

REPORT PREPARED BY THE AUDIT AND CONTROL COMMITTEE OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. ON ITS FUNCTIONING IN 2022, AUDITOR INDEPENDENCE AND RELATED PARTY TRANSACTIONS

I. INTRODUCTION

In accordance with the provisions of article 14.8 of the Board of Directors Regulations of Lar España Real Estate SOCIMI, S.A. (“**Lar España**” or the “**Company**”) and in order for the Board of Directors to undertake the annual evaluation of the Audit and Control Committee as provided in article 529 *nonies* of the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010 (the “**Spanish Companies Act**”), the aforesaid Committee will prepare an annual report of its functioning, highlighting the principal issues arising, if any, in respect of its inherent functions. In compliance with the aforesaid rules, the Audit and Control Committee prepares this report- which includes the information provided in Spanish National Securities Market Commission (“**CNMV**”) Technical Guide 3/2017, on Audit Committees of entities of public interest (the “**CNMV Technical Guide 3/2017**”).

For the purposes of complying with Recommendation 6 of the Code of Good Governance for Listed Companies (“**CBG**”), this report will be available for shareholders, investors and other stakeholders by way of the Company’s website (www.larespana.com) since the call of the ordinary General Meeting of shareholders. **Also is included in this report the Committee's report on the auditor's independence and information on related-party transactions during the year.**

II. REGULATION

The Audit and Control Committee of Lar España is regulated in articles 42 of the Articles of Association, 14 of the Regulations of the Board of Directors, and in the specific Regulations of the Audit and Control Committee which include the basic aspects regarding the composition, functions and functioning of the Committee included in the Technical Guide 3/2017 of the CNMV. The current versions of these documents are available on the Company's website (www.larespana.com), under the link "Internal Rules on Governance" in the "Corporate Governance" section of the "Shareholders and Investors" section.

III. COMPOSITION

Articles 42 of the Articles of Association and 14 of the Board of Directors Regulations of the Company, at the date of this report, provide that the Audit and Control Committee will be comprised of a minimum of three and a maximum of five Directors, appointed by the Board of Directors from among the external or non-executive Directors. The majority of the members of the Audit and Control Committee will be independent and will be appointed –specially the Chairman- taking into account their knowledge and experience in accounting, auditing and risk management both financial and non-financial.

Likewise, the Board shall endeavour to ensure that the members of the Committee have, as a whole, the knowledge and experience in other areas that may be appropriate for the Audit and Control Committee to fulfil its functions, such as finance, internal control and information technologies. Likewise, the Committee members shall have, as a whole, the technical knowledge necessary with regard to the Company's business sector, in accordance with article 529 *quaterdecies.1* of Spanish Companies Act.

The Board of Directors shall also appoint the Chairman of the Committee from among the independent Directors that form part of the Committee. In accordance with article 14.2 of the Board of Directors Regulations, the Chairman of the Audit and Control Committee will remain in office for a maximum term of four years, at the end of which the Chairman may not be reelected as such until one year has passed after leaving office, without prejudice to the Chairman's continuing or being re-elected as a member of the Committee.

During 2022 there have not been changes in the composition of the Audit and Control Committee, being this the following:

- **Mrs. Leticia Iglesias Herraiz** (Chairman and, since 20 October 2022, Member) is an independent external Director of Lar España. She was appointed by the Company's Board of Directors through the cooption system on its' meeting held on 16 October 2018, in the same date she was appointed also by the Board of Directors as member and President of the Audit and Control Committee, being her appointment confirmed by the General Shareholders Meeting held on 25 April 2019 and re-elected for a term of three years as independent Director at the General Meeting held on 27 April 2022. Since March 2022, she has also been a member of the Nomination, Remuneration and Sustainability Committee of the Company. She has a wide experience in both the regulation and supervision of securities markets and in financial services. She started her professional career in 1987, in the audit division of Arthur Andersen. Then from 1989 to 2007 she further developed her career in the CNMV. From 2007 to 2013 she was CEO of the Spanish Institute of Chartered Accountants (ICJCE).

Additionally, from 2013 to 2017 she was an independent member of the Board of Directors at Banco Mare Nostrum (BMN), member of the Executive Committee,

Chair of the Global Risk Committee and member of the Audit Committee. From 2017 to 2018, she was an independent member of Board of Directors at Abanca Financial Services, EFC, and Chair of the Audit and Risk Committee. Since May 2018, she has been an independent member of the Board of Directors of Abanca Bank, and as from June 2022 Chair of the Global Risk Committee and member of the Audit and Compliance Committee. Since April 2019 is Independent Director and Chair of the Audit Committee of AENA SME, S.A and, from April 2021, is Member of its Sustainability and Climate Change Committee. In addition, since 22 October 2020, is an independent Director and member of the Audit Committee of ACERINOX S.A. and, since 28 October 2022, she has been Chairman of the Committee. Likewise, since 3 August, Mrs. Iglesias is Independent Director and Chairman of the Audit Committee of the non-listed company Imantia Capital SGIIC, S.A.

Ms. Leticia has a degree in Economics and Business Studies from Universidad Pontificia Comillas (ICADE). She is a member of the Official Registry of Auditors of Spain (ROAC), PRODIS Foundation Special Employment Center Patron, as well as ICADE Business Club Board member. Since December 2021, she is also a member of the International Advisory Board of the Faculty of Business and Economics at ICADE.

