has unanimously decided to nominate Mr. Don Luis López de Herrera-Oria as Director of the Company for the position of executive director, pursuant to GGC Recommendation 14 and sections 3 and 4 of the Guide.

**SUBSTANTIATED PROPOSAL ON THE AMENDMENT OF THE REMUNERATION POLICY OF THE BOARD  
(ARTICLE 529 *NOVODECIAS* OF THE CORPORATE ENTERPRISES ACT)**

**BOARD OF DIRECTORS - 24 MAY 2021**

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Article 529 *novodecias* of the Spanish Corporate Enterprises Act [*Ley de Sociedades de Capital*] currently in force in accordance with the first transitory provision of Spanish Law 5/2021, of 12 April, amending the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial rules, with regard to promoting the long-term involvement of shareholders in listed companies, establishes the obligation for listed companies to prepare the Board remuneration policy (the "**Remuneration policy**") and submit it to the General Shareholders Meeting.

With regard to the Board members in their capacity as such (i.e., without taking into account the remuneration of the executive functions of the Executive Directors), the Remuneration Policy must determine their remuneration within the system envisaged by the Articles of Association, and must include the maximum amount of the annual remuneration to be paid to all of them solely for sitting on the Board.

Any remuneration that directors receive for the exercise or termination of their position and for the performance of executive duties must be in accordance with the Remuneration Policy in force at any given time, except for remuneration that is expressly approved by the General Meeting.

The Remuneration Policy must be in line with the system envisaged in the Articles of Association, and be passed by the General Meeting at least every three years, as a separate point of the agenda. Once passed, the Remuneration Policy remains valid for the three years following that in which it was approved by the General Meeting, and any amendment of it during this period requires it to be passed again, to be substantiated and to be accompanied by a specific report from the Appointment and Remuneration Committee. Both documents must be made available to shareholders on the Company's website from the call of the General Meeting. Shareholders may also request to have it delivered or shipped for free, and the announcement of the call must make reference to this right.

The Remuneration Policy for the Company's Directors, proposed for its approval at the General Meeting (the "**Remuneration Policy**"), will replace in all its terms the one approved on 21 March 2019 and amended on 5 November 2019, and its validity will include the years 2021, 2022 and 2023:

- i. Amendment of the defined terms and formula for calculating the long-term incentive plan (Employee Incentive Plan or EIP) (the "**long-term incentive plan**").
- ii. Amendment of the minimum compliance thresholds for the long-term incentive plan.
- iii. Amendment of the procedure for calculating and paying out shares accrued under the long-term incentive plan.

- iv. Replacement of the lock-up forecasts applicable to shares paid out under the long-term incentive plan with a deferral system.
- v. Modification of the calculation and liquidity events of the long-term incentive plan.

In addition, other amendments have been introduced to clarify the calculation of severance pay in the section relating to the main terms and conditions of the contracts of the executive directors of the Remuneration Policy, and not to reduce the annual salary taken as the basis for calculating this compensation for certain salary reductions for reasons of equity and alignment with the best practices in remuneration.

As a result of the above, the Board of Directors of Árima Real Estate SOCIMI, S.A., at its meeting of 24 May 2021, resolved to pass the proposal to amend the Remuneration Policy for 2021, 2022 and 2023, the amended text of which will replace the text passed by the Company's General Meeting held on 21 March 2019 and that was subsequently amended by the General Meeting held on 5 November 2019 and is currently in force, and that will be submitted to the General Meeting for approval, as a separate item on the agenda.

Likewise, at the same meeting, the Board of Directors agreed to approve a new incentive plan subject to the prior approval of this proposal to amend the Remuneration Policy by the General Shareholders' Meeting, as well as to be aware of the mandatory report of the Appointments and Remuneration Committee on the amendment of the Remuneration Policy, the content and reasoning of which was adopted in full by the Board as an integral part of the proposal, and both the amended Remuneration Policy of the Board, as well as the aforementioned report of the Appointment and Remuneration Committee, are appended.

**Annex 1 Amended Remuneration Policy of the Board submitted for approval by the General Meeting.**

**Annex 2 Report of the Remuneration Committee on the proposal to amend the Remuneration Policy of the Board.**



## **Board Member Remuneration Policy**

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## **1. APPROACH AND SCOPE OF THE REMUNERATION POLICY**

This document contains the remuneration policy applicable to Árima Real Estate SOCIMI S.A.'s ("**Árima**" or the "**Company**") Board members, in compliance with the legal requirements established by the revised text of the Spanish Corporate Enterprises Act approved by Spanish Royal Legislative Decree 1/2010, of 2 July (the "**Spanish Corporate Enterprises Act**", *Ley de Sociedades de Capital*) (the "**Remuneration Policy**").

The Remuneration Policy has been prepared taking into account the relevance of the Company, its economic situation, market standards for comparable companies and the dedication of the Company's directors. The remuneration established below maintains an adequate proportion and promotes the profitability and sustainability of the Company at long-term, including the precautions necessary to avoid assuming excessive risks or rewarding unfavourable results and ensuring that the interests of the directors are in keeping with those of the Company and its shareholders, without compromising the independence of the directors themselves.

## **2. TERM OF THE REMUNERATION POLICY**

The Remuneration Policy will be valid for 2021, 2022 and 2023.

Notwithstanding the foregoing, the Annual General Meeting of Árima may amend, supplement or replace this Remuneration Policy at any time during this period at the proposal of the Board with a report in favour thereof from the Appointments and Remuneration Committee.

## **3. OBJECTIVES OF THE REMUNERATION POLICY**

The purpose of the Remuneration Policy is to define and control the Company's remuneration practices in relation to its directors.

Taking that into account, the directors' Remuneration Policy establishes a remuneration scheme in keeping with the dedication and responsibilities assumed by them and is applied to attract, retain and motivate Árima's Board members, with the ultimate goal of having members with the appropriate professional profiles to aid in achieving the Company's strategic objectives.

#### **4. CRITERIA AND PRINCIPLES GOVERNING THE REMUNERATION POLICY**

To have a robust corporate governance structure, Árima felt it was appropriate to establish clear principles in this area and, specifically, within the scope of the Remuneration Policy to guarantee that the remuneration strategy approved by the Board is applied in accordance with the Company's own strategy.

To that end, the Remuneration Policy will be governed by the following principles:

##### **4.1. Guarantee independent judgement**

Remuneration will be structured so as not to compromise the independent judgement of non-executive directors.

##### **4.2. Remuneration is limited to independent directors**

Only independent directors are remunerated for the duties they perform in their capacity as independent directors.

Consequently, executive directors will only be remunerated in their capacity as executives. Furthermore, executive directors must enter into a contract with the Company that first will be submitted to a Board vote and will require two thirds (2/3) of its members to vote in favour thereof for approval.

The aforementioned contracts will detail all the items for which the directors may obtain remuneration for the performance of executive duties (including, where applicable, salaries, incentives, bonuses, possible compensation for early termination and the amounts to be paid by the Company as insurance premiums or as contributions to saving systems). Directors may not receive any remuneration for performing executive duties the amounts of which or concepts are not envisaged in that contract.

Lastly, the office of proprietary director of the Company will not be remunerated.

##### **4.3. Attract and retain the best professionals**

The remuneration will be competitive so that it allows the Company to attract and retain talent that contributes to creating value for it and achieving its strategic objectives.

##### **4.4. Long-term sustainability**

Remuneration must foster the Company's long-term profitability and sustainability and be compatible with its long-term interests and strategy, as well as its values and objectives. Likewise, the necessary precautions will be taken to avoid assuming excessive risks and unfavourable results. Specifically, the remuneration system will set the limits and the specific precautions to



ensure that the variable remuneration is tied to the beneficiaries' professional performance and is not simply the result of the general evolution of the markets or the industry.

#### **4.5. Transparency**

The Remuneration Policy and specific rules for determining remuneration will be clear and known. In particular, when the Company issues the notice for the Annual General Meeting, it will furnish shareholders with the Annual Directors' Remuneration Report, which will be submitted to a consultative vote as a separate item on the agenda.

#### **4.6. Clarity and individualisation**

The rules for managing and determining the remuneration for each director will be drafted clearly, simply and concisely.

#### **4.7. Fairness, proportionality and consistency of the remuneration with the Company's strategy, interests and values**

Remuneration must be set taking into consideration the dedication, qualification and responsibility required for the office, as well as experience, duties and tasks performed by each director. In addition, remuneration must maintain a balance between market competitiveness and internal equity and be consistent with the Company's strategy, values and interests.

#### **4.8. Adaptation to best market practices**

Remuneration must be in line with remuneration trends and benchmarks followed in the Company's sector of activity or in comparable companies in terms of size or activity, so that it is in keeping with best market practices.

#### **4.9. Involvement of the Appointments and Remuneration Committee**

The Appointments and Remuneration Committee will ensure that this Remuneration Policy is observed and reviewed periodically and will propose to the Board, to be submitted to the Annual General Meeting, its amendment and updating, all in accordance with the Articles of Association and the Board Regulations.

#### **4.10. Approval of the maximum amount by the Annual General Meeting and delegation to the Board**

Based on the annual maximum amount set and approved by the Company's Annual General Meeting at any given time, for directors' remuneration in their capacity as such, the Board is responsible for distributing that amount to its members based on the duties and responsibilities attributed to each director, whether they are members of Board Committees and whether they attend such committee meetings, the offices they hold on the Board and in the Committees and

other objective circumstances it considers relevant, and the Board may establish a lower amount. Likewise, the Board will establish directors' remuneration for the performance of executive duties and will approve the contracts of the Company's executive directors, all of which must conform to the Remuneration Policy in force at any given time.

## **5. REMUNERATION OF DIRECTORS AS DIRECTORS**

The Articles of Association and the Board Regulations establish that the post of independent director is remunerated. The Remuneration Policy seeks to remunerate Board members that are independent directors, i.e.: for performing collective supervisory and decision-making tasks on the Board and, where applicable; the Committees of which they are members, adequately and sufficiently based on their dedication, qualifications and responsibilities, without compromising the independence of their judgement.

In this regard, Árima has implemented a Remuneration Policy pursuant to which only independent directors are entitled to receive remuneration for performing their collective supervisory and decision-making tasks, i.e.: for being non-executive Board members and, where applicable, members of the Committees of which they form part.

In accordance with Article 37 of the Articles of Association and Article 25 of the Board Regulations, the independent directors' remuneration in their capacity as such, will be remunerated through attendance fees for attending the Board meetings and the meetings of the Committees of which they are members at any given time, and will consist of a fixed amount that will be determined by the Annual General Meeting.

Consequently, the remuneration that the director will receive in their capacity as such is established as follows:

- (i) The total amount of the remuneration that the Company may pay to its directors as a whole in their capacity as such will not exceed the amount that the Annual General Meeting determines for such purposes. Therefore, the amount set by the Annual General Meeting will remain in force insofar as it is not amended by a new resolution of the Annual General Meeting, in accordance with applicable legislation.
- (ii) The Board will specifically determine the amount that corresponds to each director and the payment frequency and method, in accordance with this Remuneration Policy. To that end, the Board will take into account the positions discharged by each director within the collective body and any other objective circumstances it considers relevant.

Directors, in their capacity as such, will not receive compensation or payment for the termination of their duties as directors nor do they participate in savings or employee welfare schemes.

Lastly, the Company will pay the third-party liability insurance premium for directors, in accordance with customary market conditions and in proportion to the Company's circumstances.

The aforementioned third-party liability insurance extends to all Board members, regardless of their classification.

#### **5.1. Maximum annual remuneration amount for directors**

The maximum annual remuneration amount to be received by Board members as such amounts to €425,000. This maximum amount will remain the same until the Annual General Meeting determines otherwise.

The aforementioned limit does not include: (a) payment of third-party liability insurance arranged by the Company for its directors; and (b) any reimbursement of current expenses incurred by the director to attend the Board meetings or meetings of any of its Committees.

#### **5.2. Fixed annual remuneration**

Of the amount established in paragraph 5.1 above, the Board will establish the criteria for determining the amount corresponding to each director, taking into account the following:

- The nature of the director.
- The role the director plays on the Board.
- The specific tasks and responsibilities assumed during the year.
- The experience and knowledge required to perform the aforementioned tasks.
- The amount of time and dedication required for its fulfilment.

Specifically, of the amount set in paragraph 5.1, the Board has decided, for payment as the annual fixed emolument, the following amounts:

- For membership of the Board: €100,000
- For chairing the Board: An additional €25,000.

The remuneration system, as well as the detail of the remuneration, will be broken down annually in the corresponding Annual Directors' Remuneration Report.

These fixed emoluments are only received by the directors in their capacity as such, provided that they are independent, while executive directors only and exclusively receive the remuneration stipulated in their respective contracts and proprietary directors, when they exist, will not receive any remuneration.

## **6. REMUNERATION OF EXECUTIVE DIRECTORS**

Executive directors will be entitled to receive remuneration for the executive duties they perform generally following the criteria applicable to the Company's executive staff members — the object of which is to establish a compensation package that facilitates the attraction, motivation and retention of valuable human capital. The Board is responsible for approving the executive directors' contracts with the Company that establish the remuneration for performing the executive duties, which must be in line with the Remuneration Policy.

Therefore, the remuneration of directors that perform executive duties will be aimed at generating value for the Company, seeking alignment with the interests of shareholders, prudent risk management and strict compliance with the legislation in force on the remuneration of listed companies' directors.

At the date of this policy, the only directors who perform executive duties are the Chief Executive Officer, Mr. Luís López de Herrera Oria (the “**Chief Executive**”) and Ms. Chony Martín Vicente-Mazariegos (the “**CFO**”).

### **6.1. Fixed annual remuneration**

The fixed remuneration will be determined in accordance with the responsibility, hierarchical position and experience of each executive director, taking into account the specific characteristics of each duty and the dedication required, and all the foregoing to establish a competitive base salary that attracts and retains talent to contribute to value creation.

Fixed remuneration (i) will be based, mainly, on a market focus and will consider the size, nature and scope of the activities of the Company; and (ii) will be duly aligned with the remuneration established at comparable companies in the industry, nationally and internationally.

The Company will periodically report on the remuneration system and the executive directors' remuneration levels through the corresponding Annual Directors' Remuneration Report.

### **6.2. Variable remuneration**

Only the remuneration of executive directors will contain variable components.

Variable remuneration is based on the above-described principles of the Remuneration Policy and will take into account the elements set out below.

