



ISSUER'S IDENTIFICATION DATA

Financial year end date [31/12/2019]

Company Tax ID No. (CIF): [A88130471]

Company name:

[**ARIMA REAL ESTATE SOCIMI, S.A.**]

Registered office:

[SERRANO, 47 - 4ª PLANTA, 28001 MADRID]

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
15/11/2019	284,293,760.00	28,429,376	28,429,376

Indicate whether there are different types of shares with different associated rights:

- Yes
 No

A.2. List the direct and indirect holders of significant ownership interests at year-end, excluding board members:

Personal or corporate name of shareholder	% voting rights allocated to shares		% voting rights held through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
BANK OF MONTREAL	0.00	8.40	0.00	0.00	8.40
MORGAN STANLEY	0.00	5.49	0.00	0.00	5.49
PELHAM LONG/ SHORT SMALL CAP MASTER FUND LTD.	0.00	0.00	9.98	0.00	9.98
ROSS TURNER	0.00	0.00	9.98	0.00	9.98
RODEX ASSET MANAGEMENT, S.L.	3.84	0.00	0.00	0.00	3.84
IVANHOÉ CAMBRIDGE, INC.	0.00	20.29	0.00	0.00	20.29

Breakdown of indirect holdings:

Personal or corporate name of indirect holder	Personal or corporate name of direct holder	% voting rights allocated to shares	% voting rights held through financial instruments	% of total voting rights
ROSS TURNER	ROSS TURNER	0.00	9.98	9.98

Please indicate the most significant movements in shareholding structure during the year:

Most significant movements

The Company has made two share capital increases during this financial year. One in April in the amount of 40 million euros and another in November in the amount of 150 million euros, which brought Ivanhoé Cambridge, INC in as a shareholder with a holding of 20.293%.

A.3. Complete the following tables on members of the company's board of directors that hold voting rights over company shares:

Personal or corporate name of board member	% voting rights allocated to shares		% voting rights held through financial instruments		% of total voting rights	% voting rights <u>that can be transmitted</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	0.00	3.84	0.00	0.00	3.84	0.00	3.84

% of total voting rights held by the board of directors

3.84

Breakdown of indirect holdings:

Personal or corporate name of board member	Personal or corporate name of direct holder	% voting rights allocated to shares	% voting rights held through financial instruments	% of total voting rights	% voting rights <u>that can be transmitted</u> through financial instruments
MR. LUIS ALFONSO LÓPEZ HERRERA-ORIA	RODEX ASSET MANAGEMENT, S.L.	3.84	3.84	100.00	3.84

A.4. Indicate, where applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, and excluding those reported in section A.6:

Related-party name or corporate name	Type of relationship	Brief description
No data available		

- A.5. Indicate, where applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related-party name or corporate name	Type of relationship	Brief description
No data available		

- A.6. Describe the relationships (unless insignificant for both parties) that exist between significant shareholders or shareholders represented on the Board, and directors, or their representatives in the case of proprietary directors.

Explain, where applicable, how significant shareholders are represented. Specifically, name the directors who have been appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or links. In particular, and where applicable, mention the existence, identity and position of directors of the listed company, or their representatives, who are in turn members of the board of directors or the representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Personal or corporate name of linked board member or representative	Name or corporate name of linked significant shareholder	Name of the significant shareholder's group company	Description relationship/position
Mr. LUIS ALFONSO LÓPEZ HERRERA-ORIA	RODEX ASSET MANAGEMENT, S.L.	RODEX ASSET MANAGEMENT, S.L.	Chief Executive Officer
Mr. STANISLAS HENRY	IVANHOÉ CAMBRIDGE, INC.	IVANHOÉ CAMBRIDGE, INC.	Proprietary Director

- A.7. Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Spanish Capital Companies Act. Provide a brief description and list of the shareholders bound by the agreement, as applicable:

Yes
 No

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. If so, give a brief description:

Yes
 No

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year, where applicable:

A.8. Indicate whether any individuals or bodies corporate currently exercise control or could exercise control over the company in accordance with article 5 of the Spanish Securities' Market Act. If so, give details:

Yes
 No

A.9. Complete the following tables on the company's treasury stock:

At year-end:

Number of shares held directly	Number of shares held indirectly(*)	% of total share capital
55,842		0.20

(*) Held through:

Personal or corporate name of direct shareholder	Number of shares held directly
No data available	

A.10. Give details of the applicable conditions and time periods governing any resolutions by the general shareholders' meeting allowing the board of directors to issue, buy back and/or transfer treasury stock:

The Ordinary General Shareholders' Meeting held on 21 May 2019 agreed to authorise the acquisition of treasury stock by the Company over a period of 5 years.

A.11. Estimated free float:

	%
Estimated free float	51.99

A.12. Give details of any restriction (statutory, legislative or of any other kind) on the transfer of securities and/or any restriction on voting rights. In particular, state whether there is any type of restriction that may make it difficult to take over control of the company through the acquisition of its shares on the market, or any rules governing prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes
 No

A.13. Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid under the terms of Act 6/2007.

Yes
 No

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted:

A.14. Indicate whether the company has issued securities that are not traded in a regulated European Union market.

Yes
 No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer:

B. GENERAL SHAREHOLDERS' MEETING

B.1. Indicate and detail the differences, if any, between the required quorum for convening the General Shareholders' Meeting and the quorum required in the Spanish Capital Companies Act (LSC):

Yes
 No

B.2. Indicate and, where applicable, describe any differences between the company's system of adopting corporate resolutions and the framework established in the Spanish Capital Companies Act (LSC):

Yes
 No

B.3. Indicate the rules governing amendments to the company's Bylaws. In particular, indicate the majorities required to amend the articles of association and, if applicable, the rules for protecting shareholders' rights when changing the articles of association.

The system for the adoption of resolutions refers to the LSC.

B.4. Indicate the attendance figures for the general shareholders' meetings held during the year to which this report relates and during the preceding two years:

Attendance Data						
Date of General Meeting	% attending in person	% attending by proxy	% remote voting		Total	
			Electronic vote	Others		
26/09/2018	100.00	0.00	0.00	0.00	100.00	
Of which, free float	0.00	0.00	0.00	0.00	0.00	
01/10/2018	100.00	0.00	0.00	0.00	100.00	
Of which, free float	0.00	0.00	0.00	0.00	0.00	
18/10/2018	100.00	0.00	0.00	0.00	100.00	
Of which, free float	0.00	0.00	0.00	0.00	0.00	
21/03/2019	10.91	47.54	0.00	0.00	58.45	
Of which, free float	0.00	45.80	0.00	0.00	45.80	
05/11/2019	8.76	51.58	0.00	0.00	60.34	
Of which, free float	0.96	49.96	0.00	0.00	50.92	

B.5. State whether any point on the agenda of the general shareholders' meetings during the year has not been approved by the shareholders for any reason:

Yes
 No

B.6. State whether the articles of association impose any minimum requirement on the number of shares required to attend the general shareholders' meetings or to vote remotely:

Yes
 No

B.7. State whether it has been established that certain decisions (other than those established by law) that entail an acquisition, disposal, the contribution of essential assets to another company or other similar corporate transactions, must be subject to the approval of the general shareholders' meeting:

Yes
 No



**ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED
PUBLIC LIMITED COMPANIES**

B.8. Indicate the address of your company's website and the way in which corporate governance content may be accessed, along with any other information on general meetings which must be made available to shareholders on the Company website.

[www.arimainmo.com]

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of directors

C.1.1 Maximum and minimum number of directors established in the articles of association and the number set by the general meeting:

Maximum number of Directors	7
Minimum number of Directors	5
Number of directors set by the general meeting	6

C.1.2 Complete the following table with board members' details:

Personal or corporate name of board member	Representative	Category of board member	Position on the board	Date of first appointment	Date of last appointment	Election procedure
LUIS ALFONSO LÓPEZ HERRERA-ORIA		Executive	CHIEF EXECUTIVE OFFICER	26/09/2018	26/09/2018	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
FERNANDO BAUTISTA SAGÜÉS		Independent	DIRECTOR	26/09/2018	26/09/2018	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
DAVID JIMÉNEZ-BLANCO CARRILLO DE ALBORNOZ		Independent	DIRECTOR	26/09/2018	26/09/2018	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
LUIS MARÍA ARREDONDO MALO		Independent	CHAIRMAN	26/09/2018	26/09/2018	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
CATO HENNING STONEX		Independent	DIRECTOR	26/09/2018	26/09/2018	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
STANISLAS HENRY		Proprietary	DIRECTOR	12/11/2019	12/11/2019	RESOLUTION OF BOARD OF DIRECTORS

Total number of board members	6
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State if any directors have left the board of directors during the period forming the subject of this report, whether through resignation, dismissal or for any other reason:

Personal or corporate name of board member	Category of director at the time of leaving	Date of last appointment	Leaving date	Specialist committees of which he/she was a member	Indicate whether the director left before the end of their term
No data available					

C.1.3 Complete the following tables on the members of the board and their specific category:

EXECUTIVE DIRECTORS		
Personal or corporate name of board member	Position in company's organisational structure	Profile
LUIS ALFONSO LÓPEZ HERRERA-ORIA	CHIEF EXECUTIVE OFFICER	Luis Alfonso López de Herrera-Oria has been CEO of the Company since its incorporation. He has more than 30 years of 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 this period, Prima was admitted for listing on the Madrid stock market (1988), and in 1990 it became the largest real estate company in Spain. In 2002, he founded Rodex with a small team of former colleagues from Prima. In 2007, Rodex's main business was transferred to Alza Real Estate, SA, where he took up the role of CEO and Independent Director. Luis Alfonso López de Herrera-Oria has also worked as an independent adviser for funds such as Falcon II Real Estate, founded by Morgan Stanley, and CBRE, and he is a former adviser with iAdvise Partners, EAFI, SL. He has a degree in Economics and is a member of the Royal Institution of Chartered Surveyors (FRICS).