- **Mr. José Luis del Valle Doblado** (Member) is an external independent Director of Lar España and Board's President. He was appointed as a Director of Lar España by Grupo Lar Inversiones Inmobiliarias, S.A., the then sole shareholder of the Company, on 5 February 2014, and re-elected as external independent Director, at the prior proposal of the Appointments, Remuneration and Sustainability Committee and following a favourable report from the Board of Directors, by the Ordinary General Shareholders' Meeting held on 29 May 2017 and re-elected by the Ordinary General Shareholders' Meeting held on 17 March 2020. The Board of Directors of the Company appointed him as its Chairman and as member and Chairman of the Audit and Control Committee on 6 February 2014, a position which he held until 29 May 2017, the date on which he presented his resignation to the Board as Chairman of the Committee, being since then a member of such Committee. Mr. del Valle has extensive experience in the banking and energy sector. From 1988 to 2002 he held various positions with Banco Santander, one of the most relevant financial entities in Spain. In 1999 he was appointed Senior Executive Vice President and CFO of the bank (1999-2002). Subsequently he became Chief Strategy and Development Officer of Iberdrola, one of the main Spanish energy companies (2002-2008), Chief Executive Officer of Scottish Power (2007-2008), Chief Strategy and Research Officer of Iberdrola (2008-2010), Advisor to the Chairman of the aerogenerator manufacturer Gamesa (2011-2012) and Chairman of GES – Global Energy Services (2014-2017) among others. From 2018 until 1 February 2023, he was Chairman of the Board of the Directors of the WiZink Bank. Currently Director of the insurance

group Ocaso and Director of the Instituto de Consejeros-Administradores (Institute of Managers-Directors).

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

- **Mrs. Isabel Aguilera Navarro** (Member and, since 20 October 2022, President) is an independent external Director of Lar España. She was appointed as a Director of Lar España by the Board of Directors through the co-option system, at its meeting held on 29 May 2017, date on which the Board of Directors also appointed her as member of the Audit and Control Committee, being her appointment ratified by the general meeting of shareholders held on 19 April 2018 and re-elected as Director of Lar España on 22 April 2021. Mrs. Isabel Aguilera Navarro developed her professional career at various companies across several sectors. She served as President for Spain and Portugal at General Electric, General Manager for Spain and Portugal at Google, Chief Operating Officer at NH Hoteles Group, CEO for Spain, Italy and Portugal at Dell Computer Corporation and member of the Board of Directors at different companies such as Indra Sistemas, BMN Bank, Aegon España and Laureate, Inc., Egasa, HPS (Hightech Payment Systems) and Banca Farmafactoring. Mrs. Isabel is currently a member of the Board of Directors of the listed companies Cemex Group, Oryzon Genomics and Clínica Baviera, as well as Making Science (listed in the alternative market BME Growth).

Mrs. Isabel has a degree in Architecture and Urbanism from the Escuela Técnica Superior de Arquitectura of Seville, a master's degree in Commercial and Marketing Management from IE and completed the General Management Programme at IESE and the Executive Management of Leading Companies and Institutions Programme at San Telmo Institute. Mrs. Isabel is currently Associate Professor at ESADE and Strategy and Innovation Consultant and is also a director of the non-listed company Canal de Isabel II.

Pursuant to the foregoing, on 20 October 2022 Committee's meeting, Mrs. Leticia Iglesias Herraiz resigned as Chairman of the Committee and was replaced as Chairman by Mrs. Isabel Aguilera Navarro.

In this regard, as 31 December 2022, the Audit and Control Committee was composed of the following members:

- Mrs. Isabel Aguilera Navarro (Chairman).
- Mr. José Luis del Valle Doblado (Member).
- Mrs. Leticia Iglesias Herraiz (Member).

Detailed information on the members of the Committee and their professional careers is available to the shareholders, investors and other stakeholders of Lar España on the website of the Company.

In accordance with the provisions of article 14.2 of the Board of Directors Regulations, the Secretary non-member of the Audit and Control Committee is Mr. Juan Gómez-Acebo Sáenz de Heredia, as he is also the Secretary of the Board of Directors, being Deputy Secretary of the Committee, the Deputy Secretary of the Board of Directors Mrs. Susana Guerrero Trevijano.

As a result, the composition of the Committee during 2022 has been consistent with the provisions of the Board of Directors Regulations and article 529 *quaterdecies.1* of the Spanish Companies Act, in accordance with its current version, being all the members of the Committee independent Directors during 2022.

IV. MEETINGS

In accordance with the provisions of article 14.4 of the Regulations of the Board of Directors and 6.1 of the Regulations of the Committee, the Audit and Control Committee ordinarily meets on a quarterly basis, in order to review the periodic financial information to be submitted to the supervisory authorities as well as the information that the Board of Directors must approve and include within its annual public documentation. Likewise, the Committee may meet at the request of any of its members and when called by its Chairman. The Chairman must call the meeting whenever the Board or its Chairman request the issuance of a report or preparation and adoption of proposals and, in any event, whenever it is appropriate to the proper exercise of its authority.

All meetings of the Audit and Control Committee have been duly convened by its Secretary following instructions from the Chairman of the Committee, by means of individual communication to each of its members, in accordance with the form and deadlines established in the Board Regulations and the Committee Regulations, except in a single case in which the meeting was validly constituted when all its members were present and unanimously accepted the holding of the meeting and its agenda. Likewise, the documents relating to the different items on the Agenda have been made available to the members of the Committee prior to the meeting.

The Audit and Control Committee met ten times during 2022.