#### **6.2.1. Bonus**

The bonus only applies to executive directors as a percentage of their fixed remuneration. The aforementioned variable remuneration is based on objective criteria that aims to assess the directors' contribution to the Company's business objectives in the exercise of their executive

duties.

In this regard, the aforementioned executive directors' bonus will not exceed 150% of the maximum fixed salary.

The bonus will be approved by the Board at the proposal of the Appointments and Remuneration Committee based on the level of compliance with the parameters to be taken into consideration for determining compliance with the bonus objectives, as well as their respective weight and degree of achievement, which will be determined annually by the Board at the proposal of the Appointments and Remuneration Committee.

The objectives and parameters will also consider, the risk assumed to obtain a result and will aim to achieve a balance between the Company's short-, medium- and long-term objectives, and not solely revolving around one-off, occasional or extraordinary events or data.

In any event, the objectives, parameters and weights agreed in general by the Board for members of the Company's executive staff, will apply to executive directors.

The Board, at the proposal of the Appointments and Remuneration Committee, may adjust the aforementioned weights or incorporate new objectives that are priorities for the business' development at short-term.

The bonus system will be reviewed periodically by the Appointments and Remuneration Committee that will determine whether it is adequately measures the contribution to the Company's results.

#### **6.2.2. Long-term incentive plans**

The objective of the variable component of executive directors' remuneration through long-term incentive plans, generally consisting of the delivery of shares, share options or share-based instruments, is multifaceted:

- To compensate executive directors for their contribution to the creation of value.
- To encourage fulfilment of the financial objectives, in line with the best recommendations on remuneration matters, as well as the market practice of other listed companies comparable to Árima;
- Aligning the interests of executive directors at long-term with those of shareholders, enables executive directors to participate as beneficiaries in the long-term incentive plans implemented by the Company.

To that end, when the Board approves the incentive plans, share purchase plans or other similar instruments for the Company's executive staff and employees, the executive directors will be entitled to join and participate in them in accordance with the terms established by the Board, provided that the Annual General Meeting first agrees to the implementation of any of these remuneration systems.

Thus, the executive directors participate in the Company's Employee Incentive Plan (the "EIP") approved by the Board and consisting of the delivery of Company shares for no consideration after a certain period of time, subject to fulfilment of certain objectives and the beneficiary remaining at the Company. The main characteristics of the EIP are as follows:

- i. Beneficiaries: the Company's executive team, including the executive directors, and other employees. Directors who do not perform executive duties may not be EIP beneficiaries.
- ii. Validity Period: from 1 July 2020 until 30 June 2024. After that date, a new incentive plan may be implemented.
- iii. Relevant Calculation Terms: For the purposes of (i) the determination of whether the hurdles for the delivery of Incentive Shares have been met under the Employee Incentive Plan and (ii) if applicable, the calculation of the amount of Incentive Shares to be delivered to Beneficiaries, certain terms as defined below apply. These terms have been designed in accordance with, and seek to implement, the following overriding principles:
  - a) "Targeted Cash Equity Raises" are any issues of Ordinary Shares or other equity instruments by the Company for cash consideration raised precisely to pay all or a portion of the acquisition price of one or more specific assets (either directly or indirectly through the purchase of the holding company), as specifically disclosed in the regulatory filings of the Company with the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) ("**CNMV**") for the purposes of said capital raise. The cash proceeds of Targeted Cash Equity Raises (net of any taxes and expenses associated with such issuance) should be considered since receipt of the funds by the Company for the purposes of computing the denominator of the Shareholder Return Rate. Where only a portion of the net cash proceeds of an issue of Ordinary Shares or other equity instruments by the Company are raised precisely to pay all or a portion of the acquisition price of one or more specific assets, then only the relevant portion of the capital raise shall constitute a Targeted Cash Equity Raise with the remainder portion of the capital raise being held to be a Cash Equity Raise (as defined below);
  - b) "Non Cash Equity Raises" are issues of Ordinary Shares or other equity instruments

by the Company in exchange for non-cash consideration, including real estate assets, shares of companies holding such assets or otherwise. The non-cash proceeds of Non Cash Equity Raises, being the net value allocated by the parties to the assets acquired by the Company in the relevant transaction documents (net of any taxes and expenses associated with such issuance) should be considered since closing by the Company of the issuance of the relevant equity instruments for the purposes of computing the denominator of the Shareholder Return Rate; and

c) “Cash Equity Raises” are issues of Ordinary Shares or other equity instruments by the Company for cash consideration other than Targeted Cash Equity Raises. The cash proceeds of Cash Equity Raises (net of any taxes and expenses associated with such issuance) should be disregarded for the purposes of computing the denominator of the Shareholder Return Rate until 12 months have elapsed from the time of receipt of the funds by the Company. This is to allow the Management Team sufficient time to search for target assets suitable for investment within the Company’s pipeline at appropriate return rates and to negotiate and execute the terms of any such acquisitions.

The definition of each of the relevant terms for calculation purposes is as follows:

- The “Shareholder Return” or “ $\Delta NAV$ ” for a given Calculation Period is equivalent to the sum of (i) the change in the NAV of the Company during such Calculation Period less the proceeds (whether cash or non-cash) of any issuance of Ordinary Shares or any other equity instruments during such Calculation Period (net of any taxes and expenses associated with their issue); and (ii) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such Calculation Period, as determined pursuant to the following formula:

$$NAV_{final} - NAV_{initial} - NP + Dividends$$

Where :

- $NAV_{final}$ : is the NAV as at the last day of every Calculation Period;
- $NAV_{initial}$ : is the NAV as at the first day of every Calculation Period;
- NP: are the aggregate proceeds (whether cash or non-cash) raised by the Company from any issuance of shares or other equity instruments during the relevant Calculation Period (net of any taxes and expenses associated with their issue); and
- Dividends: are any dividends or other distributions paid by the Company to its shareholders during the Calculation Period.
- The “Calculation Period” shall be the period for which the Shareholder Return shall

be calculated for purposes of every vesting cycle under the Employee Incentive Plan, comprising from July 1 each year until June 30 of the following year.

- The “First Calculation Period” of the updated Employee Incentive Plan shall be the period starting on July 1, 2020 and ending on June 30, 2021.
- “NAV” is the net asset value of the Company, adjusted to include properties and other investment interests at fair value, which will be calculated semi-annually by the Company in accordance with EPRA Net Tangible Asset Value based on the Company’s financial statements under IFRS and the most recent valuation of the real estate properties of the Company and approved by the Board of Directors. Valuations of the real estate properties of the Company will be performed as of June 30 and December 31 each year by a suitable independent qualified RICS accredited appraiser to be appointed by the Audit and Control Committee.
- The “Shareholder Return Rate” or “SRR%” for a given Calculation Period is the Shareholder Return for such Calculation Period divided by the time-weighted average equity during the calculation period, expressed as a percentage, as determined pursuant to the following formula:

$$SRR\% = \frac{\Delta NAV}{NAV_{initial} + \sum NP_i^{Current, Targeted \& NonCash} \cdot \Delta t_i^{Since Closing} - \sum NP_i^{Previous, Cash} \cdot \Delta t_i^{Till Anniversary}}$$

Where:

- $\Delta NAV$ : is the Shareholder Return as defined above.
- $NAV_{initial}$ : is the NAV as at the first day of every Calculation Period.
- $NP_i^{Current, Targeted \& NonCash}$ : are the proceeds (net of any taxes and expenses associated with their issue) raised by the Company from any issuance of Ordinary Shares or other equity instruments constituting a Targeted Cash Equity Raise or a Non-Cash Equity Raise during the relevant Calculation Period.
- $\Delta t_i^{Since closing}$ : is the number of remaining days since the date of closing by the Company of the relevant equity issuance until the end of the relevant Calculation Period, divided by 365.
- $NP_i^{Previous, Cash}$ : are the cash proceeds (net of any taxes and expenses associated with their issue) raised by the Company from any issuance of Ordinary Shares or other equity instruments constituting a Cash Equity Raise during the immediately preceding Calculation Period.
- $\Delta t_i^{Till Anniversary}$ : is the number of days since the start of the relevant Calculation Period until the first anniversary of the date where such amount of net cash proceeds was received by the Company, divided by 365.
- The “Relevant High Water Mark” for a given Calculation Period is the higher of (i) the NAV as at 30 June 2020, and (ii) the NAV as of the end of the most recent Calculation Period in respect of which the Incentive Shares were vested (adjusted to include total



dividends paid during such Calculation Period).

iv. Key Hurdles: The Beneficiaries will be allocated Incentive Shares in respect of a given Calculation Period if both of the following two key hurdles are met:

- a) the Shareholder Return Rate for such Calculation Period exceeds 8% (the extent that the Shareholder Return Rate is above 8% being the “Shareholder Return Outperformance Rate” and determined pursuant to the following formula: *Shareholder Return Rate* – *H*, with *H* being 8%); and
- b) the Relevant High Water Mark for such Calculation Period is exceeded by the sum of (A) the NAV of the Company on the last day of such Calculation Period less the aggregate proceeds (whether cash or non-cash) raised by the Company from any issuance of Ordinary Shares or other equity instruments during the relevant Calculation Period or in any preceding Calculation Period since the most recent year in respect of which Incentive Shares were vested (net of any taxes and expenses associated with their issue), and (B) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such Calculation Period or in any preceding Calculation Period since the most recent year in respect of which Incentive Shares were vested (the amount (if any) by which such sum exceeds the Relevant High Water Mark, divided by the Relevant High Water Mark for such Calculation Period and expressed as a percentage, being the “High Water Mark Outperformance Rate” for such Calculation Period).
- c) If the above hurdles are met in respect of a Calculation Period, the Beneficiaries will be entitled to receive a number of Incentive Shares equal to a percentage of the weighted average number of Ordinary Shares of the Company in issue during the Calculation Period, equal to the lesser of (x) 20% of the Shareholder Return Outperformance Rate for such Calculation Period and (y) 20% of the High Water Mark Outperformance Rate for such Calculation Period. The weighted average number of Ordinary Shares of the Company in issue during the Calculation Period (the “Weighted Average Number of Ordinary Shares”) is the total number ordinary shares in issue at the beginning of the Calculation Period adjusted consistently with the method used to determine the time-weighted average equity for the purposes of computing the Shareholder Return Rate during the applicable Calculation Period as described above (this is: the total number of ordinary shares in issue at the beginning of the Calculation Period increased by (i) the number of new ordinary shares issued during the relevant Calculation Period for either Targeted Cash Equity Raise or for non-cash consideration in a Non-Cash Equity Raise, multiplied by the applicable time-weighting factor

$\Delta t_i^{\text{since closing}}$  as described above, and reduced by (ii) the number of new ordinary shares issued during the immediately preceding Calculation Period for cash consideration in a Cash Equity Raise multiplied by the time-weighting factor  $\Delta t_i^{\text{till anniversary}}$  as described above).

- d) The maximum aggregate amount of Incentive Shares that the Beneficiaries as a whole may receive during the Term of the Employee Incentive Plan is 10% of the total Ordinary Shares of the Company issued and outstanding from time to time.
- v. Calculation: For the sake of calculations of the number of Incentive Shares to be allocated under the Employee Incentive Plan, the number of shares to be delivered to the Beneficiaries of the Employee Incentive Plan (the “Incentive Shares”) will be calculated annually as of the last day of the most recently elapsed Calculation Period (commencing on the First Calculation Period) as a percentage of the Weighted Average Number of Ordinary Shares of the Company issued during the Calculation Period as described above.

The Company’s financial department headed by the Chief Financial Officer will make the corresponding calculations of the Incentive Shares to be delivered annually pursuant to Employee Incentive Plan. These calculations will be verified by the auditor of the Company at the end of each Calculation Period pursuant to an agreed-upon procedures report to be issued at such time on the basis of the interim financial statements of the Company as of June 30 of each year and on the basis of an independent appraiser's valuation report. Once verified they shall be submitted to the Appointments and Remuneration Committee which shall review and, if deemed appropriate, shall submit such calculations to the approval of the Board of Directors. The Board of Directors will approve the number of Incentive Shares to be allocated under the Employee Incentive Plan in respect of every Calculation Period concurrently with the approval by the Board of Directors of the financial statements of the Company as of June 30 of each year, commencing on June 30, 2021. The date of approval by the Board of Directors of the number of Incentive Shares allocated to the Beneficiaries in connection with a Calculation Period will be referred to as the “Vesting Date”, and the Incentive Shares allocated to the Beneficiaries on the Vesting Date will be referred to in this document as “vested”.

The Incentive Shares vested in respect of each Calculation Period of the Employee Incentive Plan will be allocated to the Beneficiaries as follows: 50% of the relevant Incentive Shares will be allocated to the Chief Executive - of which he may dispose of as he deems appropriate- and any remaining Incentive Shares will be allocated among the rest of the Beneficiaries, following an initial proposal by the CEO, to be confirmed by the Board of Directors following the validation of the Appointments and Remuneration Committee.

- vi. **Deferral Periods:** The Incentive Shares will be delivered to the Beneficiaries only at the end of three subsequent deferral periods (each, a “Deferral Period”) with one third of the Incentive Shares being delivered following 12 months plus one day from the end of the applicable Calculation Period, another third of the Incentive Shares being delivered following 18 months plus one day from the end of the applicable Calculation Period and the remaining third of the Incentive Shares being delivered following 24 months plus one day from the end of the applicable Calculation Period.

If prior to the end of any Deferral Period the Beneficiary ceases to be an employee (or a Director of the Company in the case of the executive directors) for any reason attributable to the Beneficiary, this is: (i) voluntary termination by the Beneficiary without cause, and (ii) termination by the Company with cause (*causa justificada*) constituting a fair disciplinary dismissal (*despido disciplinario procedente*), as such term is defined in article 55 of the Spanish Workers’ Statute (*Real Decreto Legislativo 2/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Estatuto de los Trabajadores*) for members of the Management Team employed under employment contracts, or the analogous grounds for termination applicable to executive directors rendering services under services agreements)(as applicable), the Beneficiary will no longer be entitled to receive any Incentive Shares vested under the Employee Incentive Plan in respect of any Deferral Period that ends after such termination. In the event that the Beneficiary ceases to be an employee (or a Director of the Company in the case of the executive directors) for any other reason prior to the end of any Deferral Period, the Beneficiary will be entitled to receive upon termination the Incentive Shares vested under the Employee Incentive Plan and pending delivery in respect of any Deferral Period already initiated that ends after such termination. Moreover, if before the end of any Deferral Period a Liquidation Event occurs, Incentive Shares vested will be delivered to the Beneficiaries as soon as reasonably practicable following the occurrence of a Liquidation Event without regard to any Deferral Periods.