Total number of Executive Directors	1
% of the Board	16.67

EXTERNAL PROPRIETARY DIRECTORS		
Personal or corporate name of board member	Individual or corporate name of the significant shareholder that he/she represents or that proposed his/her appointment	Profile
STANISLAS HENRY	IVANHOÉ CAMBRIDGE, INC.	Stanislas Henry is an independent non-executive director of the Company. He is a French national and resident in France and has an MBA from INSEAD (1996). He is currently Vice President of Ivanhoé Cambridge

EXTERNAL PROPRIETARY DIRECTORS

Personal or corporate name of board member	Individual or corporate name of the significant shareholder that he/she represents or that proposed his/her appointment	Profile
		<p>Europe, where he manages all strategic alliances in Europe. He began his career in Corporate Finance with Paribas Group from 1988 to 1995, holding positions in branches of this group in Paris (Project and Media Financing), London (LBO financing) and New York (European Corporate Desk). He subsequently worked for five years at GE Capital and GE Real Estate in London and Paris, working in corporate development, helping to build a greater presence for GE in the European real estate markets (in France, the United Kingdom, Spain and Italy).</p> <p>After a year working in M&A and Treasury at Allianz France (formerly AGF), he joined Credit Agricole Group, where he managed M&A activities in the real estate market for CA CIB between 2002 and 2008. He eventually joined Amundi Real Estate, Credit Agricole Group's Asset Management business, where he created the department for institutional real estate funds, building the business to a point where it had €12Bn worth of AUM. He joined Ivanhoé Cambridge in May 2019.</p>

Total number of proprietary directors	1
% of the Board	16.67

INDEPENDENT EXTERNAL DIRECTORS

Personal or corporate name of board member	Profile
FERNANDO BAUTISTA SAGÜÉS	<p>Fernando Bautista Sagüés is an independent non-executive director of the Company. He holds a degree in Law from Deusto University and a diploma in Business Economics from the Catholic Institute of Business Management ICADE, and he has been a member of the Madrid Bar Association since 1981. Fernando Bautista Sagüés became a partner at the law firm J&A Garrigues in 1989 and after its merger with Arthur Andersen, he became a partner of Arthur Andersen Worldwide in 1996. Two years later, in 1998, Fernando Bautista Sagüés was made a partner of Freshfields. Between 2014 and 2018 he was an independent non-executive director of Axiare Patrimonio. Fernando Bautista Sagüés currently works as an independent legal adviser on matters relating to corporate and finance law. He is Director of Abante Asesores S.A. and Secretary of the Corporate Social Responsibility Committee at Iberdrola, S.A.</p>
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	<p>David Jiménez-Blanco Carrillo de Albornoz is an independent non-executive director of the Company. He holds a degree in Business Economics from CUNEF. Mr Jiménez-Blanco worked at Goldman Sachs International between 1995 and 2006, where he was responsible for the European Industrial Clients Group and the Investment Banking teams in Spain and Portugal. Between 2006 and 2009, Mr Jiménez-Blanco was Chairman of Merrill Lynch Capital Markets</p>

INDEPENDENT EXTERNAL DIRECTORS	
Personal or corporate name of board member	Profile
	<p>España, S.A, Sociedad de Valores, in his position as Head of Investment Banking and Global Markets in Spain and Portugal, as well as sitting on the Investment Banking Operations Committee for EMEA. Between 2010 and 2013, he was a partner at BK Partners, a management company focused mainly on direct investment in Mexico, and from 2013 to 2016 he was Finance Director at World Duty Free Group SpA, a company that is listed on the Milan stock exchange. Between 2014 and 2018 he was an independent non-executive director of Axiare Patrimonio. Mr Jiménez-Blanco is currently head of Restructuring at Abengoa, S.A., an independent coordinator and board member at Bolsas y Mercados Españoles, S.A. and Chairman of Gawa Capital Partners, S.L.</p>
<p>LUIS MARÍA ARREDONDO MALO</p>	<p>Luis Maria Arredondo Malo holds a degree in Civil Engineering and has received the Professional Medal of Merit from the Association of Civil Engineers. He completed a senior programme in Business Administration (PADE) at IESE Business School (University of Navarra). From 1969 to 1975 he worked at the Spanish Ministry of Public Works as a project engineer. From 1975 to 1978 he was General Manager of the construction company S.A.C.R.A., a subsidiary of the Belgian Group C.F.E. Between 1980 and 1988 he was General Manager of Corporación Inmobiliaria Hispamer (CIH) and General Manager of the Company Edificaciones de Madrid y Provincia, S.A. (EMPSA). From 1988 to 1994 he was Managing Director (CEO) of Inmobiliaria Zabálburu, S.A., a company listed on the Spanish stock market. Over that period, the real estate company developed into a business that recorded rapid and continuous growth. From 1994 to 2006 he was Managing Director of Inmobiliaria Urbis, also holding the position of Chairman in 2006. Over that period, the company achieved a market value of 3,400 million euros. From 2006 to 2013 he was Chairman and Managing Director of Santander Global Property, Banco Santander's asset management company, with large international projects in cities such as Madrid, Sao Paulo, Mexico City, Monterrey, Miami and Berlin. From 2014 to 2018 he was Chairman of the Board of Directors of Axiare Patrimonio, one of the largest SOCIMIs listed on the Spanish stock market, which was recently acquired by Inmobiliaria Colonial.</p>
<p>CATO HENNING STONEX</p>	<p>Cato Henning Stonex is an independent non-executive director of the Company. He holds a BSC (Econ) from the London School of Economics and Political Science. From 2006 to 2016 he was a governor and in 2016 was appointed governor emeritus. Cato Henning Stonex is Director of LSE Ideas (think tank) and a member of its Investments Committee. Cato Henning Stonex joined Morgan Grenfell & Co in 1986, where he became a trader in European government bonds. In 1989 he joined J. Rothschild Administration as a fund manager. In 1996 he was a founding partner at Taube Hodson Stonex. In 2016, Taube Hodson Stonex merged with Global Asset Management. In 2017, Cato Henning Stonex founded the Partners' Investment Company. He was an independent non-executive director of Axiare Patrimonio from 2017 to 2018.</p>

Total number of independent directors	4
% of the Board	66.67

List any Independent Directors who receive any amount or payment from the company or its corporate group other than standard director remuneration, or who maintain or have maintained during the last financial year a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior officer of an entity, which maintains or has maintained such a relationship.

Where applicable, include a reasoned statement from the Board detailing why it believes that the said director will be able to perform his/her duties as an independent director.

Personal or corporate name of board member	Description of the relationship	Reasoned statement
No data available		

OTHER EXTERNAL DIRECTORS			
Give details of any other external directors and list the reasons why they cannot be considered proprietary or independent directors. Give details of their relationships with the company, its executives or shareholders:			
Personal or corporate name of board member	Reasons	Company, manager or shareholder to whom he/she is linked	Profile
No data available			

Total number of other external directors	N.A.
% of the Board	N.A.

List any changes in the category of each director that have occurred during the period reported:

Personal or corporate name of board member	Date of change	Previous category	Current category
No data available			

C.1.4 Complete the following table with information on the number of female board members at the close of the last 4 financial years and their category:

	Number of female board members				% of the total number of directors of each type			
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2019	FY 2018	FY 2017	FY 2016
Executive			N.A.	N.A.	0.00	0.00	N.A.	N.A.
Proprietary			N.A.	N.A.	0.00	0.00	N.A.	N.A.
Independent			N.A.	N.A.	0.00	0.00	N.A.	N.A.

	Number of female board members				% of the total number of directors of each type			
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2019	FY 2018	FY 2017	FY 2016
Other External Directors			N.A.	N.A.	0.00	0.00	N.A.	N.A.
Total			N.A.	N.A.	0.00	0.00	N.A.	N.A.

C.1.5 State whether the company has diversity policies that apply to its board of directors on such questions as age, gender, disability and professional training and experience. Small and medium-sized enterprises, as these are defined in the Accounts Audit Act, must at least report the policy they have implemented in relation to gender diversity.

- Yes

 No
 Partial policies

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also describe the specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a balanced and diverse group of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved

The Board of Directors has approved a director selection policy which ensures that the procedures used to select directors favour diversity in respect of gender, experience and knowledge and that they are free from any implicit bias that might involve some form of discrimination. It also ensures that candidates for the position of non-executive director have sufficient time available to properly perform their duties.

C.1.6 Explain the measures agreed by the appointments committee, where applicable, to ensure that selection processes are not subject to any implicit bias that would make it difficult to select female directors, and to ensure that the company makes a conscious effort to search for and include female candidates who have the required professional profile, thus allowing for a balanced presence between men and women.

Explanation of measures

Although it is true that there are no women on the Board of Directors, the Board is committed to redressing this situation. To this end, the relevant internal assessments are being made.

When, in spite of the measures taken (where applicable), there are few or no female directors, please give the reasons why this is the case:

Explanation of reasons

As mentioned in the previous section, the company is making the relevant internal assessments regarding the inclusion of women on the Board of Directors, though as yet no such appointments have been made.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the director selection policy. In particular, explain how this policy pursues the goal of having at least 30% of all positions on the board of directors occupied by women directors by the year 2020.

The Company has established a policy of selecting board members based on an analysis of the Company's needs. Candidates for board members will be persons of known reputation, reliability, competence, qualification, training and availability who are committed to the role. In addition, they must be professionals whose conduct and career path are aligned with the mission, vision and values of the Company. It is also the Company's wish to pursue diversity policies and ensure compliance with the targets set with regard to participation by women in board of directors, a situation that is currently under analysis.

C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the request of shareholders who hold less than 3% of the share capital:

Personal or corporate name of shareholder	Reasons
No data available	

Provide details of any rejections of formal requests for board representation from shareholders whose shareholding interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. Where applicable, explain the reasons why they were rejected.

Yes
 No

C.1.9 Where applicable, give details of the powers and duties delegated by the board of directors to directors or board committees:

Personal or corporate name of board member or committee	Brief description
LUIS ALFONSO LÓPEZ HERRERA-ORIA	Each and every one of the powers accorded to the Board of Directors which may be subject to delegation under Law, Bylaws and the Board of Directors' Regulations

C.1.10 List the directors, if any, who hold office as directors, directors' representatives or executives in other companies belonging to the listed company's group:

Personal or corporate name of board member	Name of the group company	Position	Does he/she have executive powers?
Mr. LUIS ALFONSO LÓPEZ HERRERA-ORIA	Árma Investigación, Desarrollo e Innovación, S.L.U.	Representative of the Sole Director	YES

C.1.11 Where applicable, list any directors or directors' representatives that are legal entities and are members of the board of directors or the representatives of members of the board of directors of other companies listed on official securities markets other than group companies, and have communicated that status to the Company:

Personal or corporate name of board member	Name of the listed company	Position
No data available		

C.1.12 State and, where applicable, explain whether the company has established rules on the maximum number of company boards on which its directors may hold seats, identifying, where appropriate, where this is regulated:

Yes
 No

Explanation of the rules and identification of the document where this is regulated.

In accordance with Article 21, section 2.a of the Board of Directors Regulations, under no circumstances may a director be a member of more than 5 Boards of Directors.

C.1.13 Give details of the following amounts paid in relation to the overall remuneration received by the board of directors:

Amount of remuneration accrued by the board (thousands of euros)	992
Value of rights accumulated by current board members in respect of pensions (thousands of euros)	
Value of rights accumulated by former board members in respect of pensions (thousands of euros)	

C.1.14 List any members of senior management who are not executive directors and indicate the total remuneration paid to them during the financial year:

Name or corporate name	Position/s
No data available	

C.1.15 Indicate whether any changes have been made to the board regulations during the year

Yes
 No

C.1.16 Give details of the procedures for selecting, appointing, re-electing and removing Directors. List the competent bodies and the processes and criteria used for each procedure.

