



## **REPORT FOR THE REMUNERATION OF THE DIRECTORS OF CASTELLANA PROPERTIES SOCIMI, S.A.**

This report prepared by the Appointment and Remuneration Committee ("*Comisión de Nombramientos y Retribuciones*") (the "**Committee**") of Castellana Properties SOCIMI, S.A. ("**Castellana**" or the "**Company**") describes the directors' remuneration that will be proposed to the Board of Directors and, if approved by the latter, to the General Shareholders' Meeting for approval.

This report has been prepared in compliance with article 25.5 of the Company's bylaws, which provides that the remuneration policy shall be approved by the General Shareholders' Meeting of the Company at least every three years, as a separate item on the agenda. The proposal for such remuneration policy must be submitted to the General Shareholders' Meeting by the Board of Directors justifying the proposal and must be accompanied by a specific report from the Committee.

The remuneration proposal described in this report (the "**Remuneration Proposal**") is on the same basis as our existing policy, which is aligned with Castellana strategic priorities, investors' opinion and industry market practice and ratifies for another three-year period the remuneration which was approved by the General Meeting of Shareholders of the Company on 15 September 2020.

One of the fundamental principles maintained by the Company is alignment with stakeholders and, in particular, with those of our shareholders. In this regard, the Board of Directors and, specifically, the Committee has consulted with Castellana's main shareholders and has considered the information received. Likewise, the Board of Directors and the Committee have taken into consideration the provisions of the Code of Good Corporate Governance ("*Código de Buen Gobierno Corporativo*") regarding directors' remuneration.

Remuneration elements for executive directors follow the same principles as for the Company's management team which have been analysed by the Committee. In addition, based on market data and internal projections, the Committee has assessed the adequacy and relevance of the remuneration elements to ensure that their implementation is fit for purpose. In particular, the Committee has considered the impact of inflation on the Company's business and has ensured that the Remuneration Proposal remains aligned with the interests of the business for the coming period.

The Board of Directors, following this report from the Committee, if approved, will submit the Remuneration Proposal for the approval of the Ordinary and Extraordinary General Shareholders' Meeting scheduled to be held on 6 July 2023 and, once approved, it will come into force in the financial year 2023/2024, renewing the remuneration policy currently in force. This renewed remuneration will remain in force for three financial years (those ending on 31 March 2024, 2025 and 2026), notwithstanding the fact that the Board of Directors, at the proposal of the Committee, may propose for approval a new policy at an earlier date, if deemed appropriate.

In this respect, the Committee ratifies the terms of the existing remuneration of the members of the Board of Directors, in their capacity as such, which shall consist of a fixed amount that shall not exceed the maximum annual overall amount of SIX HUNDRED THOUSAND (600,000) euros and which shall remain in force until the General Shareholder's Meeting agrees to modify it. The distribution among the members of the Board of Directors of the maximum amount of the annual allowance shall be for the Board of Directors itself, which shall take into consideration the duties and responsibilities attributed to each director, the membership to any of the Company's committees and any other objective circumstances it deems relevant.

In addition, directors to whom executive or senior management responsibilities are attributed, whatever the nature of their legal relationship with the Company, shall be entitled to receive additional remuneration for such responsibilities, consisting of the following elements:



- (a) a fixed amount, adequate to the services and responsibilities assumed, up to a maximum amount of 500,000 euros per year and per director;
- (b) a monetary variable amount, depending on the achievement of objectives by the Company or the director, up to a maximum annual amount of 100% of the annual fixed remuneration of each director;
- (c) a fixed monetary amount, additional to the two previous ones, which is accrued only once due to the commencement of their provisions of services/tasks (although its payment can be divided over two annual periods), conditioned or not, up to a maximum annual amount of EUR 250,000 per director;
- (d) the contribution to pension or mutual social security plans up to a maximum annual amount of 10 per cent. of the fixed salary provided as the annual maximum amount per director;
- (e) payment of premiums corresponding to life insurance and medical insurance policies, in which the director and his or her spouse and descendants are beneficiaries, up to a maximum annual amount of 5 per cent. of the maximum fixed salary per director;
- (f) other remuneration in kind pertaining to the position and service sector (such as company car, mobile telephone and laptop) up to a maximum annual amount of 10 per cent. of the fixed daily salary set at the maximum annual per director; and
- (g) compensation for termination or non-renewal, whether decided by the Company without cause, by the director with just cause or by mutual agreement and transaction agreements (in order to avoid judicial proceedings), up to a maximum amount per director equivalent to the net compensation for unfair dismissal to which an ordinary worker would be entitled based on the provisions of the Statute of Workers ("*Estatuto de los Trabajadores*"); as well as the corresponding compensations in case of not fulfilling with the notice up to a maximum amount of three months of the fixed and variable salary. The aforementioned remuneration must be reflected in the corresponding agreements with the directors who perform executive functions in accordance with article 249 of the Spanish Companies Act.

The items described above for the remuneration of directors performing executive functions may not in any case exceed the maximum annual aggregate amount of TWO AND A HALF MILLION (2,500,000) euros.

Likewise, the remuneration of directors to whom executive functions are attributed may include, in addition to the amounts determined in accordance with the preceding sections, the shares in long-term incentive plans consisting of the delivery of shares or options thereon or monetary remuneration indexed to the value of the shares, subject to the prior approval of the General Shareholders' Meeting. The resolution must include the maximum number of shares that may be allocated in each financial year to this remuneration system, the exercise price or the system for calculating the exercise price of the share options, the value of the shares, or the method of calculating the monetary remuneration referenced to the shares that may be taken as a reference and the term of the plan.

It is hereby noted by the Committee that as of the date of preparation of this report:

- (a) that the Company has taken out a civil liability policy for its directors, in accordance with the authorisation it has for this purpose in the bylaws of the Company; and



- (b) none of the members of the Board of Directors of the Company have received any severance or non-renewal penalties, whether decided by the Company without cause, by the director concerned with just cause or by mutual agreement.

This report was drawn up by the Appointment and Remuneration Committee of the Company on 22 May 2023.