- vii. **Payment:** The Board of Directors will make all arrangements to deliver the Incentive Shares vested, if any, to the Beneficiaries as soon as practicable following the expiry of the applicable Deferral Period, prioritising always the delivery of existing shares over the issuance of new shares and the payment of an amount in cash equivalent to the value of the Incentive Shares. For such purposes, the Board of Directors may use, subject to the required approvals, any of the procedures and mechanisms available by law to effect such delivery, including without limitation the purchase of treasury shares, the issue of new shares in the event of a shortfall in the number of treasury shares available for delivery to the Beneficiaries or entering into agreements with third parties. In lieu of paying the incentive Shares under the Employee Incentive Plan through the delivery of the Incentive Shares, the Board of Directors may decide, in the event of: (i) the Company not having

enough treasury shares to deliver the Incentive Shares to be delivered to the Beneficiaries under the Employee Incentive Plan; (ii) not being in a position to purchase such shares in the open market or from an existing shareholder, or (iii) upon a Liquidation Event; to settle the Incentive Shares in cash. Such cash payment in the case of (i) and (ii) above shall be equal to the relevant amount which would be necessary to subscribe for the corresponding number of newly issued Incentive Shares or to acquire existing Incentive Shares from the Company. In this regard, the Company will establish the mechanisms necessary to guarantee the subscription by the Beneficiaries of the corresponding number of newly issued Incentive Shares or to acquire existing Incentive Shares from the Company. The share price used to determine this cash payment shall be: in the case of (i) and (ii) above the closing price of the Company's Ordinary Shares on the Spanish Stock Exchanges at close of trading of the day the cash settlement of the Incentive Shares is approved by the Company; and in the case of (iii) as discussed in the section regulating the Liquidation Events below. Any such cash payment shall not be considered net cash proceeds of any issues of Ordinary Shares for the purposes of calculating the Shareholder Return or the Shareholder Return Rate.

The delivery of Incentive Shares will be communicated by the Beneficiaries in accordance with the Market Abuse Regulation.

Any disposals of any Incentive Shares by the Beneficiaries will be communicated to both the Company and the CNMV in accordance with applicable law or the Company's Internal Code of Conduct in the Securities Markets.

The Company, by resolution of the Board of Directors following a report of the Audit Committee, may grant loans to the Beneficiaries in standard market terms on an arm's length basis to finance any Spanish income tax burden associated with the payment of the Incentive Shares

- viii. Liquidation Events: Pursuant to the Employee Incentive Plan, in the event of (i) liquidation of the Company approved by its Shareholders, or (ii) a takeover of the Company or a sale of Ordinary Shares of the Company that results in the taking of a control position by any party (as the term "control" is used in Royal Decree 1066/2007, of July 27, of regime applicable to public takeovers (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*) in both cases before the end of the Term of the Employee Incentive Plan (each a "Liquidation Event"), the Beneficiaries will be entitled to receive as indicated below Incentive Shares (which will not be subject to any Deferral Period) or, as further described below, a cash amount, representing a percentage over the total issued Ordinary Shares of the Company equal to the lesser of (a) 20% of the annualised Shareholder Return Outperformance Rate and (b) 20% of the annualised High Water Mark Outperformance Rate; provided that, for purposes of the calculation and payment of the Incentive Shares, the following particularities will apply:

- a) the higher of (i) the liquidation value of the Company or the price offered for the equity of

the Company in the takeover or sale, as applicable, and (ii) the EPRA Net Disposal Value of the Company as of the last day of the relevant Calculation Period shall be used for purposes of the calculation of the Shareholder Return, the Shareholder Return Rate, the Shareholder Return Outperformance Rate and the High Water Mark Outperformance Rate;

- b) the relevant Calculation Period shall be deemed to have ended on the date the liquidation was approved by the shareholders of the Company or the takeover or sale was accepted by a majority of the shareholders of the Company, as applicable;
- c) Consequently, the excess over 8% of the Shareholder Return Rate that is used as a key hurdle to determine if a Beneficiary is entitled to receive Incentive Shares for said Calculation Period shall be calculated on an annualised basis (e.g., if the Calculation Period for the Liquidation Event is of six months, the Shareholder Return Rate must be in excess of 3.92 % to comply with the key hurdle); and
- d) calculation and payment under the Employee Incentive Plan shall be made as soon as reasonably practicable after the last day of the relevant Calculation Period and the delivery of the Incentive Shares or the alternative cash amount will not be subject to any Deferral Period.

If the Company determines (acting reasonably) that delivering any or all of the Incentive Shares to any Beneficiary on any relevant date is materially prejudicial to the Company for any reason, including as a result of any applicable law which prevents the delivery of Ordinary Shares on that date or if the delivery of Ordinary Shares to such Beneficiary would result in (i) such Beneficiary being required to make a mandatory offer to the shareholders of the Company pursuant to the applicable Spanish takeover rules or other applicable law, or (ii) the Company or such Beneficiary breaching the applicable Spanish takeover rules, or (iii) such Beneficiary becoming beneficially entitled to or controlling, directly or indirectly, at least 10% of the share capital or voting rights in the Company (despite such Beneficiary having used reasonable endeavours to dispose of sufficient Incentive Shares, where permitted by law, to avoid this occurring), or (iv) the Company breaching any applicable listing rules), then the Company shall instead pay any Incentive Shares under the Employee Incentive Plan to such Beneficiary in cash, in an amount equal to the result of multiplying the number of Incentive Shares that are not delivered for the abovementioned reasons times the volume-weighted average market price of the Ordinary Shares of the Company in the 5 days preceding the Vesting Date. Cash paid in lieu of Incentive Shares will not be subject to any re-investment obligation in the Company's shares.

The delivery of Incentive Shares upon the occurrence of a Liquidation Event together with any other Incentive Shares delivered pursuant to the Employee Incentive plan shall not exceed in the

aggregate a maximum of 10% of the total Ordinary Shares of the Company issued and outstanding from time to time.

Additionally, if the Company determines (acting reasonably) that structuring the Employee Incentive Plan other than through the delivery of Incentive Shares and other than in cash (e.g., through warrants, stock options, etc.) may be more beneficial to the Company or to the Beneficiaries (including, for taxation purposes), then the Company may, by decision of the Board of Directors following a proposal by the Appointment and Remuneration Committee, structure the Employee Incentive Plan in such other manner.

If any change in the share capital of the Company arising from a reorganization, restructuring, scheme of reconstruction or arrangement, consolidation, subdivision, bonus issue, share buy-back or other capital reorganization or restructuring (a “Capital Restructuring”) occurs during any year which the Company or the Beneficiaries believe (acting reasonably) that the calculation or the amount of the Incentive Shares (if any) payable will change in respect of that or any subsequent year having regard to the basis of calculation of the Incentive Shares, the Company and the Beneficiaries shall negotiate in good faith to agree an appropriate adjustment to the calculation of the Incentive Shares payable in respect of that or any subsequent year. If a dispute or difference arises between the Company and the Beneficiaries in relation to the effect (if any) of a Capital Restructuring on any calculation of the Incentive Shares or in relation to what adjustment (if any) is appropriate, which they cannot resolve by mutual agreement within two months of the matter first being notified by one party to the other in writing, the matter shall be referred to an independent expert for determination.

Upon the expiration of the Term of the Incentive Plan on June 30, 2024 a new incentive plan may be approved in compliance with the Bylaws of the Company that provide that subsequent incentive plans for Directors or members of the Management Team payable in shares of the Company shall be approved by the General Meeting of Shareholders with the prior favourable report of the Board of Directors approved by a qualified majority consisting of all directors except one (i.e., in a Board of Directors of five members, the favourable report shall be approved by four directors; in a Board of Directors of six members, the favourable report shall be approved by five directors; and so on).

### **6.3. Other medium- and long-term incentives**

Without prejudice to the above, executive directors will be entitled to participate in all the medium- and long-term incentive plans that the Company decides to implement at any given time.

### **6.4. Other remuneration and in-kind remuneration**

Executive directors may receive other remuneration and certain in-kind remuneration including a

private company car, a life insurance policy, a private medical insurance policy or contributions to pension plans.

## **6.5. Main provisions of the executive directors' contracts**

The essential provisions of the executive directors' contracts are those indicated below:

### **(i) Remuneration:**

- Fixed remuneration: For the services agreed upon pursuant to the contract signed by the Company with the Chief Executive, the Company will pay the Chief Executive the gross annual amount of six hundred thousand euros (€600,000). For the services agreed upon pursuant to the contract signed by the Company with the CFO, the Company will pay the CFO the gross annual amount of two hundred and fifty thousand euros (€250,000).
- Bonus: the Chief Executive and the CFO will participate in the Company's bonus plan. In accordance with this bonus plan, the Chief Executive and the CFO may be entitled to receive an annual bonus amount of up to 150% of his fixed annual remuneration, provided that they achieve the objectives approved annually by the Board and that the payment of this bonus is also approved by the Board.
- Multi-year remuneration: the Chief Executive and CFO will be entitled to participate in the EIP and in the medium-and long-term incentive plans that the Company's Board establishes at any given time for the Company's executive team in accordance with the procedure set forth in the calculation of the EIP as detailed above.
- In-kind remuneration: company vehicle (including the lease or corresponding expenses, the insurance and repair expenses and the expenses related to the vehicle's maintenance), life insurance policy and private medical insurance policy.
- Other benefits: any additional employee benefits envisaged in the Collective Labour Agreement applicable to the Company, if any, and in any Company policy or practice applicable to its employees including, but not limited to, employee benefit systems.

### **(ii) Term: indefinite, terminating pursuant to Spanish corporate and commercial law, the Articles of Association and paragraph (iv) below.**

### **(iii) Minimum commitment: the Chief Executive's contract must remain in force for at least five years calculated from the date the Company's shares are admitted to listing on the Madrid, Barcelona, Bilbao and Valencia Stock Markets through the Spanish stock market**

interconnection system. In this respect, if the Chief Executive terminates his Contract with the Company without just cause before the aforementioned minimum commitment period has ended, the Company will be entitled to receive from him compensation equivalent to the gross fixed remuneration that the Chief Executive would have been entitled to receive during the remaining minimum commitment period.

If, before the end of the minimum commitment period, Mr López de Herrera-Oria is removed as the Company's Chief Executive or his appointment as Chief Executive is not renewed or his Contract is terminated by the Company, Mr López de Herrera-Oria will be entitled to receive compensation equivalent to the gross fixed remuneration that he would have been entitled to receive during the remainder of the Commitment Period, with a minimum of two years of remuneration calculated as two times the last total annual remuneration received (including the gross remuneration, bonus, medium- and long-term incentive plans, as well as employee benefits). This amount will reduce, euro-by-euro, the employment termination compensation established for this case in paragraph (iv) below. This compensation would not apply in the event of removal or termination with cause.

- (iv) Exclusivity covenant: the Chief Executive and CFO must provide their services exclusively to the Company, such that he may not provide any type of direct or indirect services, under any type of legal relationship, to third parties, nor on his own behalf, even when the activities he carries out do not coincide with those of the Company. Administrative positions in companies that the Chief Executive or CFO controls or has an ownership interest in that do not require significant dedication and do not coincide with the activities of the Company are excluded.

However, provided that it does not (i) interfere with the responsibilities that the Chief Executive or CFO have towards the Company and it (ii) does not entail a breach of his Exclusivity Covenant with the Company, this Exclusivity Covenant will not prevent them from, as applicable:

- continuing to be the non-executive director of the companies that are listed in the Chief Executive's contract;
- continuing to be the non-executive director of other companies (up to a maximum of three) provided that the Chief Executive or CFO obtain the express consent of the Company's Board: and,
- for the Chief Executive, continuing to be the executive director of his investment companies (which, at the date of this document, are those included in the Chief Executive's contract) and performing the corresponding duties in those



companies.

- (v) Reasons for termination and compensation: the executive director's contract may be terminated for the following reasons: (i) by mutual agreement; (ii) by unilateral decision of the executive director with a three-month advance warning under penalty of having to compensate the Company with an amount equivalent to his fixed remuneration for the year in which the advance warning was breached, (iii) free will of the Company for any reason, including those established in the Articles of Association, even if it does not relate to a serious or culpable breach by the executive director; (iv) decision of the Company as a result of serious wilful misconduct or negligence in discharging his duties as executive director; and (v) structural modification or change of control.

Upon termination by the Company of the services agreement without the analogous grounds for termination applicable to executive directors rendering services under services agreements to what is considered a fair cause constituting a fair disciplinary dismissal (*despido disciplinario procedente*), as such term is defined in article 55 of the Spanish Workers' Statute (*Real Decreto Legislativo 2/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Estatuto de los Trabajadores*), or when the services agreement is terminated by the Company or the member of the Executive Director within six months following: (i) a corporate reorganization (*modificación estructural*) pursuant to the Spanish Companies Act, (ii) a takeover of the Company or a sale of Ordinary Shares of the Company that results in a change of control (as the term "control" is used in Royal Decree 1066/2007, of July 27, of regime applicable to public takeovers (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*); then the Executive Director and member of the Management Team will be entitled to a severance payment equal to two years of the salary received by such Beneficiary during the twelve months immediately preceding such termination. This salary includes the Fixed Remuneration, any Bonus and the Incentive Shares (or equivalent incentive cash payment), vested under the Employee Incentive Plan in the most recent Calculation Period preceding the termination of his or her employment or services agreement (whether or not subject to deferred settlement) provided that, if there had been a Liquidation Event in the last six months as a result of which a number of Incentive Shares had vested for the benefit of the Beneficiary which is greater than those vested in the most recent Calculation Period, only the vested Incentive Shares that represent the highest monetary value of the two shall be taken into consideration for the purposes of this calculation (the "Remuneration for termination purposes"). The Remuneration for termination purposes shall not exclude salary reductions: (i) where expressly provided by

law or applicable case law (e.g., as a result of maternity or paternity leave (*baja de maternidad o paternidad*), temporary sick leave (*incapacidad temporal*), care of family members leave (*baja para el cuidado de familiares*) or in the circumstances provided in the Nineteenth Additional Provision of the Spanish Workers' Statute); or (ii) due to wage reduction agreements linked to COVID-19 or other extraordinary circumstances.