The selection policy for candidates for the position of director establishes that candidates for the Company's Board of Directors will be selected on the basis of the following principles:

1. The aim will be to ensure that the Board of Directors comprises a balanced membership with the majority being Non-Executive Directors and with a reasonable ratio of Proprietary and Independent Directors.
2. The Board of Directors shall ensure that the procedures for the selection of Directors favour diversity of gender, experience and knowledge and are free from any implicit bias that might lead to discrimination. It will also ensure that candidates for Non-Executive Directors have sufficient time available to properly perform their duties.

3. Additionally, the process of selecting candidates for the position of Director will begin with a preliminary analysis of the needs of the Company and its Group. This analysis will be carried out by the Company's Board of Directors, with advice and a mandatory prior supporting report from the Appointments and Remuneration Committee.
4. The supporting report from the Appointments and Remuneration Committee shall be published when convening the General Shareholders' Meeting to which the ratification, appointment or re-election of each Director is to be submitted.
5. The Appointments and Remuneration Committee will annually verify compliance with the Board Member Selection Policy and will detail its findings in the Annual Corporate Governance Report.

C.1.17 Explain the extent to which the annual appraisal of the Board has given rise to significant changes in its internal organisation and the procedures applicable to its activities:

Description of changes

There have been no changes to the internal organisation of the Board due to its appraisal.

Describe the appraisal process and the areas assessed by the Board of Directors with the help, where required, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been subject to appraisal.

Description of the appraisal process and areas assessed

The Board of Directors shall conduct an annual self-assessment of its operation and of its Commissions and Committees, in particular the diversity in the composition and competence of the Board of Directors, as well as the performance of the Chairman of the Board of Directors, the Chief Executive Officer of the Company and of the different Directors, paying special attention to the heads of the different Board Commissions and Committees, and it shall take the appropriate measures for their improvement.

The result of this assessment shall be recorded in the minutes of the meeting or attached to this report as an appendix.

The assessment of the various Board Commissions and Committees should start from the reports they send the Board of Directors, while that of the Board itself should start from the report drafted by the Appointments and Remunerations Committee.

Every three years, the Board of Directors shall be assisted in carrying out the assessment by an External Consultant, whose independence shall be verified by the Appointments and Remuneration Committee.

Any business relationships that the consultant (or any company from its group) maintains with the Company (or any company within the Group) must be listed in the Annual Corporate Governance Report. The process and the areas assessed will be described in the aforementioned Annual Corporate Governance Report.

At present, at the close of the financial year, now that the Company has completed its first year of trading, an assessment is being made of the board and its committees, with a view to adopting an action plan to deal with any deficiencies detected, where applicable.

C.1.18 For financial years in which the assessment has been assisted by an external advisor, give details of the business relationships that the external advisor or any company in its group maintains with the company or any company in its group.

N/A.

C.1.19 Indicate the cases in which Directors are obliged to resign.

Article 12 of the Board of Directors' Regulations regulates the dismissal and removal of Directors:

1. Directors must relinquish their post and formalise their resignation whenever any of the grounds set out in law for incompatibility or disqualification from holding the position of director become apparent, and also in the following cases:

a) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers the entire holding that it had in the Company or reduces it to such a level that this requires a reduction in the number of its proprietary directors.

b) When the Board itself requests this by a majority of at least two thirds (2/3) of its members, due to the director having infringed his/her obligations, following a proposal or report from the Appointment and Remuneration Committee, or when his/her remaining on the Board could endanger the Company's credit and reputation.

2. In the event that a private individual representing a legal entity that holds a position of the board becomes affected by any of the grounds set out in law for incompatibility or disqualification from office, the legal entity that holds the position on the board must immediately replace that person.

3. The Board of Directors may not propose the removal of any independent director prior to the end of the statutory period for which he/she was appointed, unless there are fair grounds as assessed by the Board following a report from the Appointments and Remuneration Committee. In particular, it shall be understood that just cause exists when the director has failed to comply with the duties inherent in his/her post, has failed to comply with any applicable recommendation on the subject of corporate governance or has become bound by any of the circumstances preventing his/her appointment as an independent director. Notwithstanding the foregoing, the Board may also propose the removal of independent directors resulting from takeover bids, mergers or other similar corporate operations that imply a change in the Company's capital structure, when such changes in the structure of the Board are supported by the criterion for proportionality set out in article 9, section 3, above.

4. When a director leaves his/her post before the end of his/her term, whether through resignation or due to any other cause, he/she shall explain their reasons in a letter sent to all members of the Board, notwithstanding the resignation being notified as a significant event and the reason for the resignation being noted in the Annual Corporate Governance Report. In particular, in the event that the resignation of the Director is due to the Board having adopted significant or repeated resolutions regarding which the director has set down on record his/her reservations and as a consequence of this has decided to resign, this circumstance shall be expressly stated in his/her resignation letter. This provision also applies to the secretary of the Board, even if he/she is not a director.

5. Notwithstanding the above, the removal of directors may be approved by the General Shareholders' Meeting at any moment, even when not provided for in the meeting's agenda.

C.1.20 Are enhanced majorities required for any type of decision, other than those that are stipulated in law?

Yes

No

Where applicable, describe the differences.

Description of differences

Article 31 of the Regulations of the Board of Directors establishes in section 6 that the favourable vote of a qualified majority of directors will be necessary for (i) the approval of the report necessary for the General Meeting to approve the establishment of the compensation system for directors and management of the Company, consisting of the delivery of shares or rights over them, for (ii) the modifications with respect to the Company's business and for (iii) the modification of article 31.6 itself.

Likewise, article 4.3. of the Board Regulations establishes a 2/3 majority of the Board to be able to modify the Regulation itself, and 12.1. b) of the Board Regulations establishes a 2/3 majority of the Board in order to request termination or resignation of the Directors.

C.1.21 Indicate whether there are any specific requirements, other than those that apply to directors, to be appointed chairman of the board of directors:

Yes

No

C.1.22 Indicate whether the articles of association or the board regulations set any age limit for directors:

Yes

No

C.1.23 State whether the articles of association or the board regulations establish any term limits or other stricter requirements for independent directors in addition to those that are required by law:

Yes

No

C.1.24 Indicate whether the articles of association or the board regulations stipulate specific rules for delegating voting rights on the board of directors, how this is done and, in particular, the maximum number of times that voting rights may be delegated to a board member, as well as whether there is any limitation on the categories of director to whom proxies can be delegated, beyond the restrictions imposed by law. Where applicable, detail these briefly.

Article 31.2 of the Board of Directors' Regulations states that directors must attend board meetings in person, notwithstanding the contents of paragraph 8 of Article 30. However, directors may be represented by another director in accordance with the legislation in force from time to time. The power of representation shall be granted especially for the board meeting in question, and it may be notified using any of the means provided for in paragraph 5 of Article 30 of the Regulations.

C.1.25 Indicate the number of board meetings held during the year. Indicate how many times the board has met without the chairman in attendance. Attendance will also include proxies appointed with specific instructions.

Number of board meetings	14
Number of board meetings held without the chairman's attendance	0

State the number of meetings held by the coordinating director with the other directors when no executive director was present either in person or by proxy:

Number of meetings	0
--------------------	---

Indicate the number of meetings held of the various board committees during the year:

Number of meetings of the AUDIT COMMITTEE	5
Number of meetings of the APPOINTMENTS AND REMUNERATION COMMITTEE	7

C.1.26 State the number of meetings held by the board of directors during the year and details of the number of members in attendance:

Number of meetings held with at least 80% of board members present in person	11
% of personal attendance over total votes during the year	78.57
Number of meetings at which all board members were present in person or represented by proxy with specific instructions	10
% of votes issued at meetings in person or by proxy with specific instructions over total votes during the year	71.43

C.1.27 State whether the consolidated and individual financial statements submitted for authorisation by the board are previously certified:

- Yes
 No

Identify, where applicable, the person(s) who certified the company's individual and consolidated annual accounts prior to their authorisation for issue by the board:

C.1.28 Explain the mechanisms, if any, put in place by the board of directors to ensure that the individual and consolidated financial statements prepared by the board are not presented at the general shareholders' meeting with a qualified audit report.

Article 40 of the Board of Directors' Regulations governs relations with the external auditors in the following terms:

1. Relations between the Board of Directors and the Company's external auditors shall be channelled via the Audit and Compliance Committee.
2. The Board of Directors shall refrain from contracting audit firms in which the fees which the company and the companies in its group are expected to pay for all items are greater than five percent (5%) of the income of the audit firm in Spain during the immediately preceding financial year.
3. The Board of Directors shall aim to formulate the annual accounts definitively in such a way that there are no provisos or reservations in the audit report, and in the exceptional case that these exist, both the chairman of the Audit and Control Committee and the auditors shall clearly explain to the shareholders the content and scope of those provisos or reservations.

C.1.29 Is the board secretary also a member of the board?

- Yes
 No

If the Secretary does not have the status of director, please complete the following table:

Personal or corporate name of board secretary	Representative
Mr. IVÁN AZINOVIC GAMO	

C.1.30 Give details of the specific measures established by the company to ensure the independence of its external auditors and, where applicable the mechanisms implemented to maintain the independence of financial analysts, investment banks, and rating agencies, including how the provisions set out in law have been implemented in practice.

Section five of Article 35 of the Board of Directors' Regulations establishes the following duties for the Audit and Control Committee in relation to the external auditor:

- (i) to bring before the Board of Directors proposals for the selection, appointment, re-election and replacement of the external auditor (which must be international firms of acknowledged standing), along with the terms of their engagement;
 - (ii) to receive information from the external auditor on a regular basis regarding the audit plan and the results of its execution, and to check that the management takes its recommendations into account;
 - (iii) to ensure the independence of the external auditor and, to that end, ensure that the Company informs the CNMV (Spanish Securities Market Commission) of the change of auditor as a significant event, enclosing a declaration on the possible existence of disagreements with the outgoing auditor and their content, where applicable; and in the event that the external auditor resigns, to examine the circumstances that caused its resignation.
- The Audit and Control Committee must establish the appropriate relations with the accounts auditors or auditing companies in order to receive information on those questions that could endanger their independence, so that these can be examined by the Audit and Control Committee, along with any other questions relating to the process of conducting the accounts audits and any other communications provided for in the legislation on accounts audits and auditing standards. In all cases, they must receive written confirmation each year from the accounts auditors or the auditing companies regarding their independence from the company and any companies directly or indirectly related to it, along with information on additional services of any kind that have been provided to these companies by the said auditors or companies or parties related to them, in accordance with the provisions of Spanish Accounts Auditing Act 22 of 20 July 2015;

(iv) to aid the Company's auditor so that it can accept responsibility for the audits of the companies belonging to the group, where applicable;
(v) in the event of the external auditor's resignation, to examine the circumstances that have caused it;
(vi) to ensure that the payment of the external auditor does not compromise its quality or independence;
(vii) to ensure that the external auditor has a yearly meeting with the Board of Directors in full session to inform it of the work undertaken and developments in the Company's risk and accounting positions;
(viii) to ensure that the Company and its external auditor respect the regulations in force on the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, all other regulations governing the independence of auditors.
In addition, prior to the issue of the accounts audit report, the Audit and Control Committee must produce an annual report in which it gives an opinion on the independence of the accounts auditors or auditing companies. This report must, in all cases, include a statement regarding the provision of the additional services referred to in section b), point (iii), above.