As a result, the Audit and Control Committee met with the frequency required for proper performance of its duties. All of its members have personally, either physically or by telematic means, attended the meetings that were held during 2022, except for the meeting held on 27 July, when Mrs. Isabel Aguilera Navarro granted a written, special power of attorney to Mrs. Leticia Iglesias Herraiz with precise voting instructions.

Of the ten meetings of the Audit and Control Committee eight were held physically at the Company's registered office, and two meetings were held exclusively by telematic means.

In addition to its members, the meetings of the Audit and Control Committee have been attended timely by various non-members, at the invitation of the Chairman of the Committee to deal with certain items on the Agenda, such as the Director Mr. Miguel Pereda (also President of the Manager), the Corporate Director and CFO, the Company's external auditor (Deloitte) and the Internal Audit Responsible. Particularly, the latter has attended partially to the 10 meetings of the Committee and the external auditor has attended 3 meetings, one of them by telematic means.

V. FUNCTIONS OF THE AUDIT AND CONTROL COMMITTEE AND ACTIVITIES DURING 2022

Articles 14 of the Board of Directors Regulations and 5 of the Audit and Control Committee Regulations set out the functions of the Audit and Control Committee in matters relating essentially to the supervision of financial information, the supervision of internal information and control systems, the supervision of risk management and control, independence and relations with the external auditor, related-party transactions, and the Company's corporate governance obligations.

The following is a list of the powers that the Committee Regulations attribute to the Committee, indicating its most important actions in 2022 in relation to them:

1) With regard to the supervision of financial and non-financial information:

In relation to this matter, the Audit and Control Committee has the following powers:

- Report to the General Shareholders' Meeting on any matters raised by the shareholders regarding its competence and, in particular, on the results of the audit, explaining how it contributed to the integrity of the financial information and the function discharged by the Committee in this process.
- Supervise the process of preparing and submitting the required financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- Oversee that the annual accounts the Board of Directors presents to the General Shareholders' Meeting are drawn up in accordance to accounting legislation. However, in those cases where the auditors include any qualification in its report, the Chairman of the Audit and Control Committee should give a clear explanation at the General Shareholders' Meeting of their opinion regarding the content and scope. Likewise, a summary of that opinion

will be available to the shareholders at the time of the publication of the notice of the General Shareholders' Meeting.

- Give the Board of Directors prior notice of any financial information and the management report, including, where appropriate, the required non-financial information that the Company, is obliged to publish periodically. The Audit and Control Committee must ensure that the half-yearly financial reports and the interim management reports are drawn up in accordance with the same accounting policies as the annual financial statements and, to this end, may ask the external auditor to conduct a limited review of the half-yearly financial reports.

- **Review of periodic financial and non-financial reporting**

As in the last financial period, during the year 2022, the Committee supervised the process of preparation and the integrity of the financial and non-financial information –including, where applicable, the adjustments that deemed appropriate in the half-yearly documentation–, both individual and consolidated, that the Board of Directors must provide to the market and submit to the CNMV by virtue of its periodic reporting obligations as a listed company.

Accordingly, the Committee reviewed compliance with the regulatory requirements, appropriate definition of the scope of consolidation and proper application of accounting principles in the periodic financial reporting, all within the terms legally established for that purpose, approving the financial information prior to its submission to the Board of Directors for approval before making it public.

Within the framework of this review, the Committee analysed and discussed all data included in the information presented and received regular information from the external auditor and the Internal Audit Responsible on the conclusions of its review of the financial information, in addition to continuously monitoring the financial information published on the Company's corporate website.

In relation to quarterly financial information, Law 5/2021 abolished article 120 of the Securities Market Law and, therefore, issuers of securities are not obliged to submit to the CNMV and publish quarterly financial reports, and, in this regard, the Company agreed to replace the publication of these reports with the quarterly publication of businesses updates in which the most relevant data and information have been included, including the main ESG indicators. In this regard, the Committee, after verifying with the Internal Audit Responsible that the information included in the respective businesses' updates did not contain any incorrectness or irregularity, agreed to submit it to the Board for approval.

- **Review of annual accounts**

The Audit and Control Committee, with the purpose of preventing the individual and consolidated annual accounts prepared by the Board of Directors from being presented with reservations and qualifications in the audit report, performed the following activities prior to the preparation of the accounts:

- Review the individual and consolidated annual accounts.
- Monitor and verify compliance with legal requirements and the proper application of generally accepted accounting principles, and, in general, of the regulatory financial reporting framework applicable to the Company.
- Review the periodic financial information that the Board of Directors must provide to the markets and their supervising bodies.

After the appropriate discussion and analysis of the financial information and the audit report with the external auditor, the Audit and Control Committee reported favourably to the Board of Directors prior to its preparation of the Company's annual accounts, as well as the Company's consolidated financial statements for the fiscal year ended 31 December 2021, including the management report and the Annual Corporate Governance Report, the result for the fiscal year and the proposal of its application. .

Accordingly, it is noted that the audit reports of the individual and consolidated annual accounts of Lar España corresponding to the financial year ended 31 December 2021 had no reservations or qualifications.

Likewise, no reservations or qualifications are expected regarding the audit reports regarding the individual and consolidated accounts of Lar España corresponding to the financial year ended 31 December 2022, with regard to the latter, among others, the following aspects being highlighted as relevant: (i) modification of the shareholding structure; (ii) redemption of senior secured notes; (iv) related-party transactions; (iv) the update of the VAT tax assessments; (v) the IFRIC consultation on linearization's published in October 2022; or (vi) the European Single Electronic Format (ESEF) from the perspective of the labelling of the notes to the annual report in relation to the mandatory taxonomy elements.