- (vi) Non-solicitation covenant: during the term of the Chief Executive's and CFO's contract and during the period of two years after the termination thereof, the Chief Executive and the CFO may not directly or indirectly, without the prior written consent of the Company, (i) solicit, induce or attempt to persuade in any other manner any customer or potential customer of the Company to terminate their relationship or potential relationship therewith, or (ii) hire or solicit, recruit, induce, persuade, influence or encourage any employee of the Company to leave.
- (vii) Covenant not to compete (CNC): during the term of his contract, the Chief Executive or the CFO may not directly or indirectly compete with the business or activities carried out or that will be carried out by the Company, with the sole exception of the existing commitments assumed by Mr. López de Herrera-Oria as the non-executive director of Rodex Asset Management, S.L. and that are expressly indicated in the admission to listing perspectives of the Company's shares in the Spanish Stock Markets.

## **6.6. New appointments**

If during the term of the Remuneration Policy other directors with executive duties join the Board, their remuneration package (i.e.: remuneration components and their corresponding minimum and maximum limits) will be governed by the principles guiding paragraph 6.1, 6.2, 6.3 and 6.4 of this Remuneration Policy, without prejudice to the particularities specific to their respective service contracts with the Company.

In this regard, when proposing the basic terms of the aforementioned contracts of service for approval by the Board, the Appointments and Remuneration Committee must bear in mind, including, but not limited to, variables or aspects such as (i) the duties attributed to the new executive director; (ii) the level of dedication to the Company; (iii) the responsibilities they assume; (iv) their management, leadership and business strategy experience; (v) their professional career and value creation history; and (vi) their remuneration level at the time of appointment.

## REPORT SUBMITTED BY THE APPOINTMENT AND REMUNERATION COMMITTEE IN RELATION TO THE BOARD'S SUBSTANTIATED PROPOSAL TO THE GENERAL SHAREHOLDERS MEETING TO AMEND THE CURRENT DIRECTORS' REMUNERATION POLICY

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This Report has been prepared by the Appointment and Remuneration Committee **ÁRIMA REAL ESTATE SOCIMI, S.A.** (the “**Company**” or “**ÁRIMA**” indistinctly), in accordance with the second section of article 529 *novodecies* of the consolidated text of the Spanish Corporate Enterprises Act, approved by the sole section of Spanish Royal Legislative Decree 1/2010, of 2 July (the “**Corporate Enterprises Act**”) currently in force in accordance with the first transitory provision of Spanish Law 5/2021, of 12 April, amending the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial rules, with regard to promoting the long-term involvement of shareholders in listed companies (the “**Law 5/2021**”), and that establishes that any proposal relating to the remuneration policy of the Board must be substantiated and accompanied by a specific report from the Appointments and Remuneration Committee.

In this respect, it is one of the functions of the Company's Appointments and Remuneration Committee, as defined in Article 36 of the Board of Directors Regulations, to ensure compliance with the remuneration policy established by the Company and, in particular, to propose to the Board of Directors the remuneration policy for directors, the distribution among the directors of the remuneration that the General Meeting resolves to grant, and the individual remuneration of executive directors and other terms of their contracts, as well as to periodically review the remuneration policy applied to directors and senior executives.

The Remuneration Policy (as defined below) also establishes in Article 4.9 that the Appointments and Remuneration Committee must ensure compliance with the Remuneration Policy, periodically reviewing it and proposing to the Board of Directors, for submission to the General Meeting, its amendment and updates, all in accordance with the Articles of Association and the Board Regulations.

This report therefore responds to the aforementioned requirements.

### 1. JUSTIFICATION OF THE PROPOSAL AND THE AMENDMENTS INCLUDED

The General Shareholders Meeting held on 21 March 2019 passed the remuneration policy for the directors of ÁRIMA for 2019, 2020 and 2021, which was subsequently amended by the General Shareholders Meeting held on 5 November 2019. This policy is in accordance with the Corporate Enterprises Act, the specific legislation applicable to the Real Estate Investment Trusts (REITs), specifically, Spanish Law 11/2009, of 26 October, regulating Real Estate Investment Trusts [*Ley 11/2009, de 26 de octubre, por la que se regulan las Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*], as well as the principles for achieving a solid remuneration system aligned with the principles and concepts that, given the practice of listed companies, were considered appropriate.

The Remuneration Policy for the Company's Board members, proposed for approval by the General Meeting (the "**Remuneration Policy**"), will replace in all its terms that approved on 21 March 2019 and amended on 5 November 2019, and it will be valid for the years 2021, 2022 and 2023.

The aforementioned proposal -the full text of which is included in the Annex to this report- aims to amend the aspects of the Remuneration Policy related to the following points:

- i. Amendment of the defined terms and formula for calculating the long-term incentive plan (*Employee Incentive Plan* or EIP) (the "**long-term incentive plan**" or the "**plan**").
- ii. Amendment of the minimum compliance thresholds for the long-term incentive plan.
- iii. Amendment of the procedure for calculating and paying out shares accrued under the long-term incentive plan.
- iv. Replacement of the lock-up forecasts applicable to shares paid out under the long-term incentive plan with a deferral system.
- v. Modification of the calculation and liquidity events of the long-term incentive plan.

In addition, other amendments have been introduced to clarify the calculation of severance pay in the section relating to the main terms and conditions of the contracts of the executive directors of the Remuneration Policy and not to reduce the annual salary taken as the basis for calculating this compensation for certain salary reductions for reasons of equity and alignment with best practices in remuneration.

This report expresses the reasons for the Board of Directors to submit the proposed resolution to the General Meeting consisting of the amendment of the Company's Board Remuneration Policy for 2021, 2022 and 2023.

## 2. GENERAL PRINCIPLES OF ÁRIMA'S REMUNERATION POLICY

The Company's Remuneration Policy was drafted taking into account the relevance of the Company, its economic situation, the market standards for comparable companies, and the amount of time the directors dedicate to the Company. The remuneration established in it aims to maintain an adequate proportion and promote the long-term viability and sustainability of the Company, incorporating the necessary precautions to avoid excessive risk-taking or rewarding unfavourable results and ensuring the alignment of the interests of the directors with those of the Company and its shareholders, without the specific independence of the directors being compromised.

The principles of the Remuneration Policy are as follows:

- **Ensuring independent judgement:** Remuneration will be structured in such a way that it does not compromise the independent position of external directors.
- **Remuneration limited to independent directors:** Remuneration of directors for their work as directors is granted exclusively to independent directors. In this regard, executive directors will only receive remuneration as executives in accordance with the contract they entered into with the Company in accordance with the Remuneration Policy and the position of Proprietary Director of the Company is not remunerated.

- **Attracting and retaining the best professionals:** The remuneration will be competitive so as to attract and retain talent who contribute to the creation of value for the Company and to achieving its strategic objectives.
- **Long-term sustainability:** The remuneration must promote the Company's long-term viability and sustainability and be compatible with the Company's long-term interests and strategy, as well as its values and objectives.
- **Transparency:** The Remuneration Policy and the specific rules for determining remuneration will be clear and transparent.
- **Clarity and individualisation:** The rules for managing and determining the remuneration for each director will be drafted clearly, simply and concisely.
- **Equity, proportionality of remuneration and consistency with the Company's strategy, interests and values:** The remuneration must be determined taking into account the dedication, qualifications and responsibility required for the position, as well as the experience, duties and tasks performed by each director, maintaining a balance between market competitiveness and internal equity and being consistent with the Company's strategy, values and interests.
- **Adaptation to best market practices:** The remuneration must be in line with the remuneration trends and references in the Company's sector of activity or in comparable companies due to their size or activity, so that they are aligned with best market practices.
- **Involvement of the Appointment and Remuneration Committee:** The Appointments and Remuneration Committee must ensure compliance with the Remuneration Policy, periodically reviewing it and proposing to the Board of Directors, for submission to the General Meeting, its amendment and updates, all in accordance with the Articles of Association and the Board Regulations.
- **Approval of the maximum amount by the General Meeting and delegation to the Board of Directors:** Depending on the maximum annual amount established and approved by the Company's General Meeting at any given time as remuneration for directors in their capacity as such, the Board of Directors is empowered to distribute this amount among its members based on the duties and responsibilities assigned to each director, membership on and attendance at Board committees, positions held on the Board of Directors and Committees, and any other objective circumstances it considers relevant, although the Board of Directors may establish a smaller amount. Likewise, the Board of Directors will set the remuneration of directors for performing executive functions and approve the executive directors' contracts with the Company, all of which must be in accordance with the Remuneration Policy in force at any given time.

### 3. JUSTIFICATION OF THE PROPOSED AMENDMENTS

**Clarification of the calculation of severance pay in the section of the Remuneration Policy relating to the main terms and conditions of the contracts of the executive directors**

The Appointment and Remuneration Committee proposes clarifying the wording relating to the compensation, and the concepts comprising it, to which the executive directors would be entitled in the event of termination of his contract in accordance with Clause 6.5 (iv) of the Remuneration Policy.

In particular, it is expressly stated that this compensation includes fixed remuneration, variable annual remuneration and the shares accrued under the long-term incentive plan (or its equivalent amount in cash where applicable) in the Calculation Period (as defined in the plan) most recently before the termination of the contract (regardless of whether these shares are subject to a delay in delivery) subject to the fact that, in the case of a Liquidation Event (as defined in the plan) in the last six months, with the right having accrued to receive a number of shares greater than that accrued in the aforementioned Calculation Period, for the purposes of calculating this compensation, only the shares accrued for one milestone or the other that have a higher value will be taken into account (the "**severance pay**").

It is also noted that the annual salary taken as the basis for the calculation of the amount of the severance pay will not be reduced by eventual pay cuts: (i) when they are due to cases expressly envisaged in the law or in the applicable case law (e.g., maternity or paternity leave, temporary disability, leave to care for family members or in any of the circumstances envisaged in Additional Provision Nineteen of the Spanish Workers Statute [Estatuto de los Trabajadores]); or (ii) due to salary reductions arising from the situation created by COVID-19 or other extraordinary circumstances.

In the opinion of the Appointments and Remuneration Committee, these clarifications are justified by the need to avoid any doubt in the interpretation of this provision, in particular, in relation to the calculation of the shares accrued under the plan and in relation to the inclusion of certain salary reductions in the calculation of the severance pay that the Appointments and Remuneration Committee considers appropriate for reasons of equity and alignment with best practices in remuneration.

Given that the determination of severance pay is included in the Company's Remuneration Policy, it is necessary to adapt it to accommodate the changes proposed as included in the Remuneration Policy attached as **Annex II** to this report.

**Update of the variable remuneration of the CEO in the section of the Remuneration Policy relating to the main terms of the contract of the CEO arising from the amendment of the long-term incentive plan**

One of the main functions of the Appointment and Remuneration Committee is to ensure, on a regular basis, that the remuneration policy of the Company is duly aligned with the long-term strategy, values and interests of the Company and its shareholders and that the different elements of the remuneration system are capable of attracting and retaining the best professionals, ensuring their compatibility with its risk control and prevention systems.

Consequently, although the plan currently in force passed by the General Meeting of 26 September 2018 and modified by the General Shareholders Meeting of 5 November 2019 complies with the Corporate Enterprises Act, the specific legislation applicable to the Real Estate Investment Trusts (REITs) and the recommendations and principles for corporate governance of listed companies that were considered appropriate to ensure a solid remuneration system aligned with the market, the Appointments and Remuneration Committee recognises that the general risk environment in which the Company operates has changed over the last year, mainly due to the uncertainty generated by the COVID-19 pandemic.

To date, it is extremely difficult to predict the economic impact of this crisis on our economy and, therefore, on the Company's business, prospects and financial situation. This situation therefore requires constant monitoring by the Board of Directors and its committees in order to be able to respond to a constantly evolving situation.

Therefore, in response to this crisis, the Appointments and Remuneration Committee has analysed the Company's long-term incentive plan currently in force and has identified several areas for improvement, in particular, aligning the structure of the Company's variable remuneration system with the Company's new strategy and long-term objectives set out in response to the situation generated by the COVID-19 crisis, in order to maintain the various elements of the Company's remuneration system that are considered key to attracting and retaining the best professionals.

This analysis led the Board to approve on 24 May 2021 an amendment to the Company's long-term incentive plan subject to the prior approval of the modification of the Remuneration Policy subject of this report, to ensure full alignment between the Company's interests and the Management Team, through a plan that guarantees, among other aspects, a simplified formula for calculating incentives, a deferral system aligned with standard market practices and compliance with the recommendations and principles of corporate governance of listed companies necessary to ensure a solid remuneration system aligned with the market, adapting the current remuneration system for the management team to take into account the changes experienced by the Company as a result of the COVID-19 crisis.

As the participation of the executive directors in the plan and its configuring elements are detailed and form part of the Company's Remuneration Policy, it is therefore necessary to adapt it to accommodate the changes proposed as included in the Remuneration Policy attached as **Annex II** to this report.

\* \* \*

These are the only two amendments to the current remuneration policy for directors. In both cases, the amendments are proposed for 2021, 2022 and 2023. There is no proposed amendment other than the above in relation to the current Directors' Remuneration Policy.

Appended as Annexes are (i) the proposed resolution to amend the Directors' Remuneration Policy currently in force, which must be passed by the General Shareholders Meeting; and (ii) a consolidated version of the directors' remuneration policy for 2021, 2022 and 2023, once the aforementioned amendments are included.

In view of the above, the Appointments and Remuneration Committee has concluded that the amendments to the Remuneration Policy for directors, in the terms detailed in the content of this report, which, at the proposal of this Committee, the Board of Directors will be submitted to the General Meeting, is in accordance with the current legislation and is aligned with the principles and grounds of the current Remuneration Policy for the directors of ÁRIMA.

This document constitutes the substantiated legal report justifying the proposed amendment of the directors' remuneration policy, which is detailed below and will be submitted for approval by the Board of Directors for submission to the General Meeting.

Madrid, 24 May 2021

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## **Annex I**

### **Proposed resolution to amend the Directors' Remuneration Policy**

PROPOSED RESOLUTION UNDER ITEM NINE ON THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ÁRIMA REAL ESTATE SOCIMI, S.A. TO BE HELD ON 28 JUNE 2021 AT THE FIRST CALL TO MEETING OR ON 29 JUNE 2021 AT THE SECOND CALL TO MEETING.