C.1.31 State whether the Company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

- Yes
 No

If there have been disagreements with the outgoing auditor, explain the reasons:

- Yes
 No

C.1.32 Indicate whether the auditing firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group:

- Yes
 No

	Company	Group companies	Total
Fees for non-audit work (thousands of euros)	95	0	95
Amount invoiced for non-auditing work / Amount for auditing work (as a %)	45.45	0.00	45.45

C.1.33 Indicate whether the audit report on the previous year's annual accounts is qualified or includes reservations. If so, please explain the reasons given by the chairman of the audit committee to shareholders at the General Shareholders' Meeting to explain the content and extent of these qualified opinions or reservations.

- Yes
 No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the company's individual and/or consolidated annual financial statements. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the annual accounts have been audited:

	Individual	Consolidated
Number of consecutive years	2	2

	Individual	Consolidated
Number of years audited by the current audit firm / number of years the company or its group have been audited (as a %)	100.00	100.00

C.1.35 Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies and, where applicable, give details:

- Yes
 No

Details of the procedure

Section 5 of Article 30 of the Board of Directors' Regulations establishes the following:

Meetings of the Board of Directors will be notified by letter, fax, telegram, email or any other means that provides proof of receipt, and notification will be authorised with the signature of the chairman, or with the signature of the secretary or deputy secretary, by order of the chairman. Such notifications shall be sent sufficiently in advance so that they are received by board members no later than the third day before the date set for the meeting, except in the case of urgent meetings, which may even be convened and held immediately. This shall exclude those cases in which the Regulations require a specific period of advance notice. Notifications shall always include the place, date and time at which the meeting is to be held and, unless duly justified, the meeting's agenda, and they shall be accompanied by any information deemed necessary in order to debate and adopt resolutions on the items to be discussed, unless the Board of Directors has been constituted or exceptionally convened for reasons of urgency.

In this regard, the company's usual practice is to make all information available to board members a week before the meeting is to be held.

C.1.36 Indicate and, where applicable, give details of whether the company has established regulations obliging directors to inform the board of any circumstances that might harm the organisation's name or reputation, resigning as the case may be:

- Yes
 No

Details of the regulations

Article 21 of the Board of Directors' Regulations governs the duty of notification on the part of directors:

1. Directors shall inform the Company of any stake that they or their Related Parties hold in the capital of any company with the same or a similar or complementary kind of business activity to the one forming the corporate purpose, giving details of any positions held or duties performed at the company in question. They shall also inform the Company of any activity that they engage in, either for themselves or for others, that is complementary to the one forming the Company's the corporate purpose. All such information shall be included in the notes to the annual accounts and in the Annual Corporate Governance Report, in accordance with legal requirements.

2. Directors must also notify the Company:

a) of all the posts held and the activities carried out in other companies or organisations, along with any other professional obligations. In particular, and prior to accepting any appointment as a director or executive in another company or organisation, directors must consult the Appointments and Remuneration Committee. No Director may, under any circumstances, sit on more than five (5) Boards of Directors;

- b) of any material change in their professional situation that may affect the nature or condition by virtue of which they had been appointed as directors;
- c) of any judicial, administrative or other proceedings that they may be involved in and that, due to their characteristics or importance, could have a serious impact on the Company's reputation. In particular, all directors must inform the Company, through its Chairman, of any cases in which they are arraigned, or if a court decides to hold a trial involving them in connection with any of the crimes listed in Article 213 of the Spanish Capital Companies Act. In such cases, the Board of Directors shall examine the matter as promptly as possible and adopt any resolutions it deems appropriate in the Company's best interests;
- d) of any holding taken directly or indirectly in the Company's share capital by the director or any of his/her Related Parties, and of any change to that holding, and of any transaction that is engaged in directly or indirectly by the director or any of his/her Related Parties in relation to the Company's share capital. For these purposes, the term "Related Parties" shall be understood to include any other persons who are deemed to have close ties with directors, pursuant to the terms of Article 3 of Regulation (EU) 596/2014 of the European Parliament and Council of 16 April 2014 on market abuse (market abuse regulation); and
- e) in general, of any fact or situation that may be of relevance to their actions as a director of the Company.

C.1.37 Indicate whether any member of the board of directors has notified the company that they have been indicted or tried for any of the offences listed in Article 213 of the Spanish Capital Companies Act:

- Yes
 No

C.1.38 List any significant agreements entered into by the company which come into force, will be amended or will be terminated in the event of a change of control of the company due to a takeover bid, and the effects thereof.

Árma Real Estate Socimi, S.A. has an incentive scheme for the Company's team. This plan was approved at the General Shareholders' Meeting of 26 September 2018 and can be found in the information prospectuses for the Company's IPO and share capital increases, which have been registered with the Spanish Securities Market Commission (CNMV). As set out for information purposes in the prospectus, if there is a change of control as a consequence of a public share offering, in accordance with the terms of Royal Decree 1066 of 27 July 2007 on public tenders for the acquisition of securities, this event shall be classified as a liquidation event, as this is defined in the incentive scheme. This plan may be settled both in shares or in cash, at the Board of Directors discretion.

C.1.39 Identify and provide detailed information, individually in respect of directors and in aggregate form in all other cases, regarding any agreements between the company and its administrative officers, executives and employees that offer compensation, guarantees or protection clauses in the event of their resignation or unfair dismissal, or that provide for their contractual termination as a result of a takeover bid or other kinds of operations.

Number of beneficiaries	7
Type of beneficiary	Description of the agreement
CHIEF EXECUTIVE OFFICER AND MANAGERS	The services contract entered into by the company and the Managing Director establishes that if the company terminates the contract without just cause (i.e. unfair dismissal as defined by the Spanish Workers' Statute), the Managing Director will be entitled to receive compensation in cash equivalent to two (2) years' total annual remuneration at the most recent rate. In addition, six of the Company's managers, excluding the managing director, have clauses that offer them compensation in the event of the termination of their employment contracts on any grounds other than a disciplinary action deemed lawful or the voluntary resignation of the manager him/herself. Managers would receive the same compensation in other cases, such as a change of control. In the event that managers are entitled to receive compensation, this will be two years' total annual remuneration at the most recent rate.

Indicate whether, beyond the cases provided for in law, these contracts have been notified to and/or approved by the company's or the group's management bodies. If they have, specify the procedures and events provided for and the nature of the bodies responsible for their approval or for making this notification:

	Board of directors	General Shareholders' Meeting
Body that authorises clauses	√	

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?		√

C.2. Board committees

C.2.1 Give details of all of the fees paid to the board of directors, its members, and the proportion of executive, proprietary, independent and other external directors that they represent:

AUDIT COMMITTEE		
Name	Position	Category
DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ	CHAIRMAN	Independent
CATO HENNING STONEX	MEMBER	Independent
STANISLAS HENRY	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties exercised by this committee, including, where applicable, any duties that are additional to those set out in law, and describe the rules and procedures it follows for its organisation and function. For each of these duties, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the duties attributed to it, either by law or pursuant to the articles of association or other corporate resolutions.

The primary function of the Audit and Control Committee is to support the Board of Directors in its oversight role by regularly reviewing the process for the preparation of economic and financial information, its internal controls and the independence of the external auditor.

Identify the board members who are members of the audit committee and have been appointed taking into account their knowledge and experience of accounting or auditing or both and state the date that the Chairman of this committee was appointed.

Names of directors with experience	DAVID JIMENEZ-BLANCO CARRILLO DE ALBORNOZ
Date of appointment of the Chairman	26/09/2018

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
FERNANDO BAUTISTA SAGÜÉS	CHAIRMAN	Independent
CATO HENNING STONEX	MEMBER	Independent
STANISLAS HENRY	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties exercised by this committee, including, where applicable, any duties that are additional to those set out in law, and describe the rules and procedures it follows for its organisation and function. For each of these duties, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the duties attributed to it, either by law or pursuant to the articles of association or other corporate resolutions.

The main duty of this committee is essentially to provide the Board of Directors with support and assistance in relation to the proposed appointment, re-election, approval and dismissal of board members, the setting-up and overseeing of payment policy for the Company's board members and directors, the monitoring of directors' compliance with their duties, particularly as regards conflicts of interest and related-party transactions, and the supervision of compliance with the Internal Codes of Conduct and Corporate Governance regulations.

C.2.2 Complete the following table with information on the number of female board members sitting on the board's committees at the close of the last four financial years:

	Number of female board members							
	FY 2019		FY 2018		FY 2017		FY 2016	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	0	0.00	0	0.00	N.A.	N.A.	N.A.	N.A.
APPOINTMENTS AND REMUNERATION COMMITTEE	0	0.00	0	0.00	N.A.	N.A.	N.A.	N.A.

C.2.3 Indicate, where appropriate, whether the board committees are subject to regulations, the place where they are available for consultation and any amendments made during the financial year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

The rules for the organisation and operation of the board's committees are set out in Articles 34, 35 and 36 of the Board of Directors Regulations. The Board of Directors Regulations are available for consultation on the company's website. No voluntary annual reports have been drawn up on the activities of each committee.

D. RELATED PARTY AND INTRA-GROUP TRANSACTIONS

- D.1.** Explain, where applicable, the procedures for approving related party or inter-group transactions and the bodies with the competence to grant this approval.