On the other hand, both the Company's Internal Audit Responsible and the external auditors expressly stated that they were able to carry out their work with complete freedom and collaboration from Lar España without any limitation.

2) With regard to the supervision of internal control and reporting systems:

In relation to this matter, the Audit and Control Committee has the following powers:

- Supervise and evaluate the preparation and the integrity of the financial and nonfinancial information prepared on the Company and, where appropriate, the Group, checking the fulfilment of legal provisions, the accurate

demarcation of the scope of consolidation, and the correct application of accounting principles and, in particular, know, understand and monitor the effectiveness of the internal control over financial reporting system (ICFR).

- Supervise on a regular basis the effectiveness of the internal control of the Company and its Group as well as the activities of the Company's internal audit function, discussing, together with the auditors, any significant weaknesses in the internal control system detected in the audit, and drawing conclusions on the system's level of accuracy and reliability, all without diminishing its independence. To this effect, and where applicable, the Committee shall submit recommendations or proposals to the Board of Directors and the corresponding period for the follow-up thereof.
- Ensure in general that the policies and systems established for internal control are effectively implemented in practice.
- Supervise the unit that assumes the internal audit function, which shall oversee the proper functioning of the reporting and internal control systems and will report functionally to the Chairman of the Audit and Control Committee and, in particular: (a) monitor the independence and effectiveness of the internal audit function; (b) propose the selection, appointment, and removal of the head of the internal audit unit; (c) propose the unit's budget; (d) approve its priorities and the annual internal audit work plan, ensuring that its activity focuses primarily on the main risks (including reputational ones); (e) receive regular reports on its activities; (g) verify that senior management take into account the findings and recommendations of its reports; and (g) assess, on an annual basis, the functioning of the internal audit unit as well as the performance of its functions by its head, whereby the opinion of executive management shall be sought out for such purposes.

The head of the internal audit unit should present an annual work plan to the Committee, will report on its implementation, including any possible incidents and scope limitations arising during its implementation as well as the results and monitoring of its recommendations, and will submit an activities' report at the end of each year.

- Establish and monitor a mechanism whereby employees and other persons related to the Company, such as Directors, shareholders, suppliers, contractors and subcontractors can report any potentially significant irregularities within the Company or its Group, including financial and accounting irregularities, or those of any other nature, receiving regular reports on its functioning and proposing any actions deemed appropriate to improve the mechanism and reduce the risk of irregularities in the future. This mechanism must guarantee

confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party.

- **Supervision of the Internal Audit**

The Audit and Control Committee of Lar España performed during 2022 the functions related to the supervision of the internal auditing of the Company that have been attributed to it in the Board Regulations, basically the following: (i) overseeing the independence and effectiveness of the internal audit function; (ii) propose the selection, appointment and dismissal of the head of the internal audit unit; (iii) propose the unit's budget; (iv) approve the orientation and annual work plan of the internal audit, ensuring that its activity is focused primarily on relevant risks (including reputational); (v) receive periodical information of its activities; and (vi) verify that senior management takes into consideration the conclusions and recommendations of its reports.

During 2022, the Committee approved the orientation, work plan and the internal audit unit's budget for the financial year, ensuring that its activity is focused mainly on the relevant risks of the Company, including reputational issues, the Internal Audit Responsible was therefore instructed to follow up on those issues. In particular, reviewed the work carried out in 2022, contained in the annual report on internal audit activities presented to the Committee, confirming that all its mandated functions had been fulfilled, and approved the audit plan for 2023.

In this regard, the Internal Audit Responsible of the Company periodically informed the Audit and Control Committee about the unit's activities. In particular, the Committee was periodically informed, among other issues, about the evolution in the execution of the internal audit plan, review of periodic financial reporting, review of compliance with the requirements of the SOCIMI regime, review of asset valuation processes, supervision of the internal control over financial reporting system (ICFR), as well as the financial and non-financial risk management and control systems, the calculation of the Manager's fees, the financial covenants, the process of generating non-financial ESG information, the treasury sub-processes focused on the management of collections and payments, the updating of the narrative and flowchart of the treasury ICFR process, the monitoring of the communication with the markets, CNMV and relations with analysts, investors and other stakeholders and the associated risks, the review of health and hygiene measures in malls and retail parks, the review of the risk map, the functioning of the whistleblower channel, the update of crime prevention model and the review of the update of this model; the review, with the assistance of third party experts, of the data protection model and the money laundering and terrorism financing prevention model; the review of the action plans promoted to mitigate the risks detected in the data protection reports issued by Alaro-Avant, the review of the cybersecurity action plans resulted from Robota audits, the

annual review of the accounting policy manual and the analysis of activated linearizations and their evolution.

Finally, the Audit and Control Committee, on the basis of the self-assessment proposal prepared by the Internal Audit Responsible, assessed the functioning of the internal audit unit and the performance of its managers, declaring its agreement thereon and agreeing to report to the Board.

- **Supervision of the reporting and internal control systems**

During fiscal year 2022, and in relation to the Company's ICFR, the Audit and Control Committee analysed and supervised the effectiveness of the internal control systems, being informed by the Internal Audit Responsible in different meetings about the progress of the review process. Since the ICFR Manual provides for the annual evaluation and supervision of the different components of the ICFR, during the 2022 financial year, the ICFR Manual itself, the ICFR scoping matrix and the Accounting Policies Manual, among others, were reviewed and updated. Also, as part of the audit, the external auditor informed the Committee that no material weaknesses had been identified.