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#### **Amendment of the Board Remuneration Policy.**

##### PROPOSED RESOLUTION:

In accordance with article 529 *novodecies* of the Spanish Corporate Enterprises Act [*Ley de Sociedades de Capital*], it is resolved to approve the amendment of the current remuneration policy for directors of the Company, in accordance with the substantiated proposal approved by the Board of Directors, which is accompanied by the mandatory report by the Appointment and Remuneration Committee.

## **Annex II**

### **Consolidated version of the Directors' Remuneration Policy**



## **Board Member Remuneration Policy**

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## **1. APPROACH AND SCOPE OF THE REMUNERATION POLICY**

This document contains the remuneration policy applicable to Árima Real Estate SOCIMI S.A.'s ("**Árima**" or the "**Company**") Board members, in compliance with the legal requirements established by the revised text of the Spanish Corporate Enterprises Act approved by Spanish Royal Legislative Decree 1/2010, of 2 July (the "**Spanish Corporate Enterprises Act**", *Ley de Sociedades de Capital*) (the "**Remuneration Policy**").

The Remuneration Policy has been prepared taking into account the relevance of the Company, its economic situation, market standards for comparable companies and the dedication of the Company's directors. The remuneration established below maintains an adequate proportion and promotes the profitability and sustainability of the Company at long-term, including the precautions necessary to avoid assuming excessive risks or rewarding unfavourable results and ensuring that the interests of the directors are in keeping with those of the Company and its shareholders, without compromising the independence of the directors themselves.

## **2. TERM OF THE REMUNERATION POLICY**

The Remuneration Policy will be valid for 2021, 2022 and 2023.

Notwithstanding the foregoing, the Annual General Meeting of Árima may amend, supplement or replace this Remuneration Policy at any time during this period at the proposal of the Board with a report in favour thereof from the Appointments and Remuneration Committee.

## **3. OBJECTIVES OF THE REMUNERATION POLICY**

The purpose of the Remuneration Policy is to define and control the Company's remuneration practices in relation to its directors.

Taking that into account, the directors' Remuneration Policy establishes a remuneration scheme in keeping with the dedication and responsibilities assumed by them and is applied to attract, retain and motivate Árima's Board members, with the ultimate goal of having members with the appropriate professional profiles to aid in achieving the Company's strategic objectives.

#### **4. CRITERIA AND PRINCIPLES GOVERNING THE REMUNERATION POLICY**

To have a robust corporate governance structure, Árima felt it was appropriate to establish clear principles in this area and, specifically, within the scope of the Remuneration Policy to guarantee that the remuneration strategy approved by the Board is applied in accordance with the Company's own strategy.

To that end, the Remuneration Policy will be governed by the following principles:

##### **4.1. Guarantee independent judgement**

Remuneration will be structured so as not to compromise the independent judgement of non-executive directors.

##### **4.2. Remuneration is limited to independent directors**

Only independent directors are remunerated for the duties they perform in their capacity as independent directors.

Consequently, executive directors will only be remunerated in their capacity as executives. Furthermore, executive directors must enter into a contract with the Company that first will be submitted to a Board vote and will require two thirds (2/3) of its members to vote in favour thereof for approval.

The aforementioned contracts will detail all the items for which the directors may obtain remuneration for the performance of executive duties (including, where applicable, salaries, incentives, bonuses, possible compensation for early termination and the amounts to be paid by the Company as insurance premiums or as contributions to saving systems). Directors may not receive any remuneration for performing executive duties the amounts of which or concepts are not envisaged in that contract.

Lastly, the office of proprietary director of the Company will not be remunerated.

##### **4.3. Attract and retain the best professionals**

The remuneration will be competitive so that it allows the Company to attract and retain talent that contributes to creating value for it and achieving its strategic objectives.

##### **4.4. Long-term sustainability**

Remuneration must foster the Company's long-term profitability and sustainability and be compatible with its long-term interests and strategy, as well as its values and objectives. Likewise, the necessary precautions will be taken to avoid assuming excessive risks and unfavourable results. Specifically, the remuneration system will set the limits and the specific precautions to

ensure that the variable remuneration is tied to the beneficiaries' professional performance and is not simply the result of the general evolution of the markets or the industry.

#### **4.5. Transparency**

The Remuneration Policy and specific rules for determining remuneration will be clear and known. In particular, when the Company issues the notice for the Annual General Meeting, it will furnish shareholders with the Annual Directors' Remuneration Report, which will be submitted to a consultative vote as a separate item on the agenda.

#### **4.6. Clarity and individualisation**

The rules for managing and determining the remuneration for each director will be drafted clearly, simply and concisely.

#### **4.7. Fairness, proportionality and consistency of the remuneration with the Company's strategy, interests and values**

Remuneration must be set taking into consideration the dedication, qualification and responsibility required for the office, as well as experience, duties and tasks performed by each director. In addition, remuneration must maintain a balance between market competitiveness and internal equity and be consistent with the Company's strategy, values and interests.

#### **4.8. Adaptation to best market practices**

Remuneration must be in line with remuneration trends and benchmarks followed in the Company's sector of activity or in comparable companies in terms of size or activity, so that it is in keeping with best market practices.

#### **4.9. Involvement of the Appointments and Remuneration Committee**

The Appointments and Remuneration Committee will ensure that this Remuneration Policy is observed and reviewed periodically and will propose to the Board, to be submitted to the Annual General Meeting, its amendment and updating, all in accordance with the Articles of Association and the Board Regulations.

#### **4.10. Approval of the maximum amount by the Annual General Meeting and delegation to the Board**

Based on the annual maximum amount set and approved by the Company's Annual General Meeting at any given time, for directors' remuneration in their capacity as such, the Board is responsible for distributing that amount to its members based on the duties and responsibilities attributed to each director, whether they are members of Board Committees and whether they attend such committee meetings, the offices they hold on the Board and in the Committees and

other objective circumstances it considers relevant, and the Board may establish a lower amount. Likewise, the Board will establish directors' remuneration for the performance of executive duties and will approve the contracts of the Company's executive directors, all of which must conform to the Remuneration Policy in force at any given time.

## **5. REMUNERATION OF DIRECTORS AS DIRECTORS**

The Articles of Association and the Board Regulations establish that the post of independent director is remunerated. The Remuneration Policy seeks to remunerate Board members that are independent directors, i.e.: for performing collective supervisory and decision-making tasks on the Board and, where applicable; the Committees of which they are members, adequately and sufficiently based on their dedication, qualifications and responsibilities, without compromising the independence of their judgement.

In this regard, Árima has implemented a Remuneration Policy pursuant to which only independent directors are entitled to receive remuneration for performing their collective supervisory and decision-making tasks, i.e.: for being non-executive Board members and, where applicable, members of the Committees of which they form part.

In accordance with Article 37 of the Articles of Association and Article 25 of the Board Regulations, the independent directors' remuneration in their capacity as such, will be remunerated through attendance fees for attending the Board meetings and the meetings of the Committees of which they are members at any given time, and will consist of a fixed amount that will be determined by the Annual General Meeting.

Consequently, the remuneration that the director will receive in their capacity as such is established as follows:

- (i) The total amount of the remuneration that the Company may pay to its directors as a whole in their capacity as such will not exceed the amount that the Annual General Meeting determines for such purposes. Therefore, the amount set by the Annual General Meeting will remain in force insofar as it is not amended by a new resolution of the Annual General Meeting, in accordance with applicable legislation.
- (ii) The Board will specifically determine the amount that corresponds to each director and the payment frequency and method, in accordance with this Remuneration Policy. To that end, the Board will take into account the positions discharged by each director within the collective body and any other objective circumstances it considers relevant.

Directors, in their capacity as such, will not receive compensation or payment for the termination of their duties as directors nor do they participate in savings or employee welfare schemes.



Lastly, the Company will pay the third-party liability insurance premium for directors, in accordance with customary market conditions and in proportion to the Company's circumstances.

The aforementioned third-party liability insurance extends to all Board members, regardless of their classification.

#### **5.1. Maximum annual remuneration amount for directors**

The maximum annual remuneration amount to be received by Board members as such amounts to €425,000. This maximum amount will remain the same until the Annual General Meeting determines otherwise.

The aforementioned limit does not include: (a) payment of third-party liability insurance arranged by the Company for its directors; and (b) any reimbursement of current expenses incurred by the director to attend the Board meetings or meetings of any of its Committees.

#### **5.2. Fixed annual remuneration**

Of the amount established in paragraph 5.1 above, the Board will establish the criteria for determining the amount corresponding to each director, taking into account the following:

- The nature of the director.
- The role the director plays on the Board.
- The specific tasks and responsibilities assumed during the year.
- The experience and knowledge required to perform the aforementioned tasks.
- The amount of time and dedication required for its fulfilment.

Specifically, of the amount set in paragraph 5.1, the Board has decided, for payment as the annual fixed emolument, the following amounts:

- For membership of the Board: €100,000
- For chairing the Board: An additional €25,000.

The remuneration system, as well as the detail of the remuneration, will be broken down annually in the corresponding Annual Directors' Remuneration Report.

These fixed emoluments are only received by the directors in their capacity as such, provided that they are independent, while executive directors only and exclusively receive the remuneration stipulated in their respective contracts and proprietary directors, when they exist, will not receive any remuneration.

## **6. REMUNERATION OF EXECUTIVE DIRECTORS**

Executive directors will be entitled to receive remuneration for the executive duties they perform generally following the criteria applicable to the Company's executive staff members — the object of which is to establish a compensation package that facilitates the attraction, motivation and retention of valuable human capital. The Board is responsible for approving the executive directors' contracts with the Company that establish the remuneration for performing the executive duties, which must be in line with the Remuneration Policy.

Therefore, the remuneration of directors that perform executive duties will be aimed at generating value for the Company, seeking alignment with the interests of shareholders, prudent risk management and strict compliance with the legislation in force on the remuneration of listed companies' directors.

At the date of this policy, the only directors who perform executive duties are the Chief Executive Officer, Mr. Luís López de Herrera Oria (the “**Chief Executive**”) and Ms. Chony Martín Vicente-Mazariegos (the “**CFO**”).

### **6.1. Fixed annual remuneration**

The fixed remuneration will be determined in accordance with the responsibility, hierarchical position and experience of each executive director, taking into account the specific characteristics of each duty and the dedication required, and all the foregoing to establish a competitive base salary that attracts and retains talent to contribute to value creation.

Fixed remuneration (i) will be based, mainly, on a market focus and will consider the size, nature and scope of the activities of the Company; and (ii) will be duly aligned with the remuneration established at comparable companies in the industry, nationally and internationally.

The Company will periodically report on the remuneration system and the executive directors' remuneration levels through the corresponding Annual Directors' Remuneration Report.

### **6.2. Variable remuneration**

Only the remuneration of executive directors will contain variable components.

Variable remuneration is based on the above-described principles of the Remuneration Policy and will take into account the elements set out below.

#### **6.2.1. Bonus**

The bonus only applies to executive directors as a percentage of their fixed remuneration. The aforementioned variable remuneration is based on objective criteria that aims to assess the directors' contribution to the Company's business objectives in the exercise of their executive

duties.

In this regard, the aforementioned executive directors' bonus will not exceed 150% of the maximum fixed salary.

The bonus will be approved by the Board at the proposal of the Appointments and Remuneration Committee based on the level of compliance with the parameters to be taken into consideration for determining compliance with the bonus objectives, as well as their respective weight and degree of achievement, which will be determined annually by the Board at the proposal of the Appointments and Remuneration Committee.

The objectives and parameters will also consider, the risk assumed to obtain a result and will aim to achieve a balance between the Company's short-, medium- and long-term objectives, and not solely revolving around one-off, occasional or extraordinary events or data.

In any event, the objectives, parameters and weights agreed in general by the Board for members of the Company's executive staff, will apply to executive directors.

The Board, at the proposal of the Appointments and Remuneration Committee, may adjust the aforementioned weights or incorporate new objectives that are priorities for the business' development at short-term.

The bonus system will be reviewed periodically by the Appointments and Remuneration Committee that will determine whether it is adequately measures the contribution to the Company's results.

#### **6.2.2. Long-term incentive plans**

The objective of the variable component of executive directors' remuneration through long-term incentive plans, generally consisting of the delivery of shares, share options or share-based instruments, is multifaceted:

- To compensate executive directors for their contribution to the creation of value.
- To encourage fulfilment of the financial objectives, in line with the best recommendations on remuneration matters, as well as the market practice of other listed companies comparable to Árima;
- Aligning the interests of executive directors at long-term with those of shareholders, enables executive directors to participate as beneficiaries in the long-term incentive plans implemented by the Company.

To that end, when the Board approves the incentive plans, share purchase plans or other similar instruments for the Company's executive staff and employees, the executive directors will be entitled to join and participate in them in accordance with the terms established by the Board, provided that the Annual General Meeting first agrees to the implementation of any of these remuneration systems.

Thus, the executive directors participate in the Company's Employee Incentive Plan (the “EIP”) approved by the Board and consisting of the delivery of Company shares for no consideration after a certain period of time, subject to fulfilment of certain objectives and the beneficiary remaining at the Company. The main characteristics of the EIP are as follows:

- i. Beneficiaries: the Company's executive team, including the executive directors, and other employees. Directors who do not perform executive duties may not be EIP beneficiaries.
- ii. Validity Period: from 1 July 2020 until 30 June 2024. After that date, a new incentive plan may be implemented.
- iii. Relevant Calculation Terms: For the purposes of (i) the determination of whether the hurdles for the delivery of Incentive Shares have been met under the Employee Incentive Plan and (ii) if applicable, the calculation of the amount of Incentive Shares to be delivered to Beneficiaries, certain terms as defined below apply. These terms have been designed in accordance with, and seek to implement, the following overriding principles:
  - a) “Targeted Cash Equity Raises” are any issues of Ordinary Shares or other equity instruments by the Company for cash consideration raised precisely to pay all or a portion of the acquisition price of one or more specific assets (either directly or indirectly through the purchase of the holding company), as specifically disclosed in the regulatory filings of the Company with the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (“CNMV”) for the purposes of said capital raise. The cash proceeds of Targeted Cash Equity Raises (net of any taxes and expenses associated with such issuance) should be considered since receipt of the funds by the Company for the purposes of computing the denominator of the Shareholder Return Rate. Where only a portion of the net cash proceeds of an issue of Ordinary Shares or other equity instruments by the Company are raised precisely to pay all or a portion of the acquisition price of one or more specific assets, then only the relevant portion of the capital raise shall constitute a Targeted Cash Equity Raise with the remainder portion of the capital raise being held to be a Cash Equity Raise (as defined below);
  - b) “Non Cash Equity Raises” are issues of Ordinary Shares or other equity instruments

by the Company in exchange for non-cash consideration, including real estate assets, shares of companies holding such assets or otherwise. The non-cash proceeds of Non Cash Equity Raises, being the net value allocated by the parties to the assets acquired by the Company in the relevant transaction documents (net of any taxes and expenses associated with such issuance) should be considered since closing by the Company of the issuance of the relevant equity instruments for the purposes of computing the denominator of the Shareholder Return Rate; and

c) “Cash Equity Raises” are issues of Ordinary Shares or other equity instruments by the Company for cash consideration other than Targeted Cash Equity Raises. The cash proceeds of Cash Equity Raises (net of any taxes and expenses associated with such issuance) should be disregarded for the purposes of computing the denominator of the Shareholder Return Rate until 12 months have elapsed from the time of receipt of the funds by the Company. This is to allow the Management Team sufficient time to search for target assets suitable for investment within the Company’s pipeline at appropriate return rates and to negotiate and execute the terms of any such acquisitions.