Sections 3, 4 and 5 of Article 22 of the Board of Directors Regulations establish the following procedure for the approval of related party transactions:

1. Any transactions carried out by the Company with directors, significant shareholders or shareholders that are represented on the Board, or with Managers or persons related to any of the parties mentioned, including transactions that could give rise to a conflict of interest and any transaction with third parties pursuant to which any director, significant shareholder or shareholder that is represented on the Board, Manager or related person is entitled to receive any compensation, remuneration or commission, are subject to authorisation from the Board of Directors, following a favourable report from the Audit and Control Committee.
2. Prior to authorising the Company's engagement in transactions of this nature, the Audit and Control Committee and the Board of Directors shall evaluate the transaction from the perspective of the equal treatment of all shareholders and current market conditions.
3. In the event that the related party transaction affects a director, he or she will not be provided with any additional information about the operation or transaction in question and, if the director in question is present at the meeting of the Board of Directors or the Audit and Control Committee then, in addition to being unable to exercise or delegate their voting rights, they must withdraw from the meeting room during any deliberation and, where applicable, vote on the transaction at sessions of both the Board and the Audit and Control Committee.
4. The prior authorisation of the Board provided for in Section 1 of this Article shall not be required when the following three conditions are simultaneously met:
 - a) when the transactions in question are carried out pursuant to standard contracts with pre-established conditions that are applied en masse to many customers;
 - b) when the transactions in question are carried out at prices or rates established at a general level with the party acting as the supplier of the good or service involved; and
 - c) when their value does not exceed 1% of the Company's annual turnover.
5. Where these are transactions that fall within the Company's ordinary business and involve usual or recurring activities, a general authorisation from the Board of Directors shall be sufficient.

- D.2.** List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders:

Significant shareholder's name or corporate name	Name or corporate name of the group company or entity	Nature of the relationship	Type of operation	Amount (thousands of euros)
No data available				N.A.

- D.3.** List any transactions that are significant, by virtue of their amount or importance, between the company or its group of companies and the company's managers or directors:

Name or corporate name of administrators or directors	Name or corporate name of the related party	Relationship	Nature of the operation	Amount (thousands of euros)
No data available				N.A.

- D.4. List any relevant transactions undertaken by the company with other companies in its group, provided that they are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms do not set them apart from the company's ordinary trading activities:

In any case, information shall be given regarding any intra-group transactions carried out with entities established in countries or territories that have the status of tax haven:

Name of the group company	Brief description of the operation	Amount (thousands of euros)
No data available		N.A.

- D.5. Give details of any significant transactions conducted between the company or companies in its group with other related parties that have not been reported in the previous sections:

Name or corporate name of the related party	Brief description of the operation	Amount (thousands of euros)
No data available		N.A.

- D.6. List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.

Article 17 of the Board of Directors' Regulations governs conflicts of interest in the following terms:

1. A conflict of interest will be deemed to exist in situations in which the interests of the Company or companies in its group collide, directly or indirectly, with the personal interests of the director. Directors will be deemed to have personal interest whenever the matter in question affects the director personally or a Related Party (as defined below).
2. For the purposes of the present Regulations, "Related Parties" shall be defined as follows:
 - a) with regard to an individual, the following:
 - (i) the spouse or a person who is spousal equivalent;
 - (ii) forebears, descendants and siblings of the person subject to these Regulations or of the spouse (or spousal equivalent) of the person subject to these Regulations;
 - (iii) the spouses of all forebears, descendants and siblings of the person subject to these Regulations;
 - (iv) companies in which the person subject to these Regulations, in their own name or through an intermediary, holds or could hold control, either directly or indirectly, in accordance with the scenarios contemplated in Article 42 of the Spanish Commercial Code;
 - b) with regard to a body corporate, the following:
 - (i) partners or shareholders who hold or could hold control, either directly or indirectly, over the body corporate subject to these Regulations, in accordance with the scenarios contemplated in Article 42 of the Spanish Commercial Code;
 - (ii) companies which form part of the same business group, as defined in Article 42 of the Spanish Commercial Code, and the partners or shareholders thereof;
 - (iii) the personal representative, the managers, whether *de jure* or *de facto*, the liquidators, and the attorneys with general powers to act on behalf of the body corporate subject to these Regulations;
 - (iv) any persons who, with regard to the representative of the body corporate subject to these Regulations, are deemed to be related persons, in accordance with the terms set out in the previous section for directors who are natural persons.
3. All conflict of interest situations will be governed by the following rules:
 - a) notification: directors must inform the Board of Directors, through its chairman or secretary, of any situation affecting them that entails a conflict of interest;
 - b) abstention: directors must refrain from attending and participating in any deliberation or votes on those matters in which a conflict of interest may exist and, as a consequence, their presence will not be taken into account in such cases for the calculation of the quorum. In the case of proprietary directors, these must refrain from participating in any voting on matters which might imply a conflict of interest between the shareholders who have proposed their appointment and the Company;
 - c) transparency: the Company's Annual Corporate Governance Report will give details of any conflict of interest situation involving directors that is known to the Company as a result of notification by the person concerned or by any other means.

4. The provisions contained in this present Article may be developed further through the corresponding rules issued by the Company's Board of Directors, including an Internal Code of Conduct.

D.7. Is more than one group company listed on the stock exchange in Spain?

Yes

No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the Company's Risk Control and Management System, including measures relating to tax risk:

The Company has developed a Risk management system that not only takes account of the nature of the company itself, but also allows for the particular economic, geographical and regulatory characteristics of the environment in which the company operates. The risk management strategy and policy is the responsibility of the Board of Directors. However, all the members of the organisation are stakeholders and are therefore responsible for ensuring the success of the risk management system.

E.2. Identify the company bodies responsible for preparing and implementing the Risk Management System, including measures relating to tax risk.

The Board of Directors is the body responsible for approving the Company's strategy and the organisation required to put it into practice, as well as for supervising and ensuring that the Management meets the stated targets. In addition, the Board is responsible for ensuring that, in relations with all the parties that have a direct or indirect interest in the Company, the laws and regulations are duly complied with, obligations and contracts are fulfilled in good faith, the actions and best practices of the sectors and areas in which the company carries out its activities are respected, and any other principles of social responsibility that the company has accepted voluntarily are duly observed. Article 43 of the Company's Articles of Association establishes that the Board of Directors must create and maintain an Audit and Control Committee on a permanent and internal basis.

Audit and Control Committee

Article 44 of the Company's Bylaws entrusts the Audit and Control Committee with the fundamental duty of acting as support to the Board of Directors in its supervisory work by carrying out a periodic review of the process for the preparation of economic and financial information, the Company's internal controls and the independence of the external auditor.

E.3. State the primary risks, including tax compliance risk and, where significant, risk arising from corruption (this being understood in the terms set out in Royal Legislative Decree 18/2017), where such risks may affect the achievement of business objectives:

The following is a list of some of the main kinds of risk that may be encountered as a result of the Company's real estate and assets management activity, all of which are covered by the risk monitoring system.

1. Financial risk

a) Market risk

Interest rate risk. The Company's interest rate risk arises from its financial debt. The Company engages in interest rate swaps to cover this risk.

b) Credit risk

The Company is not exposed to significant levels of credit risk, this being understood to mean the impact that the non-payment of receivables could have on its income statement. The company has policies that ensure that both sales and lettings are made to clients with an appropriate credit history.

c) Liquidity risk

The Company's Finance Department is responsible for managing liquidity risk in order to cover any existing payment obligations and/or any undertakings arising from new investments. To this end it analyses the expected cash flows.

2. Market risk

The Company minimises this type of risk through its own strategy and business model. Árima invests in prime properties, with strong upside potential in the office, logistics and retail sectors, in the most consolidated areas. The Company has implemented a long-term business plan that focuses on value creation through active management and repositioning of the portfolio, with special attention to environmental sustainability.

3. Economic risk

Risks in acquisitions is managed by completing a meticulous analysis of transactions, examining and foreseeing any problems that might arise in the future, and considering the possible solutions to such problems. In disposals, the main risk resides in the failure to collect the amounts agreed in the contracts as a result of the buyers' non-compliance. These risks are minimised through the establishment of all kinds of guarantees that will, if necessary, allow the total price to be received or the property forming the object of disposal to be recovered.

4. Risks of a legal and fiscal nature

The Company's activities are subject to legal and fiscal provisions and to the requirements of urban development. Local, regional, national and European authorities can impose sanctions for breaches of these regulations and requirements. Any changes to this legal and fiscal environment could affect general planning of the Company activities which, through the corresponding internal departments, with assistance from legal and tax advisors, will monitor, analyse and, where appropriate take the necessary measures in this regard.

The risks associated with complying with the specific legislation, would be the following:

a) Judicial and extrajudicial claims. The Company's business activities may lead to legal action being taken in relation to properties being let, even if these may result from the actions of third parties contracted by the Company (architects, engineers, construction contractors and subcontractors). The Company has taken out various civil liability and damage insurance policies in order to mitigate this type of risk.

b) Company responsibilities resulting from its classification as a SOCIMI. All of the Company's activities must comply with Act 11/2009, which sets out the regulations for SOCIMIs. As a result, the Company constantly monitors its own activities and checks that they are in line with the legislation currently in force in this regard.

5. Risks regarding the prevention of money laundering and monetary infringements

This category of risk is controlled through the prevention and monitoring of transactions carried out by the Company, in accordance with the legislation in force.

6. Risks relating to personal data protection

These risks are controlled by means of special and standardised clauses to be included in contracts in different situations, which in accordance with the rules regulating this area, allow any kind of liability that may affect the Company to be limited and even eliminated.

7. Risks relating to the Protection of Consumers and End Users

The Company complies with the requirements of the different state and regional rules regarding consumers and end users. The Company also has an Internal Code of Conduct focused on matters relating to stock markets.

Sections IV and V of the Internal Code of Conduct establish the behaviour and action criteria that recipients of the Code must comply with in relation to the relevant securities and instruments, any privileged and relevant information, and confidential documents, in order to aid transparency in the performance of the Company's activities and provide adequate information and protection for investors.

E.4. Indicate whether the company has a risk tolerance level, including against tax risk:

Árma's risk tolerance is defined as the level of Risk that the Company is prepared to accept in order to achieve its established strategic objectives. Risk tolerance is shaped by the Company's strategy and is agreed by the Board of Directors. Risk tolerance is defined as the level of variation that the Company accepts in achieving an objective. It is, therefore, the acceptable threshold for each risk and objective. Risk tolerance must be updated regularly by the people from each department who are responsible for reporting to and properly informing the compliance supervisor.

E.5. Identify any risks, including tax risk, which have emerged during the year:

No risk of the type described above has emerged during the year.

E.6. Explain the plans for responding to and monitoring the main risks facing the company, including tax risk, and the procedures put in place by the company to ensure that the board of directors is able to respond to any new challenges that may arise:

The Company has designed its management and monitoring of risk on the basis of a series of policies and procedures that are adjusted to the different kinds of risks by which it could be affected. The Board of Directors is committed to its risk management and monitoring processes, approving policies, procedures, limits and structure. The company's Management Committee, on which all business areas are represented, together with the Finance Department, analyse the situation and evolution of the main risks affecting the Company at their regular meetings, taking corrective measures if these are deemed necessary. Any risk regarded as critical is dealt with by the Management Committee at its regular meetings. The Management Committee proposes the specific plans for responding to any critical risk to the Board of Directors. The Board of Directors takes the proposal into consideration, accepting it or modifying it as the case might be.