Within the framework of the processes of continuous review and updating the Company's internal rules and regulations, the Committee approved, with Core BC external advice, the crime prevention Model's update, reorganizing and clarifying certain aspects in order to adapt the Model to the Company's singularities. Likewise, the Committee analysed the report issued by Apreblanc Asesores, an external expert in money laundering and terrorism financing prevention, and decided to voluntarily accept its recommendations, submitting both the report and the proposed action plan to the Board, despite the fact that they are not applicable to the Company as it is not a regulated entity in this respect, so that Lar España's Money Laundering Prevention Manual is always updated in accordance with the highest standards of compliance.

- **Whistleblowing Channel**

During 2022, the Committee has analysed the issues related to the functioning of the Whistleblowing Channel and its activity, being timely informed by the Ethics Committee in this regard, and the internal auditor confirmed that he had not received any complaints through this channel. Likewise, no relevant issues were detected with regard to the prevention of money laundering and terrorism financing.

3) With regard to the external auditor:

In relation to this matter, the Audit and Control Committee has the following powers:

- Submit to the Board the proposals for the selection, appointment, re-election and replacement of the external auditor, taking responsibility for the selection

process, in accordance with that set forth in applicable legislation, as well as the contracting conditions, and for such purpose it must:

1°. determine the process of selection of the auditor; and

2°. issue a reasoned proposal that shall contain a minimum of two alternatives for selecting the auditor, unless the same auditor is being reelected.

- Receive regular information from the external auditor on the audit plan and on the results of its implementation, and check that senior management is acting on its recommendations.
- Establish the proper relationships with auditors to receive information on any matters that may threaten their independence, in particular any discrepancies that may arise between the auditor and the Company's management, for examination by the Audit and Control Committee, and any other matters related to the audit process and, where applicable, the authorisation of the services other than those prohibited, under the terms envisaged in applicable legislation, as well as other notices envisaged in audit legislation and other audit regulations.

In any event, written confirmation on its independence with respect to the Company or entities directly or indirectly connected thereto must be received, on an annual basis, from the external auditor, as well as detailed and individual information on any type of additional services provided and the related fees received from these entities by the external auditor or by persons or entities related to the auditor, pursuant to the applicable accounting legislation.

- Issue an annual report, prior to the issue of the auditors' report, containing an opinion on whether the independence of the auditors or audit companies has been compromised, which will be available to shareholders and investors through the Company's website well in advance of the Ordinary General Shareholders' Meeting. Such report shall, in all cases, contain the reasoned evaluation of the provision of each of the additional services mentioned in the section above, considered individually and as a whole, other than legal audit services, and in relation to the rules on independence or in accordance with the regulations governing audit activities.
- Preserve the independence of the external auditor in the performance of its duties and, for such purpose: (i) ensure that the Company notifies through the CNMV any change of auditor, accompanied by a statement of any possible disagreements arising with the outgoing auditor and, if any, of its content; (ii) ensure that the Company and the auditor adhere to current regulations on the provision of non-audit services and, in general, other requirements designated

to safeguard auditors' independence; and (iii), in the event of auditor's resignation, examine the reasons thereto.

- In the case of groups, the Committee should favour that the Group auditor takes on the auditing of all companies of the Group.
- Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- Ensure that the external auditor has an annual meeting with the Board of Directors in plenary session to inform it on the work undertaken and developments in the Company's risk and accounting positions.
- Carry out a final assessment regarding the auditor's performance and how it contributed to the quality of the audit and the integrity of the financial information.

- **Proposal for the appointment of the external auditor**

The Audit and Control Committee analysed the proposal submitted to the Board of Directors for the re-election of the external auditor of the Company for fiscal year 2022, for its later submission to the General Shareholders Meeting, agreeing to propose to the Board of Directors the renewal of the current external auditor (Deloitte) for a one-year term.

- **Supervision of relations and independence of the External audit**

The Audit and Control Committee supervised the relationships with the external auditors and its fees for the financial year 2022, as well as the compliance with the current auditing services contract, receiving information, among other matters, of the audit plan for 2022, ensuring that the opinion on the annual accounts and principal content of the audit report were drafted clearly and precisely. In this regard, the Chairman of the Committee, the Corporate Director and CFO and the Internal Audit Responsible met on several occasions with the external auditors to discuss issues relating to the planning of audit work.

Likewise, the Committee reviewed the external audit work after its completion, making a final assessment of the external auditor's performance and its contribution to the quality of the audit and the integrity of the financial information.

In relation to the above, the Audit and Control Committee considers that the Committee's communication with the external auditor has been fluid, continuous, in accordance with the regulations governing the auditing of accounts and has not undermined the effectiveness with which the audit has been carried out.

- **Supervision of the independence of the external auditors**

The Audit and Control Committee periodically supervised during the financial year the compliance of both the Company and the external auditor with the regulations in force on the provision of audit services and the other rules on auditor independence.

With reference to this matter, section 36 of the Audit Act and section 4, function f), of article 529 quaterdecies of the Spanish Companies Act require that the Audit Committee annually, prior to the audit report, issue a report stating an opinion regarding the independence of the auditors.

In this respect, the Committee expressly analysed whether the engagement of certain non-audit services could pose a risk to the independence of the external auditor, concluding that as the maximum limit of 70% of fees for non-audit services was not exceeded, it was not necessary to adopt measures to safeguard the independence of the external auditor.