The definition of each of the relevant terms for calculation purposes is as follows:

- The “Shareholder Return” or “ $\Delta NAV$ ” for a given Calculation Period is equivalent to the sum of (i) the change in the NAV of the Company during such Calculation Period less the proceeds (whether cash or non-cash) of any issuance of Ordinary Shares or any other equity instruments during such Calculation Period (net of any taxes and expenses associated with their issue); and (ii) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such Calculation Period, as determined pursuant to the following formula:

$$NAV_{final} - NAV_{initial} - NP + Dividends$$

Where :

- $NAV_{final}$ : is the NAV as at the last day of every Calculation Period;
- $NAV_{initial}$ : is the NAV as at the first day of every Calculation Period;
- NP: are the aggregate proceeds (whether cash or non-cash) raised by the Company from any issuance of shares or other equity instruments during the relevant Calculation Period (net of any taxes and expenses associated with their issue); and
- Dividends: are any dividends or other distributions paid by the Company to its shareholders during the Calculation Period.
- The “Calculation Period” shall be the period for which the Shareholder Return shall

be calculated for purposes of every vesting cycle under the Employee Incentive Plan, comprising from July 1 each year until June 30 of the following year.

- The “First Calculation Period” of the updated Employee Incentive Plan shall be the period starting on July 1, 2020 and ending on June 30, 2021.
- “NAV” is the net asset value of the Company, adjusted to include properties and other investment interests at fair value, which will be calculated semi-annually by the Company in accordance with EPRA Net Tangible Asset Value based on the Company’s financial statements under IFRS and the most recent valuation of the real estate properties of the Company and approved by the Board of Directors. Valuations of the real estate properties of the Company will be performed as of June 30 and December 31 each year by a suitable independent qualified RICS accredited appraiser to be appointed by the Audit and Control Committee.
- The “Shareholder Return Rate” or “SRR%” for a given Calculation Period is the Shareholder Return for such Calculation Period divided by the time-weighted average equity during the calculation period, expressed as a percentage, as determined pursuant to the following formula:

$$SRR\% = \frac{\Delta NAV}{NAV_{initial} + \sum NP_i^{Current, Targeted \& NonCash} \cdot \Delta t_i^{Since Closing} - \sum NP_i^{Previous, Cash} \cdot \Delta t_i^{Till Anniversary}}$$

Where:

- $\Delta NAV$ : is the Shareholder Return as defined above.
- $NAV_{initial}$ : is the NAV as at the first day of every Calculation Period.
- $NP_i^{Current, Targeted \& NonCash}$ : are the proceeds (net of any taxes and expenses associated with their issue) raised by the Company from any issuance of Ordinary Shares or other equity instruments constituting a Targeted Cash Equity Raise or a Non-Cash Equity Raise during the relevant Calculation Period.
- $\Delta t_i^{Since closing}$ : is the number of remaining days since the date of closing by the Company of the relevant equity issuance until the end of the relevant Calculation Period, divided by 365.
- $NP_i^{Previous, Cash}$ : are the cash proceeds (net of any taxes and expenses associated with their issue) raised by the Company from any issuance of Ordinary Shares or other equity instruments constituting a Cash Equity Raise during the immediately preceding Calculation Period.
- $\Delta t_i^{Till Anniversary}$ : is the number of days since the start of the relevant Calculation Period until the first anniversary of the date where such amount of net cash proceeds was received by the Company, divided by 365.
- The “Relevant High Water Mark” for a given Calculation Period is the higher of (i) the NAV as at 30 June 2020, and (ii) the NAV as of the end of the most recent Calculation Period in respect of which the Incentive Shares were vested (adjusted to include total

dividends paid during such Calculation Period).

iv. Key Hurdles: The Beneficiaries will be allocated Incentive Shares in respect of a given Calculation Period if both of the following two key hurdles are met:

- a) the Shareholder Return Rate for such Calculation Period exceeds 8% (the extent that the Shareholder Return Rate is above 8% being the “Shareholder Return Outperformance Rate” and determined pursuant to the following formula: *Shareholder Return Rate* – *H*, with *H* being 8%); and
- b) the Relevant High Water Mark for such Calculation Period is exceeded by the sum of (A) the NAV of the Company on the last day of such Calculation Period less the aggregate proceeds (whether cash or non-cash) raised by the Company from any issuance of Ordinary Shares or other equity instruments during the relevant Calculation Period or in any preceding Calculation Period since the most recent year in respect of which Incentive Shares were vested (net of any taxes and expenses associated with their issue), and (B) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such Calculation Period or in any preceding Calculation Period since the most recent year in respect of which Incentive Shares were vested (the amount (if any) by which such sum exceeds the Relevant High Water Mark, divided by the Relevant High Water Mark for such Calculation Period and expressed as a percentage, being the “High Water Mark Outperformance Rate” for such Calculation Period).
- c) If the above hurdles are met in respect of a Calculation Period, the Beneficiaries will be entitled to receive a number of Incentive Shares equal to a percentage of the weighted average number of Ordinary Shares of the Company in issue during the Calculation Period, equal to the lesser of (x) 20% of the Shareholder Return Outperformance Rate for such Calculation Period and (y) 20% of the High Water Mark Outperformance Rate for such Calculation Period. The weighted average number of Ordinary Shares of the Company in issue during the Calculation Period (the “Weighted Average Number of Ordinary Shares”) is the total number ordinary shares in issue at the beginning of the Calculation Period adjusted consistently with the method used to determine the time-weighted average equity for the purposes of computing the Shareholder Return Rate during the applicable Calculation Period as described above (this is: the total number of ordinary shares in issue at the beginning of the Calculation Period increased by (i) the number of new ordinary shares issued during the relevant Calculation Period for either Targeted Cash Equity Raise or for non-cash consideration in a Non-Cash Equity Raise, multiplied by the applicable time-weighting factor

$\Delta t_i^{\text{since closing}}$  as described above, and reduced by (ii) the number of new ordinary shares issued during the immediately preceding Calculation Period for cash consideration in a Cash Equity Raise multiplied by the time-weighting factor  $\Delta t_i^{\text{till anniversary}}$  as described above).

- d) The maximum aggregate amount of Incentive Shares that the Beneficiaries as a whole may receive during the Term of the Employee Incentive Plan is 10% of the total Ordinary Shares of the Company issued and outstanding from time to time.
- v. Calculation: For the sake of calculations of the number of Incentive Shares to be allocated under the Employee Incentive Plan, the number of shares to be delivered to the Beneficiaries of the Employee Incentive Plan (the “Incentive Shares”) will be calculated annually as of the last day of the most recently elapsed Calculation Period (commencing on the First Calculation Period) as a percentage of the Weighted Average Number of Ordinary Shares of the Company issued during the Calculation Period as described above.

The Company’s financial department headed by the Chief Financial Officer will make the corresponding calculations of the Incentive Shares to be delivered annually pursuant to Employee Incentive Plan. These calculations will be verified by the auditor of the Company at the end of each Calculation Period pursuant to an agreed-upon procedures report to be issued at such time on the basis of the interim financial statements of the Company as of June 30 of each year and on the basis of an independent appraiser's valuation report. Once verified they shall be submitted to the Appointments and Remuneration Committee which shall review and, if deemed appropriate, shall submit such calculations to the approval of the Board of Directors. The Board of Directors will approve the number of Incentive Shares to be allocated under the Employee Incentive Plan in respect of every Calculation Period concurrently with the approval by the Board of Directors of the financial statements of the Company as of June 30 of each year, commencing on June 30, 2021. The date of approval by the Board of Directors of the number of Incentive Shares allocated to the Beneficiaries in connection with a Calculation Period will be referred to as the “Vesting Date”, and the Incentive Shares allocated to the Beneficiaries on the Vesting Date will be referred to in this document as “vested”.

The Incentive Shares vested in respect of each Calculation Period of the Employee Incentive Plan will be allocated to the Beneficiaries as follows: 50% of the relevant Incentive Shares will be allocated to the Chief Executive - of which he may dispose of as he deems appropriate- and any remaining Incentive Shares will be allocated among the rest of the Beneficiaries, following an initial proposal by the CEO, to be confirmed by the Board of Directors following the validation of the Appointments and Remuneration Committee.



- vi. **Deferral Periods:** The Incentive Shares will be delivered to the Beneficiaries only at the end of three subsequent deferral periods (each, a “Deferral Period”) with one third of the Incentive Shares being delivered following 12 months plus one day from the end of the applicable Calculation Period, another third of the Incentive Shares being delivered following 18 months plus one day from the end of the applicable Calculation Period and the remaining third of the Incentive Shares being delivered following 24 months plus one day from the end of the applicable Calculation Period.

If prior to the end of any Deferral Period the Beneficiary ceases to be an employee (or a Director of the Company in the case of the executive directors) for any reason attributable to the Beneficiary, this is: (i) voluntary termination by the Beneficiary without cause, and (ii) termination by the Company with cause (*causa justificada*) constituting a fair disciplinary dismissal (*despido disciplinario procedente*), as such term is defined in article 55 of the Spanish Workers’ Statute (*Real Decreto Legislativo 2/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Estatuto de los Trabajadores*) for members of the Management Team employed under employment contracts, or the analogous grounds for termination applicable to executive directors rendering services under services agreements)(as applicable), the Beneficiary will no longer be entitled to receive any Incentive Shares vested under the Employee Incentive Plan in respect of any Deferral Period that ends after such termination. In the event that the Beneficiary ceases to be an employee (or a Director of the Company in the case of the executive directors) for any other reason prior to the end of any Deferral Period, the Beneficiary will be entitled to receive upon termination the Incentive Shares vested under the Employee Incentive Plan and pending delivery in respect of any Deferral Period already initiated that ends after such termination. Moreover, if before the end of any Deferral Period a Liquidation Event occurs, Incentive Shares vested will be delivered to the Beneficiaries as soon as reasonably practicable following the occurrence of a Liquidation Event without regard to any Deferral Periods.

- vii. **Payment:** The Board of Directors will make all arrangements to deliver the Incentive Shares vested, if any, to the Beneficiaries as soon as practicable following the expiry of the applicable Deferral Period, prioritising always the delivery of existing shares over the issuance of new shares and the payment of an amount in cash equivalent to the value of the Incentive Shares. For such purposes, the Board of Directors may use, subject to the required approvals, any of the procedures and mechanisms available by law to effect such delivery, including without limitation the purchase of treasury shares, the issue of new shares in the event of a shortfall in the number of treasury shares available for delivery to the Beneficiaries or entering into agreements with third parties. In lieu of paying the incentive Shares under the Employee Incentive Plan through the delivery of the Incentive Shares, the Board of Directors may decide, in the event of: (i) the Company not having

enough treasury shares to deliver the Incentive Shares to be delivered to the Beneficiaries under the Employee Incentive Plan; (ii) not being in a position to purchase such shares in the open market or from an existing shareholder, or (iii) upon a Liquidation Event; to settle the Incentive Shares in cash. Such cash payment in the case of (i) and (ii) above shall be equal to the relevant amount which would be necessary to subscribe for the corresponding number of newly issued Incentive Shares or to acquire existing Incentive Shares from the Company. In this regard, the Company will establish the mechanisms necessary to guarantee the subscription by the Beneficiaries of the corresponding number of newly issued Incentive Shares or to acquire existing Incentive Shares from the Company. The share price used to determine this cash payment shall be: in the case of (i) and (ii) above the closing price of the Company's Ordinary Shares on the Spanish Stock Exchanges at close of trading of the day the cash settlement of the Incentive Shares is approved by the Company; and in the case of (iii) as discussed in the section regulating the Liquidation Events below. Any such cash payment shall not be considered net cash proceeds of any issues of Ordinary Shares for the purposes of calculating the Shareholder Return or the Shareholder Return Rate.

The delivery of Incentive Shares will be communicated by the Beneficiaries in accordance with the Market Abuse Regulation.

Any disposals of any Incentive Shares by the Beneficiaries will be communicated to both the Company and the CNMV in accordance with applicable law or the Company's Internal Code of Conduct in the Securities Markets.