F. INTERNAL RISK MONITORING AND MANAGEMENT SYSTEMS RELATING TO THE FINANCIAL REPORTING (ICFR) PROCESS

Describe the mechanisms that comprise the risk monitoring and management systems associated with the company's financial reporting process (ICFR).

F.1. The company's monitoring environment.

Specify at least the following components with a description of their main characteristics:

F.1.1 The bodies and/or officers that are responsible for: (i) the existence and regular updating of a suitable, effective ICFR, (ii) its implementation; and (iii) its monitoring.

Responsibility for the design, implementation and functioning of the ICFR has been assumed by the Economic and Financial Department. As regards responsibility for supervising the ICFR, the Board of Directors' Regulations formally include the basic duties of the Audit and Control Committee, notable among which is that of supervising the process for the preparation and integration of the financial information that relates to the Company.

F.1.2 Where applicable, and particularly as regards the process for the preparation of the financial information, the following items:

- The departments and/or mechanisms responsible for: (i) designing and revising the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of duties and tasks; and (iii) ensuring the existence of sufficient procedures for their correct reporting throughout the company:

Ultimate responsibility for the design and review of the Company's organisational structure lies with the Managing Director, under the delegation of the Board of Directors. As regards the process for the preparation of the financial information, in addition to the organisational charts, all of the people involved in the process also have a clear knowledge of the specific guidelines, responsibilities and periods that apply to each closure.

- Code of conduct, approval body, level of dissemination and instruction, principles and values included (indicating whether there is specific mention of the recording of transactions and the preparation of financial information), the body in charge of analysing breaches and of proposing corrective actions and sanctions:

The Company has a Code of Conduct, compliance with which is mandatory and which is approved by the Board of Directors. The aim of this code of conduct is to establish the basic principles and rules that will govern the behaviour of everyone who acts on behalf of Árima and its subsidiary companies. The Code is applicable to all companies that make up the Árima Group and it is binding on the members of the Board of Directors and all company personnel, irrespective of the position they occupy and the duties they perform. This Code of Conduct is supplementary to the Securities Market Internal Code of Conduct, company regulations, the Articles of Association and any other legislation that applies to Árima's activities, and compliance is mandatory for both Árima and all of the companies with which a significant contractual relationship is in place. Non-compliance with the terms of this Code shall be deemed infringement and may result in the adoption of disciplinary measures.

- Whistle-blowing channel, which enables irregularities of a financial and accounting nature to be reported to the audit committee, along with potential breaches of the code of conduct and irregular activities within the organisation. State, where applicable, whether this process is confidential:

The Company has already implemented a whistle-blowing channel for matters relating to the Company's internal regulations, along with a procedure for reporting potentially serious incidents at a financial and accounting level.

- Training and regular refresher courses for personnel involved in preparing and reviewing financial information and evaluating ICFR, which address, at least, accounting regulations, auditing, internal monitoring and risk management:

The Finance Department has organised training and refresher sessions on regulation and internal monitoring.

F.2. Financial reporting risk assessment.

Provide details of at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, in respect of:

- Whether there is an existing documented process:

The Company is engaged in analyses and preparations in order to establish a corporate risks map, along with an analysis of the business cycles and monitoring of the most critical areas. However, there is an Investments Committee for the real estate investments business. The Finance Department is also regularly assessed by the Board of Directors and the financial information provided is reviewed by the Company's Auditors.

- Whether the process covers all financial reporting objectives (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how frequently:

As part of the process mentioned in the previous section, the Company's aim is to include all the key points relating to financial reporting in order to update them on an annual basis.

- The existence of a process for identifying the consolidation perimeter, taking account, among other things, of the potential existence of complex corporate structures, vehicle companies or special purpose entities:

Árma's organisational structure is simple, comprising Árma Real Estate SOCIMI, S.A. and its dependent company (100%) Árma Investigación, Desarrollo e Innovación, S.L.U.

- Whether the process takes account of the effects of other types of risk (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) in the manner in which they affect the financial statements:

Any analysis will include all regulatory, technological and reputational risk, risk of fraud, human resource-related risk, operational risk, etc. that are relevant for the financial statements.

- The corporate governance body that supervises the process:

It is responsibility of the compliance area, under supervision from the Audit and Control Committee, with responsibility for coordinating and supervising the regular updating of the risk maps in coordination with the people responsible for each of the operational areas, who ultimately identify the risks associated with the Company's business.

F.3. Monitoring activities.

State whether at least the following items are in place and specify their main characteristics:

- F.3.1 Procedures for reviewing and authorising the financial information and the description of ICFR to be disclosed to the securities markets, stating who is responsible in each case, along with the documentation showing flow charts of activities and controls (including those that address the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the specific review of critical judgements, estimates, evaluations and projections.

The Company has an internal procedure for reviewing financial information (including annual accounts, financial statements for interim periods, the Management Report and the Annual Corporate Governance Report), which oversees the process from the moment that information is generated in the Administration and Finances Department up to its approval by the Audit and Control Committee and, finally, by the Board of Directors prior to publication.

- F.3.2 Internal control policies and procedures for IT systems (including secure access, tracking changes, system operation, continuity and segregation of duties) giving support to key company processes relating to the preparation and publication of financial information.

The internal control policies and procedures associated with the IT systems are defined by the Company Management. The main risks considered by the Company, to which it provides a response, concern physical security (security copies, maintenance and access to servers, etc.), logic security (access controls, procedures for registrations and removals, protection against viruses and other malware, etc.), sufficient segregation of functions, registration and traceability of information, privacy (LOPD - the Spanish Data Protection Act), systems development and systems maintenance.

- F.3.3 Internal control policies and procedures for overseeing the management of activities outsourced to third parties, and the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

Activity outsourced to third parties that has a greater impact on the financial statements corresponds to the valuation of assets made by an independent expert. The procedure that has been implemented by the Company in this regard primarily contains recommendations from the CNMV (Spanish Securities Market Commission) made to listed valuation and real estate companies in relation to the valuation of properties. In addition, when subcontracting or requesting services, the Company works with companies of acknowledged reputation.

F.4. Information and communications.

State whether at least the following items are in place and specify their main characteristics:

- F.4.1 A specific office which is in charge of defining and maintaining accounting policies (accounting policies area or department) and settling queries or disputes over their interpretation, and which is in regular communication with the team in charge of company operations, and an up-to-date manual of accounting policies that has been sent to all the company's operational units.

The Company's Administration and Finance Department is responsible for defining and updating accounting policies and for responding to queries and consultations in this regard.

- F.4.2 Mechanisms for collecting and preparing financial information with standardised formats, which are to be applied and used by all the company or group units and which support the main financial statements and notes to the accounts, along with the detailed information on the ICFR.

The accounting policies defined by the Management form the basis for the preparation of the financial information of both the Company and its subsidiaries. These accounting policies guarantee the application of the same criteria during the preparation of information and consistency in its presentation.

F.5. Supervising the operation of the system.

Indicate the existence of at least the following components, and specify their main characteristics:

- F.5.1 The activities of the audit committee in overseeing ICFR, and whether there is an internal auditing office whose duties include supporting the committee in the task of supervising the internal control system, including ICFR. Describe the scope of the ICFR assessment carried out over the course of the year and the procedure by which the person responsible for making this assessment can communicate his/her findings. State also whether the company has an action plan detailing the potential corrective measures, and whether it has taken account of their impact on its financial information.

As stated in Article 44 of the Company's Articles of Association, the Audit and Control Committee is responsible, among other duties, for carrying out a regular review of the process for the preparation of the economic and financial information, internal controls and the independence of the External Auditor. In addition, as regards the scope of assessment of the ICFR, the Company's aim is to continue extending its assessment of the operational efficacy of the controls that have been implemented and its definition of the different activity cycles. The work mentioned above will be carried out by the different business areas under supervision from the Audit and Control Committee. In addition, the conclusion reached by the Company's auditors regarding the Company's financial information provided has been satisfactory.

- F.5.2 Whether the Company has a procedure by which the accounts auditor (in accordance with the contents of the Auditing Standards ("NTA")), the internal auditing department and other experts may communicate with senior management and the audit committee or senior managers of the company regarding any significant internal control weaknesses identified during their review of the annual accounts or any others they have been assigned. State also whether the Company has an action plan to correct or mitigate the weaknesses found.

The Audit and Control Committee meets in order to perform its prime function, which is to act as support for the Board of Directors in its supervisory work, by carrying out a regular review of the process for the preparation of the economic and financial information, the internal auditing department and the independence of the external auditor. In addition to other potential actions, it also carries out the following duties:

Discussions with External Auditors (with particular significance when they have taken action on any specific matter: Audit reports, limited reviews, etc.) in order to:

- Obtain information on the planning, scope and conclusions of the work carried out.
- Obtain information on internal control weaknesses detected during the course of their work.
- Inform the external auditor about any matters that could affect their work.
- Talk to the external auditor regarding the expected contents of its reports.
- Obtain the necessary information for ensuring the independence of the External Auditor in compliance with the duties of the Audit and Control Committee.

In addition, the Audit and Control Committee may demand additional information or the participation of experts when it comes to analysing topics relating to compliance with their duties.

F.6. Other relevant information

F.7. External auditor's report.

State whether:

F.7.1 The ICFR information supplied to the markets has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The Company has not submitted the information on the ICFR for review by the external auditor. However, it is considered that the established controls are adequate for the current volume and complexity of the Company, having passed since its incorporation through several processes of review and audit of the financial information. The conclusion of the external auditor has been satisfactory in all cases.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree to which the company complies with the Code of Corporate Governance recommendations for listed companies.

In the event that the company does not comply with any of the recommendations or complies only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations will not be acceptable.

1. The articles of association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles on the takeover of the company through the purchase of shares on the market.

Compliant Explain

2. When the parent company and a subsidiary company are listed on the stock market, both companies shall publish details of the following:

- a) The type of activity they respectively engage in, and any potential business dealings between them, as well as between the subsidiary and other group companies.
- b) The mechanisms in place to resolve any potential conflicts of interest that may arise.

Compliant Partially compliant Explain N.A.

3. During the general shareholders' meeting, as a supplement to the written information circulated in the annual corporate governance report, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, in particular:

- a) Any changes that have taken place since the previous general shareholders' meeting.
- b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead, where applicable.

Compliant Partially compliant Explain

During its first year of trading, the Company has made an exhaustive analysis of the Good Governance Code with a view to implementing the highest number of applicable recommendations possible. At year end, an assessment was made of compliance with these recommendations, and shareholders will be informed of this assessment at the next general shareholders' meeting.

4. The company should draw up and implement a policy for communicating with and contacting shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or the people charged with its implementation.