In accordance with the above, the Committee received the letter of independence of the external auditor dated 23 February 2022, considering the external auditor that everything reviewed in the audit process was in accordance, no errors were detected and there had been good collaboration with the Company, and the Committee concluded that there were no objective reasons to question the independence of the auditor in the 2021 financial year.

Furthermore, on the basis of the aforementioned legal requirement and the confirmation of independence received from the auditors in 27 July 2022 and through a letter dated 23 February 2023, the Audit and Control Committee has concluded that there are no objective reasons to question the independence of the auditors in the financial year 2022.

Likewise, the Audit and Control Committee checked the fees paid by the various Group companies to the external auditor in 2022. Details are given below:

Concepts	Total
	(thousands of euros)
Audit Services	358
Other Verification Services	26
Total Audit and related Services	384
Related	
Tax Services	-
Other services	-

Total Professional Services

384

Likewise, the Audit and Control Committee analysed and checked the fee schedule submitted by the external auditor for fiscal year 2022.

In accordance with the foregoing, this Committee reasonably concludes that:

- (i) While performing its duties during the fiscal year 2022, the auditor has complied with the applicable rules regarding independence established in the auditing regulations.
- (ii) No circumstances have been identified in order to question the compliance with the rules governing the auditing activities performed by the external auditor with regards to its independence and the Company.
- (iii) The fees paid by the Company to the auditor do not represent a significant percentage of the revenue of the auditor for the purposes of complying with the rules established in the Audit Act.
- (iv) The fees paid to the auditor have been reasonably justified, estimating that they will not exceed reasonable market prices applicable to these types of services and there is no risk from the point of view of the auditor's independence and the maximum percentages foreseen in the regulations.

There are not aspects that could reasonably be considered as a breach of the auditing rules regarding independence of the auditor or with the delivery of additional services different from the audit services.

4) With regard to the supervision of risk management and control:

In relation to this matter, the Audit and Control Committee has the following powers:

- Supervise and evaluate the effectiveness of the risk and control management systems including financial and non-financial relative to the Company or, where appropriate, to the Group (including operating, technological, legal, social, environmental, political and reputational or those related to corruption) and, in particular, review these systems in order for the main risks being properly identified, managed and disclosed.
- Supervise the internal risk management and control function.
- In relation to the risk management and control policy, identify or determinate, at least: (i) the different types of risk (operating, technological, financial, legal, reputational, including those related to corruption) to which the Company is exposed, including financial or economic risks of contingent liabilities and

other off-balance sheet risks; (ii) a risk control and management model based on different levels (iii) the level of risk that the Company deems acceptable; (iv) the measures in place to mitigate the impact of the identified risks, should they occur; and (v) the internal reporting and control systems to be applied to control and manage the aforementioned risks, including contingent liabilities and off-balance risks.

- Reassess, at least on an annual basis, the list of most significant financial and non-financial risks and assess their level of tolerance, proposing any adjustments to the Board of Directors, where applicable.
- Hold a meeting, at least on an annual basis, with the senior managers of the business units to explain the business trends and associated risks.

In this regard, the Audit and Control Committee has received during the financial year periodic reports on the conclusions of the Internal Audit Responsible regarding the functioning of risk management. In particular, the Committee reviewed and approved the new risk map, both financial and non-financial, including ESG risks and cybersecurity, following the Internal Audit Responsible explanation of the risks identified during the analysis process, as well as the assessment of each of them and, in particular, of the main risk areas for the Company, agreeing the Committee its inclusion in the Annual Corporate Governance Report.

With respect to the business units, the heads of the Company's various business units periodically attended the Committee meetings to report on trends in the respective businesses and the risks associated with them.

The Committee also monitored the money laundering and terrorism financing prevention model update, analysing and reporting favourably on the documents that are part of it, and has followed up on the work carried out on the whistleblowers channel, its Regulations and the Code of Conduct, which the Company is working on updating with an external advisor on their updating to adapt them to ISO 37002 Whistleblowing management systems and, when enacted, to the new Law regulating the protection of persons reporting regulatory infringements and the fight against corruption, which transposes Directive (UE) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting on breaches of Union Law.

On the other hand, the Committee analysed, with the advice of external consultant Robota, the execution of the third-party cybersecurity model with a double aspect: supplier self-assessment and *onsite* audits at Gentalia and Grupo Lar.

5) With regard to the obligations of listed companies:

In relation to this matter, the Audit and Control Committee has the following powers:

- Report to the Board of Directors, prior to the Board passing the related resolutions on the following:
 - a) The incorporation or acquisition of ownership interests in special purpose vehicles or entities resident in jurisdictions considered to be tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
 - b) The economic conditions, the accounting impact and, where applicable, the impact on the exchange ratio of the structural changes and corporate transactions that the Company plans to carry out.
 - c) Any amendment to the internal code of conduct.
- Inform and issue the reports that are mandatory about related-party transactions to be approved by the General Shareholders' Meeting or the Board of Directors and oversee the internal procedure established by the Company for those whose approval has been delegated by the Board of Directors in accordance with applicable regulations.

Additionally, to also issue the annual report that, where applicable, the Audit and Control Committee issues on related-party transactions, that will be available to shareholders and investors through the Company's website well in advance of the Ordinary General Shareholders' Meeting

- **Related transactions**

Articles 529 vicies to 529 tervicies of the Capital Companies Act establish the legal regulations on related-party transactions applicable to listed companies, which has been incorporated into de Company's internal Regulations, in particular, to the Regulations of the Board of Directors and has been developed through the Related-Party Transactions Protocol approved by Lar España's Board of Directors.