The Company, by resolution of the Board of Directors following a report of the Audit Committee, may grant loans to the Beneficiaries in standard market terms on an arm's length basis to finance any Spanish income tax burden associated with the payment of the Incentive Shares

- viii. Liquidation Events: Pursuant to the Employee Incentive Plan, in the event of (i) liquidation of the Company approved by its Shareholders, or (ii) a takeover of the Company or a sale of Ordinary Shares of the Company that results in the taking of a control position by any party (as the term "control" is used in Royal Decree 1066/2007, of July 27, of regime applicable to public takeovers (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*) in both cases before the end of the Term of the Employee Incentive Plan (each a "Liquidation Event"), the Beneficiaries will be entitled to receive as indicated below Incentive Shares (which will not be subject to any Deferral Period) or, as further described below, a cash amount, representing a percentage over the total issued Ordinary Shares of the Company equal to the lesser of (a) 20% of the annualised Shareholder Return Outperformance Rate and (b) 20% of the annualised High Water Mark Outperformance Rate; provided that, for purposes of the calculation and payment of the Incentive Shares, the following particularities will apply:

- a) the higher of (i) the liquidation value of the Company or the price offered for the equity of

the Company in the takeover or sale, as applicable, and (ii) the EPRA Net Disposal Value of the Company as of the last day of the relevant Calculation Period shall be used for purposes of the calculation of the Shareholder Return, the Shareholder Return Rate, the Shareholder Return Outperformance Rate and the High Water Mark Outperformance Rate;

- b) the relevant Calculation Period shall be deemed to have ended on the date the liquidation was approved by the shareholders of the Company or the takeover or sale was accepted by a majority of the shareholders of the Company, as applicable;
- c) Consequently, the excess over 8% of the Shareholder Return Rate that is used as a key hurdle to determine if a Beneficiary is entitled to receive Incentive Shares for said Calculation Period shall be calculated on an annualised basis (e.g., if the Calculation Period for the Liquidation Event is of six months, the Shareholder Return Rate must be in excess of 3.92 % to comply with the key hurdle); and
- d) calculation and payment under the Employee Incentive Plan shall be made as soon as reasonably practicable after the last day of the relevant Calculation Period and the delivery of the Incentive Shares or the alternative cash amount will not be subject to any Deferral Period.

If the Company determines (acting reasonably) that delivering any or all of the Incentive Shares to any Beneficiary on any relevant date is materially prejudicial to the Company for any reason, including as a result of any applicable law which prevents the delivery of Ordinary Shares on that date or if the delivery of Ordinary Shares to such Beneficiary would result in (i) such Beneficiary being required to make a mandatory offer to the shareholders of the Company pursuant to the applicable Spanish takeover rules or other applicable law, or (ii) the Company or such Beneficiary breaching the applicable Spanish takeover rules, or (iii) such Beneficiary becoming beneficially entitled to or controlling, directly or indirectly, at least 10% of the share capital or voting rights in the Company (despite such Beneficiary having used reasonable endeavours to dispose of sufficient Incentive Shares, where permitted by law, to avoid this occurring), or (iv) the Company breaching any applicable listing rules), then the Company shall instead pay any Incentive Shares under the Employee Incentive Plan to such Beneficiary in cash, in an amount equal to the result of multiplying the number of Incentive Shares that are not delivered for the abovementioned reasons times the volume-weighted average market price of the Ordinary Shares of the Company in the 5 days preceding the Vesting Date. Cash paid in lieu of Incentive Shares will not be subject to any re-investment obligation in the Company's shares.

The delivery of Incentive Shares upon the occurrence of a Liquidation Event together with any other Incentive Shares delivered pursuant to the Employee Incentive plan shall not exceed in the

aggregate a maximum of 10% of the total Ordinary Shares of the Company issued and outstanding from time to time.

Additionally, if the Company determines (acting reasonably) that structuring the Employee Incentive Plan other than through the delivery of Incentive Shares and other than in cash (e.g., through warrants, stock options, etc.) may be more beneficial to the Company or to the Beneficiaries (including, for taxation purposes), then the Company may, by decision of the Board of Directors following a proposal by the Appointment and Remuneration Committee, structure the Employee Incentive Plan in such other manner.

If any change in the share capital of the Company arising from a reorganization, restructuring, scheme of reconstruction or arrangement, consolidation, subdivision, bonus issue, share buy-back or other capital reorganization or restructuring (a “Capital Restructuring”) occurs during any year which the Company or the Beneficiaries believe (acting reasonably) that the calculation or the amount of the Incentive Shares (if any) payable will change in respect of that or any subsequent year having regard to the basis of calculation of the Incentive Shares, the Company and the Beneficiaries shall negotiate in good faith to agree an appropriate adjustment to the calculation of the Incentive Shares payable in respect of that or any subsequent year. If a dispute or difference arises between the Company and the Beneficiaries in relation to the effect (if any) of a Capital Restructuring on any calculation of the Incentive Shares or in relation to what adjustment (if any) is appropriate, which they cannot resolve by mutual agreement within two months of the matter first being notified by one party to the other in writing, the matter shall be referred to an independent expert for determination.

Upon the expiration of the Term of the Incentive Plan on June 30, 2024 a new incentive plan may be approved in compliance with the Bylaws of the Company that provide that subsequent incentive plans for Directors or members of the Management Team payable in shares of the Company shall be approved by the General Meeting of Shareholders with the prior favourable report of the Board of Directors approved by a qualified majority consisting of all directors except one (i.e., in a Board of Directors of five members, the favourable report shall be approved by four directors; in a Board of Directors of six members, the favourable report shall be approved by five directors; and so on).

### **6.3. Other medium- and long-term incentives**

Without prejudice to the above, executive directors will be entitled to participate in all the medium- and long-term incentive plans that the Company decides to implement at any given time.

### **6.4. Other remuneration and in-kind remuneration**

Executive directors may receive other remuneration and certain in-kind remuneration including a

private company car, a life insurance policy, a private medical insurance policy or contributions to pension plans.

## **6.5. Main provisions of the executive directors' contracts**

The essential provisions of the executive directors' contracts are those indicated below:

### **(i) Remuneration:**

- Fixed remuneration: For the services agreed upon pursuant to the contract signed by the Company with the Chief Executive, the Company will pay the Chief Executive the gross annual amount of six hundred thousand euros (€600,000). For the services agreed upon pursuant to the contract signed by the Company with the CFO, the Company will pay the CFO the gross annual amount of two hundred and fifty thousand euros (€250,000).
- Bonus: the Chief Executive and the CFO will participate in the Company's bonus plan. In accordance with this bonus plan, the Chief Executive and the CFO may be entitled to receive an annual bonus amount of up to 150% of his fixed annual remuneration, provided that they achieve the objectives approved annually by the Board and that the payment of this bonus is also approved by the Board.
- Multi-year remuneration: the Chief Executive and CFO will be entitled to participate in the EIP and in the medium-and long-term incentive plans that the Company's Board establishes at any given time for the Company's executive team in accordance with the procedure set forth in the calculation of the EIP as detailed above.
- In-kind remuneration: company vehicle (including the lease or corresponding expenses, the insurance and repair expenses and the expenses related to the vehicle's maintenance), life insurance policy and private medical insurance policy.
- Other benefits: any additional employee benefits envisaged in the Collective Labour Agreement applicable to the Company, if any, and in any Company policy or practice applicable to its employees including, but not limited to, employee benefit systems.

### **(ii) Term: indefinite, terminating pursuant to Spanish corporate and commercial law, the Articles of Association and paragraph (iv) below.**

### **(iii) Minimum commitment: the Chief Executive's contract must remain in force for at least five years calculated from the date the Company's shares are admitted to listing on the Madrid, Barcelona, Bilbao and Valencia Stock Markets through the Spanish stock market**

interconnection system. In this respect, if the Chief Executive terminates his Contract with the Company without just cause before the aforementioned minimum commitment period has ended, the Company will be entitled to receive from him compensation equivalent to the gross fixed remuneration that the Chief Executive would have been entitled to receive during the remaining minimum commitment period.

If, before the end of the minimum commitment period, Mr López de Herrera-Oria is removed as the Company's Chief Executive or his appointment as Chief Executive is not renewed or his Contract is terminated by the Company, Mr López de Herrera-Oria will be entitled to receive compensation equivalent to the gross fixed remuneration that he would have been entitled to receive during the remainder of the Commitment Period, with a minimum of two years of remuneration calculated as two times the last total annual remuneration received (including the gross remuneration, bonus, medium- and long-term incentive plans, as well as employee benefits). This amount will reduce, euro-by-euro, the employment termination compensation established for this case in paragraph (iv) below. This compensation would not apply in the event of removal or termination with cause.

- (iv) Exclusivity covenant: the Chief Executive and CFO must provide their services exclusively to the Company, such that he may not provide any type of direct or indirect services, under any type of legal relationship, to third parties, nor on his own behalf, even when the activities he carries out do not coincide with those of the Company. Administrative positions in companies that the Chief Executive or CFO controls or has an ownership interest in that do not require significant dedication and do not coincide with the activities of the Company are excluded.

However, provided that it does not (i) interfere with the responsibilities that the Chief Executive or CFO have towards the Company and it (ii) does not entail a breach of his Exclusivity Covenant with the Company, this Exclusivity Covenant will not prevent them from, as applicable:

- continuing to be the non-executive director of the companies that are listed in the Chief Executive's contract;
- continuing to be the non-executive director of other companies (up to a maximum of three) provided that the Chief Executive or CFO obtain the express consent of the Company's Board: and,
- for the Chief Executive, continuing to be the executive director of his investment companies (which, at the date of this document, are those included in the Chief Executive's contract) and performing the corresponding duties in those

companies.

- (v) Reasons for termination and compensation: the executive director's contract may be terminated for the following reasons: (i) by mutual agreement; (ii) by unilateral decision of the executive director with a three-month advance warning under penalty of having to compensate the Company with an amount equivalent to his fixed remuneration for the year in which the advance warning was breached, (iii) free will of the Company for any reason, including those established in the Articles of Association, even if it does not relate to a serious or culpable breach by the executive director; (iv) decision of the Company as a result of serious wilful misconduct or negligence in discharging his duties as executive director; and (v) structural modification or change of control.

Upon termination by the Company of the services agreement without the analogous grounds for termination applicable to executive directors rendering services under services agreements to what is considered a fair cause constituting a fair disciplinary dismissal (*despido disciplinario procedente*), as such term is defined in article 55 of the Spanish Workers' Statute (*Real Decreto Legislativo 2/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Estatuto de los Trabajadores*), or when the services agreement is terminated by the Company or the member of the Executive Director within six months following: (i) a corporate reorganization (*modificación estructural*) pursuant to the Spanish Companies Act, (ii) a takeover of the Company or a sale of Ordinary Shares of the Company that results in a change of control (as the term "control" is used in Royal Decree 1066/2007, of July 27, of regime applicable to public takeovers (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*); then the Executive Director and member of the Management Team will be entitled to a severance payment equal to two years of the salary received by such Beneficiary during the twelve months immediately preceding such termination. This salary includes the Fixed Remuneration, any Bonus and the Incentive Shares (or equivalent incentive cash payment), vested under the Employee Incentive Plan in the most recent Calculation Period preceding the termination of his or her employment or services agreement (whether or not subject to deferred settlement) provided that, if there had been a Liquidation Event in the last six months as a result of which a number of Incentive Shares had vested for the benefit of the Beneficiary which is greater than those vested in the most recent Calculation Period, only the vested Incentive Shares that represent the highest monetary value of the two shall be taken into consideration for the purposes of this calculation (the "Remuneration for termination purposes"). The Remuneration for termination purposes shall not exclude salary reductions: (i) where expressly provided by

law or applicable case law (e.g., as a result of maternity or paternity leave (*baja de maternidad o paternidad*), temporary sick leave (*incapacidad temporal*), care of family members leave (*baja para el cuidado de familiares*) or in the circumstances provided in the Nineteenth Additional Provision of the Spanish Workers' Statute); or (ii) due to wage reduction agreements linked to COVID-19 or other extraordinary circumstances.

- (vi) Non-solicitation covenant: during the term of the Chief Executive's and CFO's contract and during the period of two years after the termination thereof, the Chief Executive and the CFO may not directly or indirectly, without the prior written consent of the Company, (i) solicit, induce or attempt to persuade in any other manner any customer or potential customer of the Company to terminate their relationship or potential relationship therewith, or (ii) hire or solicit, recruit, induce, persuade, influence or encourage any employee of the Company to leave.
- (vii) Covenant not to compete (CNC): during the term of his contract, the Chief Executive or the CFO may not directly or indirectly compete with the business or activities carried out or that will be carried out by the Company, with the sole exception of the existing commitments assumed by Mr. López de Herrera-Oria as the non-executive director of Rodex Asset Management, S.L. and that are expressly indicated in the admission to listing perspectives of the Company's shares in the Spanish Stock Markets.

## **6.6. New appointments**

If during the term of the Remuneration Policy other directors with executive duties join the Board, their remuneration package (i.e.: remuneration components and their corresponding minimum and maximum limits) will be governed by the principles guiding paragraph 6.1, 6.2, 6.3 and 6.4 of this Remuneration Policy, without prejudice to the particularities specific to their respective service contracts with the Company.

In this regard, when proposing the basic terms of the aforementioned contracts of service for approval by the Board, the Appointments and Remuneration Committee must bear in mind, including, but not limited to, variables or aspects such as (i) the duties attributed to the new executive director; (ii) the level of dedication to the Company; (iii) the responsibilities they assume; (iv) their management, leadership and business strategy experience; (v) their professional career and value creation history; and (vi) their remuneration level at the time of appointment.



**REPORT OF THE BOARD OF DIRECTORS OF ÁRIMA REAL ESTATE SOCIMI, S.A. ON THE PROPOSAL TO AUTHORISE THE BOARD TO INCREASE THE SHARE CAPITAL PURSUANT TO SECTION 297.1.B) OF THE SPANISH CORPORATE ENTERPRISES ACT [LEY DE SOCIEDADES DE CAPITAL] FOR CONSIDERATION UNDER ITEM TEN OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING OF ARIMA REAL ESTATE SOCIMI, S.A. CONVENED ON 28 JUNE 2021 AND 29 JUNE 2021 AT FIRST AND SECOND CALL, RESPECTIVELY.**

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This report has been drawn up by the Board of Directors of ÁRIMA REAL ESTATE SOCIMI, S.A. (the "Company") in accordance with sections 286, 297.1.b), and 506 of the Spanish Corporate Enterprises Act [*Texto Refundido de la Ley de Sociedades de Capital*], approved by Spanish Royal Legislative Decree 1/2010 of 2 July 2010, in support of the proposal to delegate authority to the Board of Directors, including the authority to delegate in its turn, to increase the share capital on one or more occasions within a five-year period up to half the share capital while excluding shareholders' pre-emption rights in respect of the share capital increases up to 20% of the share capital and to reword Article 5 in the Articles of Association, which proposal is being submitted to the General Shareholders Meeting scheduled for 28 June 2021 at first call and for 29 June 2021 at second call for approval under item ten on the meeting agenda.

This report fulfils the requirements laid down in sections 297.1.b), 286, and 506 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*).