Compliant [] Partially compliant [] Explain []

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When the Board approves an issue of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant [] Partially compliant [] Explain []

The General Shareholders' Meeting held on 21 March 2019 agreed to authorise the Board of Directors to increase the share capital, as provided for in Article 297.1.b) of the Spanish Capital Companies Act, over a maximum period of five years, through monetary contributions and up to a maximum amount equal to half (50%) of the share capital, with the attribution of powers to exclude the pre-emptive right, revoking previous authorisations.

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the general shareholders' meeting, even if their distribution is not compulsory:

- a) Report on auditor independence.
- b) Reports on the operation of the audit committee and the appointments and remuneration committee.
- c) Report by the audit committee report on related party transactions.
- d) Report on corporate social responsibility policy.

Compliant [] Partially compliant [] Explain []

7. The company should broadcast its general shareholders' meetings live via its website.

Compliant [] Explain []

This recommendation will be analysed on an annual basis, though it is not envisaged at present.

8. The audit committee should strive to ensure that the Board of directors can present the company's accounts to the general shareholders' meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of the scope and content of such limitations or qualifications.

Compliant [X] Partially compliant [] Explain []

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general shareholders' meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant [X] Partially compliant [] Explain []

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals for agreement prior to the general shareholders' meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals for agreement.
- b) Publish the standard form of attendance card or proxy appointment or remote voting form with the necessary modifications so that new items on the agenda and alternative proposals for agreement can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote, applying the same voting rules as for those submitted by the board of directors, with particular regard for presumptions or deductions about the direction of votes.
- d) After the general shareholders' meeting, disclose the breakdown of votes on these supplementary items or alternative proposals.

Compliant [] Partially compliant [] Explain [] N.A.. [X]

11. In the event that a company plans to pay for attendance at the general shareholders' meeting, it should first establish a general, long-term policy in this respect.

Compliant [] Partially compliant [] Explain [] N.A.. [X]

12. The board of directors should perform its duties with a unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interests, understood as the creation of a profitable and sustainable business over the long term which ensures its continuity and maximises the company's economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to the principles of good faith, ethics and respect for commonly accepted customs and good practices, but should also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and any other stakeholders who could be affected, as well as reconciling the impact of its activities on the broader community and the natural environment.

Compliant [X] Partially compliant [] Explain []

13. The board of directors should have the appropriate size to achieve maximum effectiveness and participation, which means it should ideally have between five and fifteen members.

Compliant [X] Explain []

14. The board of directors should approve a director selection policy that:

- a) Is specific and verifiable.
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board of directors' own needs.
- c) Favours a diversity of know-how, experience and gender.

The results of the prior analysis of the Board's needs should be written up in the appointments committee's explanatory report, to be published when the general meeting is convened to ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of all seats on the board of directors occupied by women directors by 2020.

The appointments committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Compliant [X] Partially compliant [] Explain []

15. Proprietary and independent directors should occupy a broad majority of seats on the board, while the number of executive directors should be the minimum necessary, bearing in mind the complexity of the corporate group and the percentage of the company's share capital held by the executive directors.

Compliant [X] Partially compliant [] Explain []

16. The number of proprietary directors as a percentage of the total number of non-executive directors should not exceed the proportion between the company share capital represented by these directors and the remainder of this share capital.

This criterion can be attenuated:

- a) In companies with a high level of market capitalisation in which few equity stakes attain the legal threshold to be considered a significant shareholding.
- b) In companies in which a plurality of shareholders is represented on the board of directors and they are not related to one another.

Compliant Explain

17. The number of Independent Directors should represent at least one half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of share capital, independent directors should occupy, at least, a third of all Board places.

Compliant Explain

18. Companies should post the following information on directors on their websites, and keep this information permanently updated:

- a) Background and professional experience.
- b) Directorships held at other companies, listed or otherwise, and any other paid activities that they may engage in, of whatever nature.
- c) Information on the director category to which they belong and, in the case of proprietary directors, information on the shareholder they represent or have links with.
- d) The date of their first appointment as board member and the dates of any subsequent re-elections.
- e) Shares that they hold in the company, and any options thereover.

Compliant Partially compliant Explain

19. The annual corporate governance report, following verification by the appointments committee, should explain the reasons for the appointment of proprietary directors at the behest of shareholders controlling less than 3% of capital; it should also explain, where applicable, any rejection of a formal request for a seat on the board from shareholders whose equity stake is equal to or greater than that of others that have successfully applied for a proprietary directorship.

Compliant Partially compliant Explain N.A.

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Compliant [] Partially compliant [] Explain [] N.A. []

21. The board of directors should not propose the removal of any independent directors before the expiry of their tenure as mandated by the articles of association, except where just cause is found by the board of directors, based on a report by the appointments committee. In particular, just cause shall be presumed when directors take up new posts or responsibilities that prevent them from allocating sufficient time to the performance of their duties as board member, or are in breach of the duties inherent in their position, or are affected by one of the grounds that disqualifies them from classification as independent, as set out in the applicable legislation.

The removal of independent directors may also be proposed as a consequence of a takeover bid, merger or similar corporate operation which involves changes to the company's capital structure, when the changes to the structure of the board of directors are triggered by the proportionality criterion set out in recommendation 16.

Compliant [] Explain []

22. Companies should establish rules obliging directors to inform and, where applicable, resign in any circumstances that might harm the organisation's name or reputation, and directors should particularly be obliged to inform the board of directors of any criminal charges brought against them and of any subsequent court proceedings.

If a director is indicted or tried for any of the crimes stipulated in corporate legislation, the board of directors should examine the matter as quickly as possible and, in view of the particular circumstances, decide whether or not the director should remain in his or her post. The board should also disclose all such decisions in a reasoned manner in the annual corporate governance report.

Compliant [] Partially compliant [] Explain []

23. All directors should express clear opposition when they feel a proposal submitted for the board of directors' approval might damage the corporate interest. In particular, independents and other directors unaffected by a potential conflict of interest should challenge any decision that could go against the interests of shareholders lacking representation on the board of directors.

When the board takes significant or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation should also apply to the secretary of the board, director or otherwise.

Compliant Partially compliant Explain N.A.

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board of directors. Irrespective of whether the resignation is filed as a significant event, the reason for this must be explained in the annual corporate governance report.

Compliant Partially compliant Explain N.A.

25. The appointments committee should ensure that non-executive directors have sufficient time available to perform their responsibilities effectively.

The board's regulations should establish rules for the maximum number of company directorships that board members may hold.

Compliant Partially compliant Explain

26. The Board should meet with the necessary frequency to properly perform its functions properly, at least eight times a year, in accordance with a calendar and agendas set at the beginning of the year, and each director may individually propose the addition of other items to the agenda.

Compliant Partially compliant Explain

27. Director absences should be kept to the bare minimum and quantified in the annual corporate governance report. In the event that their absence is unavoidable, directors should grant a proxy with the appropriate instructions.

Compliant Partially compliant Explain

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board meeting, the person expressing them can request that they be recorded in the minutes.

Compliant Partially compliant Explain N.A.

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, and this should extend, if the circumstances make this necessary, to external assistance at the company's expense.

Compliant Partially compliant Explain

30. Regardless of the knowledge directors must possess in order to perform their duties, companies should also offer them refresher programmes when the circumstances make this advisable.

Compliant Explain N.A.

31. The agendas of meetings should clearly indicate the points on which the board of directors must arrive at a decision or adopt a resolution, so that directors may study or gather the necessary information beforehand.

When, exceptionally and for reasons of urgency, the chairman wishes to present decisions or resolutions for board approval that were not on the meeting agenda, their inclusion shall require the express prior consent, duly recorded in the minutes, of the majority of directors present.

Compliant Partially compliant Explain

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant Partially compliant Explain

33. In addition to the duties assigned to him by law and the company's articles of association, the chairman, as the person responsible for the efficient functioning of the board of directors, should: prepare and submit a schedule of meeting dates and agendas to the board; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; take responsibility for managing the board and its proper functioning; ensure that sufficient time is devoted to the discussion of strategic issues, and approve and review refresher courses for each director, when the circumstances make this advisable.

Compliant Partially compliant Explain

34. When a coordinating director has been appointed, the articles of association or board of directors' regulations should grant him or her the following powers over and above those conferred by law: chairing the board of directors in the absence of the chairman and vice chairmen, where applicable; giving voice to the concerns of non-executive directors; maintaining contacts with investors and shareholders to hear their views and developing a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinating the plan for the chairman's succession.

Compliant [] Partially compliant [] Explain [] N.A. []

35. The board secretary should particularly strive to ensure that the board's actions and decisions are informed by the governance recommendations set out in this good governance code, to the extent that they apply to the company.

Compliant [] Explain []

36. The board of directors sitting in full session should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's own actions.
- b) The performance and membership of its committees.
- c) The diversity of board membership and skills.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chairs of board committees.

The evaluation of the various board committees should start from the reports they submit to the board of directors, while the evaluation of the board itself should start from the report submitted by the appointments committee.

Every three years, the board of directors should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the appointments committee.

Any business dealings that the consultant or any member of its corporate group maintains with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant [] Partially compliant [] Explain []

At present, at the close of the financial year, now that the Company has completed its first year of trading, an assessment is being made of the board and its committees, with a view to adopting an action plan to deal with any deficiencies detected, where applicable.

37. When the company has an Executive committee, the breakdown of its members by director category should be similar to that of the board itself. The secretary of the board should also act as secretary to the executive committee.

Compliant [] Partially compliant [] Explain [] N.A. []

38. The board of directors should be kept fully informed of the matters debated and the decisions adopted by the executive committee, and all board members should receive a copy of the executive committee's minutes.

Compliant [] Partially compliant [] Explain [] N.A. []

39. Audit committee members, particularly the chairman, are appointed in the light of their knowledge and experience of accounting, audit or risk management, and the majority of members should be independent directors.

Compliant [] Partially compliant [] Explain []

40. Companies should have a unit in charge of internal auditing duties, under the supervision of the audit committee, to monitor the effectiveness of internal reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Compliant [] Partially compliant [] Explain []

[Given its recent incorporation and current size, the company will assess the need to create an internal auditing unit.]

41. The head of the unit responsible for internal auditing should submit an annual work programme to the audit committee, directly report any incidents arising during the programme's implementation, and submit an activity report at the end of each year.