In this regard, article 529 duovicies.3 of the Capital Companies Act provides that the related-party transactions must be approved by the General Shareholders' Meeting or by the Board of Directors, as the case may be, must be subject to a prior report by the Audit and Control Committee.

Likewise, in accordance with the Related-Party Transactions Protocol approved by the Company, it is the Board of Directors responsibility, with the support of the Audit and Control Committee, to ensure that related-party transactions are carried out in the Company's best interest, under market conditions, with transparency and fairness and subject to the applicable regulations.

For these purposes, during 2022, the Committee analysed, on the basis of the minutes and certificates issued by different internal bodies of the Company (Operating Group

–composed of the Corporate Director and CFO of the Company and the Legal Director– and Internal Audit Responsible, among others) and, when necessary, with the support of external independent advisors (Écija Abogados or PwC), the following transactions in order to determine their related-party transaction nature and, if so, the applicable regulations:

- Management contract between Gentalia and the Community of Owners of Abadía, for a term of one year and a total amount of approximately 163,600 euros, formalized on 1 February 2022. These fees are mostly passed on to the tenants and do not represent practically cost for the Company.
- Temporary renewal, for three months, of the framework agreement for asset management and marketing of malls and retail parks between Gentalia and Lar España and its subsidiaries, for a total amount of approximately 731,160 euros, formalized on 1 April 2022 and expired on June 30, 2022.
- Renewal of the framework agreements with Gentalia for three years, from 1 July 2022 to 30 June 2025, formalized on 1 July 2022: (i) framework agreement for asset management and marketing of malls and retail parks; and (ii) framework agreement for the management of malls and retail parks, with the estimated total consideration payable for both being 12,566,998 euros, of which approximately 5,848,028 euros correspond to management fees, most of which are passed on to the tenants and do not represent practically cost for the Company.

All these transactions were reported favourably by the Committee and submitted to the Board of Directors for its assessment and final approval.

Likewise, in accordance with the disclosure regulations of the third-party transactions, Lar España disclosed the referred transactions by means of an accessible announcement on its website and notification of Other Relevant Information to CNMV on 1 July 2022 (registration number 17177), attaching as an annex to the referred notification the reports issued by the Committee on the same.

Finally, the Committee noted and reviewed the activity report issued by the Operating Group on the correct application of the Company's Related-Party Transactions Protocol.

6) With regard to the supervising compliance with the policies and rules of the Company's corporate governance obligations, and the internal rules of conduct:

In relation to this matter, the Audit and Control Committee has the following powers:

- Monitor compliance with legal requirements and the Company's internal governance regulations and the internal codes of conduct, ensuring that the corporate culture is aligned with its purpose and values.
- Regularly review the Company's internal governance regulations and propose to the Board of Directors, for approval or submission at the General Shareholders' Meeting, as the case may be, any amendments and updates that contribute to its development and ongoing improvement.
- Promote the Company's corporate governance strategy and regularly evaluate and review the Company's governance system, to confirm that it is fulfilling its mission to promote the corporate interest and takes into account, as appropriate, to the legitimate interests of remaining stakeholders.
- Supervise the general policy relative to the communication of economic-financial, non-financial and corporate information, as well as the communication with shareholders and investors, proxy advisors and other interest groups. Likewise, will be followed the way the Company communicates and relates with small- and medium-sized shareholders.
- Be apprised of, promote, guide and supervise the Company's performance regarding corporate reputation and report thereon to the Board of Directors or, where applicable, to the Executive Committee.
- Report on, prior to its approval, the Company's annual governance report, obtaining for such purposes the reports from the Appointments, Remuneration and Sustainability Committee in relation to these sections of such report that are within their competence.

- **Supervision of the compliance with corporate governance regulations:**

In compliance with the functions attributed to it in relation to the corporate governance system, the Committee reviewed and accepted the Annual Corporate Governance Report for the financial year 2021 that, in accordance with article 538 of the Spanish Companies Act, must be included in a separate section of the Management Report that goes together with the Annual Accounts.

Likewise, the Audit and Control Committee approved, after review and further discussion, the functioning report of the Committee for fiscal year 2021, including the Committee's report on the auditor's independence and information on related party transactions, agreeing to send it to the Board for its approval and subsequent publication at the Ordinary General Shareholders' Meeting.

In addition, during the Annual General Meeting of Shareholders of the Company held on 27 April 2022, the Chairman of the Committee informed the shareholders of the main activities carried out by the Committee during the financial year 2021.

Likewise, in order to always be at the forefront of best corporate governance practices, during 2022 the Committee continued working on the review and constant updating of the Company's internal documents and regulations, as well as on the compliance and verification of internal corporate governance procedures.

In this regard, following the amendment of the Company's By-laws agreed by the Ordinary General Meeting of the Company held on 27 April 2022 to, among others, adapt the maximum term of office of the Chairman of the Audit and Control Committee to that provided for in article 529 quaterdecies.2 of the Capital Companies Act, the Audit and Control Committee of Lar España analysed, on the basis of the draft circulated prior to the meeting and after a presentation by the Company's Legal Director, the proposed amendment to the Board of Directors Regulations and the Regulations of the Audit and Control Committee, as well as the justifying report on said proposal, agreeing to report favourably and submit to the Board for its final approval the proposed amendments to the aforementioned Regulations.