- The aforesaid section 297.1.b) of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital) allows the General Shareholders Meeting, subject to the requirements stipulated for amendments to the Articles of Association, to delegate to the Board of Directors authority to increase the share capital on one or more occasions when it sees fit in the amount that it decides up to a specified amount, without referring the matter to the General Shareholders Meeting for prior approval. Increases of this kind may not exceed half the company's share capital at the time authorisation is conferred and are to be effected by cash contributions made within five years of the General Shareholders resolution.
- In addition, to amend the Articles of Association, section 286 requires the directors to draw up the full wording of the proposed amendment and, in the case of public limited companies, a written report in support of the proposed amendment.
- Finally, section 506 of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital) stipulates that when the General Shareholders Meeting delegates authority to increase the share capital to the directors, it may also authorise them to exclude pre-emption rights of purchase in respect of the share issues made pursuant to that authority where that is in the company's interest. Such delegation to increase capital with exclusion of pre-emption rights cannot refer to more than 20% of the share capital of the company existing at the time the authorisation is conferred. The notice of meeting for the General Shareholders Meeting that will be considering the proposal to delegate authority to increase the share capital to the

directors will likewise expressly announce the proposed exclusion of pre-emption rights of purchase, and a report by the directors supporting the proposal to delegate that authority is to be made available to shareholders from the time the General Shareholders Meeting is convened.

#### **JUSTIFICATION OF THE PROPOSAL SUBMITTED UNDER ITEM TEN ON THE AGENDA**

Section 297.1.b) of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) allows the General Shareholders Meeting, subject to the requirements stipulated for amending the Articles of Association, to delegate to the Board of Directors authority to increase the share capital up to an amount not to exceed half the share capital at the time authorisation is conferred, on one or more occasions over a period of five years. The delegation of authority is ordinarily requested so that the Board of Directors will be able to take advantage of the means envisaged by the legislation, enabling it to take fast, efficient action in response to the needs arising in the course of business dealings.

The justification for the proposed resolution submitted to the General Shareholders Meeting, that is authorize the Board of Directors to increase capital up to 50% of the share capital, is appropriate to equip the management body with a mechanism envisaged by the company's own rules and regulations enabling it to nimbly undertake one or more share capital increases within the limits, terms, and conditions set by the General Shareholders Meeting within the framework of the law without having to convene and hold another General Shareholders Meeting.

The delegation of authority mechanism envisaged in section 297.1.b) of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) will enable the Company to provide the Board of Directors with a versatile, flexible instrument for more suitably addressing the Company's needs ensuing from market conditions.

Accordingly, in the context of new investment opportunities for ÁRIMA, the Board of Directors considers it essential to be in a position to be able to take advantage of the possibilities offered by the current legislative framework to enable quick and efficient responses to those opportunities and to other needs that may arise in the course of business as currently carried on by large companies. All the preceding reasons make it advisable for the Board of Directors to be in a position to make use of the authorised share capital mechanism envisaged by our country's laws. This proposal is envisaged to grant the Company flexibility to take advantage of such investment opportunities on the short term, in particular those that will arise from the current situation due to the crisis of COVID-19.

The Company has an important portfolio of properties currently being analysed. The Company's pipeline is quite dynamic, in that new investment opportunities are continually being investigated by the management team under its approach of meticulous, rigorous consideration when embarking on new investment projects so as to be in a position to maximise shareholder value sustainably over the long term. The Company has already invested or committed resources (both its own and external funds) in excess of 300 million euros.

Under this situation, it is therefore necessary to be able to move quickly and efficiently in response to market opportunities while the market continues to offer investment opportunities that need to be evaluated. The Company considers that the current share capital, of approx. 285 million euros, does not represent a high amount to face these new investments that the Company is considering. All the preceding reasons make it advisable for the Board of Directors to be in a position to make use of the authorised share capital mechanism envisaged by our country's laws.

With the foregoing in mind, it seems advisable to submit this proposal to delegate authority to the Board of Directors to increase the Company's share capital by a maximum nominal amount of half of the share capital existing at the time the authorisation is conferred, which amount is in conformity with the limits set by the applicable law, for consideration by the General Shareholders Meeting. In any case, the limit of 50% of the share capital will only be used exceptionally, the general rule being not to achieve such limit. The increases made pursuant to that authority will take the form of offering issues of new shares – with or without a premium and with or without ordinary voting rights or privileges, including redemption or any other type of privilege permitted by applicable law – in exchange for a consideration in the form of a monetary contribution.

The proposal further envisages, where appropriate, applying for admission of the shares issued by the Company pursuant to the delegation of authority to trading on official and unofficial secondary markets, organised or otherwise, domestic or foreign, and hence authorising the Board of Directors to undertake whatever steps and procedures may be necessary vis-à-vis the competent authorities in the various national and foreign securities markets with a view to obtaining admission and listing.

In addition to the preceding proposal, it is also considered appropriate to propose that the delegation of authority to the Board of Directors to increase the share capital also include authorisation to exclude shareholders' pre-emption rights of purchase in respect of the share issues made pursuant to that authority where this is in the company's interest, all pursuant to the terms laid down in section 506 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*). Such delegation to increase capital with exclusion of pre-emption rights does only refer to capital increases of up to 20% of the share capital of the company existing at the time the authorisation is conferred.

The authority to exclude pre-emption rights of purchase is in addition to the authority to increase the share capital, in that this expands the flexibility accorded to the management body, the reason for delegating authority to increase the share capital. Apart from the cost savings of a share capital increase without pre-emption rights of purchase as opposed to a share capital increase with pre-emption rights (in particular, in the fees paid to financial institutions taking part in potential issues), excluding pre-emption rights is justified by (i) the principle of prudence in anticipation of potential temporary adverse conditions, (ii) planning criteria, and, especially, (iii) the need to strengthen the Board of Directors' ability to take fast, nimble action in circumstances in view of the volatility of current financial markets, so as to enable the Company to take advantage of the most favourable market conditions. Exclusion of pre-emption rights of purchase is further justified in that it will decrease distortion in trading of the Company's shares during the issue period, which is generally shorter than for issues with pre-emption rights. In any case, for information purposes but without the following implying an undertaking of the Company, it is noted that new shares have been issued

close to NAV value in other capital increases without pre-emption rights executed by the Company, with the aim to minimize the potential dilution effect for existing shareholders.

In any case, it should be noted that the ability to exclude pre-emption rights is an option conferred on the Board of Directors by the General Shareholders Meeting and that it will be up to the Board to decide whether it is appropriate based on the specific circumstances of each case and legal requirements. Therefore, delegating this authority does not mean that every share capital increase performed under the authorisation will entail exclusion pre-emption rights; share capital increases with pre-emption rights are possible, and the Board of Directors will consider the advisability of exclusion on a case-by-case basis. In fact, the exclusion of pre-emption rights shall be an exception being the general rule to grant the shareholders with the faculty to be included in the transaction by recognizing their share value, based on the specific circumstances.

The requested authorisation supersedes and rescinds the delegation of authority conferred by the Company's General Shareholders Meeting on 28 May 2020.

Furthermore, the Board of Directors will be able to combine the share capital increase made under this delegation of authority into a single joint new share issue with any other increase that may be approved by the General Shareholders Meeting under section 297.1.a) of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) in whatever amount and form the Meeting may see fit at any future time.

Lastly, it is likewise proposed to expressly authorise the Board of Directors to delegate, in its turn, the authority entailed by the proposal envisaged in this report under the provisions of section 249 bis of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*).

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This Management Report was drawn up by the Company's Board of Directors at its meeting on 24 May 2021.

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In Madrid, on 24 May 2021

Mr. Iván Azinovic  
Secretary of the Board

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## RESOLUTION PROPOSED TO THE ANNUAL GENERAL MEETING

The full wording of the proposed resolution submitted to the Ordinary General Shareholders Meeting for approval under item ten on the agenda is set out literally below:

***"Authorization for the Board of Directors, with the powers to sub-delegate and to increase the share capital, pursuant to section 297.1.b) of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital), valid for a maximum period of five years, through monetary contributions, up to a maximum amount equal to half (50%) of the company share capital, where the Board is authorized to exclude any pre-emption right of purchase up to a maximum amount equal to 20% of the company share capital.***

### PROPOSED RESOLUTION:

*To authorize and empower the Board of Directors, as broadly as may be required, in order that, pursuant to section 297.1.b) of the Spanish Corporate Enterprises Act, it may increase the share capital on one or more occasions and at any time, without having to previously consult with the General Meeting, within a five-year period from the date in which this General Meeting was convened, up to a maximum nominal amount equal to half (50%) of the company share capital at the time executing this power of attorney and where it must, accordingly, adhere to the limits set by the applicable regulations.*

*Capital increases granted under this power of attorney will be made, on one or more occasions, through the issuance and placing into circulation new shares (with or without a premium), whose equivalent value will consist of monetary contributions. With regard to any increase, it will depend on the Board of Directors to make a decision on whether the new shares to be issued are ordinary, preferred, redeemable, non-voting or of any other type permitted by law.*

*Furthermore, for any matter not mentioned, the Board of Directors may establish the terms and conditions of any capital increase and the characteristics of the shares, as well as to determine the intended investors and markets where the capital increases will be announced as well as the procedures to be followed for their placement, by freely offering the new unsubscribed shares within the period to exercise the right of pre-emption and may declare, should there be shares that remain unpurchased, any capital increase non-effective or that the capital is to increase only in the same amount of the underwritten subscriptions, and to redraft the text of the Articles of Association relating to the share capital. The Board of Directors may delegate a person, or persons, whether they are a director or not, who is to implement any of the resolutions passed, while using this power of attorney, and specifically for the formalization of the capital increase.*

*In the event of an incomplete subscription of capital, the Board of Directors may also establish that it be increased only by the subscribed amount and is to amend the Articles of Association relating to the share capital and number of shares. Any shares issued by means of this power of attorney may be used to settle the conversion of convertible notes issued or to be issued by the Company.*

*Furthermore, with regard to any capital increase carried out by means of this power of attorney up to a maximum amount equal to 20% of the company share capital, the Board of Directors is empowered to exclude, either totally or partially, any pre-emption right of purchase, pursuant to section 506 of the Spanish Corporate Enterprises Act.*

*Any new shares issued for the purpose of any capital increase ratified under this agreement are to be ordinary shares with the same rights as those already issued (except for dividends already declared and pending payment at the time of issuance), which are to be issued at their nominal value or with the established share premium, where applicable. The equivalent value of the new shares to be issued is dependant on monetary contributions.*

*The Company will request, whenever considered appropriate, the admission to trading on official or unofficial secondary markets, whether organized or not, either Spanish or foreign, of the shares issued by the Company by means of this power of attorney, empowering the Board of Directors to carry out any procedures and actions required for their admission to trading before the competent bodies of the various Spanish or foreign securities markets.*

*Moreover, under the resolution for the increase of share capital, it will be expressly stated that, for the appropriate legal purposes, in the event that the Company be subsequently excluded from official trading, it will be resolved by means of the procedures required by the regulations at the time and, in such case, any ownership interests will be guaranteed for shareholders who oppose or do not vote in favour of the agreement, whereby complying with the requirements established under the Spanish Corporate Enterprises Act, the Spanish Securities Market Act and any other relevant regulation.*

*This authorization invalidates the delegation granted by the Company's General Shareholders Meeting dated 28 May 2020.*

*The Board of Directors is empowered to jointly execute and aggregate, in one and the same issuance of new shares, any capital increase approved by the Board, by means of this power of attorney, and or any other capital increase approved by the General Shareholders Meeting in the future, pursuant to section 297.1.a) of the Spanish Corporate Enterprises Act, for the amount and manner it considers appropriate.*

*Moreover, the Board of Directors is expressly empowered to sub-delegate, under section 249, subsection (I) of the Spanish Corporate Enterprises Act, the powers conferred upon it under this resolution."*

## **COVID-19 IMPACT ON THE COMPANY AND ACTIONS CARRIED OUT**

In spite of the difficult conditions generated by the pandemic, Árima has been able to maintain a solid and stable position thanks to its strategy and defensive portfolio.

During this period of uncertainty, Árima has strengthened its commitment to its main stakeholders, maintaining continuous contact with shareholders and investors thanks to more than 200 virtual meetings with investors from 12 countries to inform them of our progress.

In addition, the Company has focused on prioritizing the health of its employees by adapting its workspaces following strict ad hoc designed safety protocols. Árima was already focusing its efforts on taking care of the health of its tenants, as shown by its commitment to obtaining WELL certifications in 100% of its repositioning projects. It has also installed latest generation devices in its offices to consult the indoor and outdoor air quality via mobile application.

Likewise, Árima has supported non-profit organizations through donations (60% of which have come from the management team and the Board) by involving team members in the search for initiatives. These include collaboration in disinfection tasks, assistance to the elderly in vulnerable situations, sending food to families in need, delivering protective material to hospitals and residences, offering to the Community of Madrid our available buildings.

Regarding Árimas's investments, it has closed the year with a portfolio of 9 assets with defensive profile and great growth potential. Although COVID-19 has generated an unprecedented economic stagnation, the portfolio was positively revalued and it has amounted to EUR 276 million at the end of the financial year. The increase in portfolio value reflects the minimal exposure to vulnerable sectors - which has allowed us to collect 100% of the expected rents at the beginning of the financial year - a disciplined investment focused on healthy buildings, sustainable works and projects whose philosophy perfectly fits with what the post-COVID world will demand, as well as the good progress of reforms, with deliveries planned at the end of 2021 and 2022.

In addition, the Company has worked to implement security measures in its buildings. During the State of Alarm, it maintained close communication with both tenants and suppliers to establish prevention measures and protocols in case of possible infections and, likewise, signs and posters with COVID measures were installed in each of the assets. To this day, we continue to maintain the reinforcement of the cleaning of all contactable surfaces, periodically check ventilation in buildings and disinfect common areas, making this service available to tenants.

At the end of the State of Alarm and considering the framework recommendations of the RICS regulations, communications have been sent to tenants with recommendations such as the implementation of gradual entry and exit times and appropriate hygiene and ventilation measures. In addition, safety measures have been strengthened in common areas (installation of plexiglass crystals, provision of masks and hydroalcoholic gel available to users and tenants, etc.). In addition, plans have been put in place to regulate package delivery and management and new cleaning protocols have been introduced complementing existing ones.

Árima is a company aware of the impact of the pandemic on its activity and environment and is actively involved in preventing the spread of the virus and in palliating its terrible consequences to protect the interests and well-being of its shareholders, employees, tenants, suppliers and the community around us.