Compliant [] Partially compliant [] Explain [] N.A. []

42. The audit committee should have the following duties, over and above those set out in law:

1. With regard to internal reporting and monitoring systems:
 - a) Monitoring the preparation and the integrity of the financial information relating to the company and, where appropriate, the group, checking compliance with the requirements set out in law, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
 - b) Monitoring the independence of the unit responsible for internal auditing duties; proposing the selection, appointment, re-election and removal of the head of the internal auditing service; proposing the service's budget; approving its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receiving regular information on its activities; and verifying that senior management take account of the findings and recommendations contained in its reports.
 - c) Establishing and supervising a mechanism whereby employees can report, confidentially and, wherever possible and deemed necessary, anonymously, any major irregularities they detect at the company in the course of their duties, especially financial or accounting irregularities.
2. With regard to the external auditor:
 - a) In the event of the external auditor's resignation, examining the circumstances that have caused it.
 - b) Ensuring that the payment of the external auditor does not compromise its quality or independence.
 - c) Ensuring that the company notifies any change of auditor to the CNMV as a significant event, accompanied by a statement detailing any potential disagreements arising with the outgoing auditor, where applicable, and the reasons for these disagreements.
 - d) Ensuring that the external auditor has a yearly meeting with the board of directors in full session to inform it of the work undertaken and developments in the company's risk and accounting positions.
 - e) Ensuring that the company and the external auditor adhere to current regulations on the provision of non-auditing services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant [X]

Partially compliant []

Explain []

43. The audit committee should be empowered to meet with any company employee or manager, even in the absence of other senior officers.

Compliant [X]

Partially compliant []

Explain []

44. The audit committee should be informed of any structural changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, where applicable, the exchange ratio proposed.

Compliant Partially compliant Explain N.A.

45. Control and risk management policy should at least identify:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risk), with the inclusion under financial or economic risk of contingent liabilities and other off-balance sheet risk.
- b) The determination of the risk level the company sees as acceptable.
- c) The measures in place to mitigate the impact of identified risk events should they occur.
- d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risk.

Compliant Partially compliant Explain

The Company is engaged in analyses and preparations in order to establish a corporate risks map, along with an analysis of the business cycles and monitoring of the most critical areas. However, there is an Investments Committee for the real estate investments business. The Finance Department is also regularly assessed by the Board of Directors and the financial information provided is reviewed by the Company's Auditors.

46. The company should establish an internal risk monitoring and management office within one of the company's own internal departments or units, with direct supervision from the audit committee or some other specialist board committee. This office should be expressly charged with the following duties:

- a) Ensuring that risk control and management systems are functioning correctly and, specifically, that any major risks the company is exposed to are correctly identified, managed and quantified.
- b) Participating actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensuring that risk control and management systems are mitigating risk effectively within the framework of the policy drawn up by the board of directors.

Compliant Partially compliant Explain

Given its recent incorporation and current size, the company will assess the need to create an internal risk control and management unit. These duties are currently performed by the board of directors.

47. Appointees to the appointments and remuneration committee (or the appointments committee and the remuneration committee, if separately constituted) should have the right balance of knowledge, skills and experience for the duties they are called on to perform, and the majority of their members should be independent directors.

Compliant [X] Partially compliant [] Explain []

48. Companies with high levels of capitalisation should have a separate appointments committee and remuneration committee.

Compliant [] Explain [] N.A. [X]

49. The appointments committee should consult with chairman of the board of directors and the company's chief executive, especially on matters relating to executive directors.

Any board member should be able to suggest directorship candidates for consideration by the appointments committee, in order to cover vacant director positions.

Compliant [X] Partially compliant [] Explain []

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Proposing standard conditions for senior officer contracts to the board of directors.
- b) Monitoring compliance with the remuneration policy set by the company.
- c) Periodically reviewing the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensuring that their individual remuneration is proportionate to the amounts paid to other directors and senior officers in the company.
- d) Ensuring that potential conflicts of interest do not undermine the independence of any external advice provided to the committee.
- e) Verifying the information on directors' and senior officers' pay contained in the various corporate documents, including the annual report on directors' pay.

Compliant [X] Partially compliant [] Explain []

51. The remuneration committee should consult with the company's chairman and chief executive, especially where matters relating to executive directors and senior officers are concerned.

Compliant [X] Partially compliant [] Explain []

52. The rules governing the composition and operation of the supervision and control committees should be set out in the board of directors' regulations and they should be consistent with the rules that govern legally mandatory board committees, as specified in the foregoing recommendations, including:
- a) Committees should be formed exclusively by non-executive directors, with a majority of independent directors.
 - b) They should be chaired by independent directors.
 - c) The board of directors should appoint the members of such committees in consideration of the knowledge, skills and experience of its directors and the duties to be performed by each committee, and it should discuss their proposals and reports. Committees should submit an account to the first full meeting of the board after the committee in question has met, and the board should respond to the work carried out.
 - d) Committees may engage external advice, when they feel it necessary for the performance of their duties.
 - e) Meetings should be minuted and a copy made available to all board members.

Compliant [X]

Partially compliant []

Explain []

N.A. []

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the appointments committee, the corporate social responsibility committee, where one has been appointed, or a specialist committee established to this end by the board under its powers of self-organisation, and the committee or committees in question shall be charged with performing at least the following duties:
- a) Monitoring compliance with the company's internal codes of conduct and corporate governance rules.
 - b) Overseeing strategy for communications and relations with shareholders and investors, including small and medium-sized shareholders.
 - c) Periodically evaluating the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest, taking account, as required, of the legitimate interests of the remaining stakeholders.
 - d) Reviewing the company's corporate social responsibility policy, ensuring that it is geared to value creation.
 - e) Monitoring corporate social responsibility strategy and practices and assessing the extent to which they are fulfilled.
 - f) Monitoring and evaluating the company's interaction with its stakeholder groups.
 - g) Evaluating all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
 - h) Coordinating non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Compliant [X]

Partially compliant []

Explain []

54. The corporate social responsibility policy should include the principles or commitments that the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:
- a) The goals of its corporate social responsibility policy and the supporting instruments developed.
 - b) Corporate strategy with regard to sustainability, the environment and social issues.
 - c) Specific practices in matters relating to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal behaviour.
 - d) The methods or systems to be used to monitor the results of applying the specific practices referred to above, their associated risk and its management.
 - e) The mechanisms for supervising non-financial risk, ethics and business conduct.
 - f) Channels for stakeholder communication, participation and dialogue.
 - g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.
- Compliant [X] Partially compliant [] Explain []

55. The company should report on corporate social responsibility developments in a separate document or in its management report, using an internationally accepted methodology to this end.
- Compliant [X] Partially compliant [] Explain []

56. Director remuneration should be sufficient to attract and retain directors with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.
- Compliant [X] Explain []

57. Variable remuneration linked to the company's and the director's individual performance, remuneration via the awarding of shares, options or any other right over shares, or the right to be remunerated on the basis of share price movements should be confined to executive directors, along with membership of long-term savings schemes, such as pension plans, retirements schemes or other social welfare programmes.

The company may consider the payment of non-executive directors through the handover of shares, provided that they retain such shares until the end of their mandate. The above condition shall not apply to any shares that the director must dispose of to settle costs related to their acquisition, where applicable.

Compliant [X] Partially compliant [] Explain []

58. In the case of variable payments, remuneration policies should include the necessary limits and technical safeguards to ensure that such payments reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's business sector or other similar circumstances.

In particular, variable payment items should meet the following conditions:

- a) They should be linked to predetermined and measurable performance criteria that factor in the risk assumed in order to obtain a given outcome.
- b) They should promote the sustainability of the company and include non-financial criteria that are relevant to the creation of long-term value, such as compliance with the company's internal rules and procedures and its risk control and management policies.
- c) They should be designed to achieve a balance between the delivery of short, medium and long-term objectives, in such a way that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to sustainable value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant [] Partially compliant [] Explain [] N.A. []

Given its recent incorporation, the Company is currently in the process of analysing the establishment of predetermined and measurable performance criteria that are in line with its turnover and the business activities that form the basis for calculating any variable payments.

59. A major part of variable payment items should be deferred over a long enough period to ensure that predetermined performance criteria have effectively been met.

Compliant [] Partially compliant [] Explain [] N.A. []

60. In the case of remuneration linked to company earnings, any qualifications stated in the external auditor's report should be taken into account and the said earnings reduced accordingly.

Compliant [] Partially compliant [] Explain [] N.A. []

61. A significant percentage of executive directors' variable remuneration should be linked to the handover of shares or financial instruments linked to their value.

Compliant [] Partially compliant [] Explain [] N.A. []

62. When the shares or options or rights in shares corresponding to remuneration systems have been allocated, directors should not be able to transfer ownership of a number of shares equivalent to twice their fixed annual remuneration, nor should they be able to exercise the options or rights granted to them until a term of at least three years has elapsed since their allocation.

The above condition will not apply to any shares that the director must dispose of to settle costs related to their acquisition, where applicable.

Compliant [] Partially compliant [] Explain [X] N.A. []

[With regard to variable payments made in the form of shares, a twelve-month lock-up period has been established and approved for a third of the shares handed over, a eighteen months' lock-up for a further third and a twenty-four months for the final third.]

63. Contractual arrangements should include provisions that permit the company to reclaim variable payment amounts when payment is found to be out of step with the director's actual performance or based on data subsequently found to be incorrect.

Compliant [] Partially compliant [] Explain [X] N.A. []

[No similar clause has been included in the provision of services contract signed between the Company and the CEO.]

64. Contract termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that the director in question has met the predetermined performance criteria.

Compliant [X] Partially compliant [] Explain [] N.A. []

H. OTHER INFORMATION OF INTEREST

1. If there is any material aspect or principle relating to the corporate governance practices followed by the company or the companies in its group that has not been addressed in this report and which should be included in order to provide a more comprehensive and reasoned view of the corporate governance structure and practices at the company or group, explain briefly.
2. In this section, you may include any other information, clarification or observation related to the above sections of this report, insofar as they are relevant and do not repeat information already provided.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when it differs from the information required by this report.

3. The company may also indicate whether it voluntarily subscribes to other international, industry specific or other ethical principles or standard practices. Where appropriate, the code in question shall be identified along with the date of affiliation. In particular, state whether the company has signed up to the Good Tax Practices Code of 20 July 2010:

To complete the information provided in section C.2 of this report, the Company has an Investment Committee that analyses and approves investments. The reason why its composition has not been detailed together with the Audit and Control Committee and the Appointments and Remuneration Committee is that some of its members are not members of the Board of Directors.

Its composition is as follows:

Luis Alfonso López de Herrera-Oria (CEO)
Stanislas Henry (Proprietary Director)
Chony Martín Vicente-Mazariegos (CFO)
Carmen Boyero-Klossner (Investors Relations Officer)
Guillermo Fernández-Cuesta Laborde (Real Estate Director)
Fernando Arenas Liñán (Real Estate Director)
Stuart William McDonald (Real Estate Director)
Fabio Alen Viani (Real Estate Director)

This annual corporate governance report was adopted by the company's Board of Directors at its meeting held on:

[19/02/2020]

Indicate whether any director abstained or voted against the approval of this Report.

[] Yes
[v] No