On the other hand, notwithstanding the fact that listed companies are no longer required to have an Internal Code of Conduct in the Securities Markets ("RIC"), the Committee, at the request of the Company's Legal Director and considering the advisability of updating the Company's RIC to incorporate the latest legislative developments, CNMV pronouncements and the Company's practical experience, issued a favourable report on the proposed amendments and submitted the proposed new RIC, together with the justifying report, to the Board for its final approval.

Finally, the Committee continuously monitored during the financial year the implementation of the Policy for Information, Communication, Contacts and Involvement with shareholders, institutional investors, proxy advisors and other interest groups, and other corporate and governance policies, concluding that there was no need to amend or update them.

7) Other functions of the Committee:

In relation to this matter, the Audit and Control Committee has the following powers:

- Supervise the calculation of fees received by the Management Company in the performance of its functions.
- Appoint and supervise the services of external appraisers in relation to the appraisal of the Company's assets.
- Any other general or specific reporting function and proposal commissioned by the Board of Directors.

- Any other competence or function attributed by law, the Bylaws or the Board Regulations.

- **Valuation of the assets of the Company**

In accordance with the provisions of the Articles of Association, the Regulations of the Board of Directors and the Regulations of the Committee itself, the Audit and Control Committee reviewed - on the basis of presentations previously sent to the members of the Committee - and approved the valuations of the Company's assets at 31 December 2021 and 30 June 2022 prepared by the independent appraisers appointed by the Company for that purpose (Jones Lang LaSalle y Cushman & Wakefield), which were also reviewed by both the external auditor and the Internal Audit Responsible. In this regard, since the office of the independent appraisers expired in 2021, a process was carried out during the financial year to select appraisers for the period from 2022 to 2024. In this regard, the Committee agreed to renew the respective appraisal engagements, but to incorporate, as a measure to ensure their independence, rotation of the assets subject to valuation among external appraisers.

Likewise, the Committee was periodically informed of different issues related to the valuation of the Company's assets and the general market developments and expectations in terms of asset valuation.

- **Others**

The Committee reviewed - with the assistance of the external auditor in the audit process, the Internal Audit Responsible and the Corporate and Financial Director - and approved at various meetings the Manager's fees, confirming that they were in full compliance with the Investment Manager Agreement, and agreed to report to the Board for its information.

In addition, the Committee has been informed by the Corporate Director and CFO, prior review by the Internal Audit Responsible, of the various alternatives for the subsidiary companies' proposed dividend distribution and agreed on the interim dividend distribution of the subsidiaries.

On the other hand, the Committee agreed to place on record the agreement reached for the renewal of the Company's insurance policies.

Likewise, the Committee has periodically analysed the fulfilment of the requirements to be able to apply the SOCIMI regime, based on the reports prepared by KPMG, which were reviewed by both the external auditor and the Internal Audit Responsible, who agreed with the conclusions set forth in the aforementioned reports.

Moreover, the members of the Committee reviewed the actions carried out by the Committee during the financial year 2022, confirming that all those actions that the Law, the Regulations (external and internal) and the recommendations of good

corporate governance of the CNMV entrusted to the audit committees have been complied with and carried out.

Likewise, the Committee, with the support of external advisors, followed up on the AEAT's verification and inspection actions, as well as an information request received from the supervisor.

Lastly, the Committee approved the annual plan of activities of the Committee for the financial year 2023, including the main activities of the Committee during the financial year in relation to the performance of its duties, as well as the Committee's annual calendar of meetings for the financial year 2023. In this regard, among other issues, the Committee agreed to continue working in the same vein of 2022 financial year in order to remain a benchmark for compliance and good governance.

VI. EVALUATION AND CONCLUSIONS

Based on the foregoing, the Audit and Control Committee has evaluated its composition and functioning during the year 2022, considering that:

- The composition of the Committee has been adjusted to the legal and corporate provisions laid down for this purpose, having as a whole members with the relevant knowledge in relation to the competences of the Committee, in particular in accounting, auditing and risk management, both financial and non-financial, and the sector of activity to which Lar España belongs, with all the members of the Committee being independent Directors.
- The Committee has held meetings with the frequency provided in article 14 of the Board Regulations and in the CNMV Technical Guide 3/2017, and whenever it has been necessary in response to the issues to be addressed in such Committee.
- The ten meetings of the Committee have been attended by all its members in person, either physically at the meeting venue or by videoconference or similar systems, except for one meeting when a Director granted her proxy with voting instructions to the Committee's Chairman.
- The members of the Committee have had at their disposal, prior to the Committee's meetings, the necessary information with regard to the different Items of the Agenda in order to be able to deliberate and make informed decisions. In addition, when necessary, the Committee has been advised by external experts.
- Lastly, the Committee has deliberated and adopted resolutions on matters within its competence, among which the following can be highlighted, among others: the review of the periodic financial information, the supervision of relations and the independence of the External Audit, the supervision of the Internal Audit, the

supervision of the compliance with corporate governance regulations or the supervision of fees received by the Management Company.

In accordance with the foregoing, it can be concluded that the Audit and Control Committee has complied with the rules provided in the Law and in its corporate regulations regarding the composition, frequency of meetings, attendance and informed participation of its members, having dealt with the matters of competence of the Audit and Control Committee during fiscal year 2022.

This report has been approved by the Audit and Control Committee at its meeting held on 23 February 2023 and submitted to the Board of Directors at its meeting on 24 February 2023.