Lar España Real Estate SOCIMI, S.A.

Financial Statements for the year ended 31 December 2023 and Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2.a and 20). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of LAR España Real Estate SOCIMI, S.A.,

Report on the Financial Statements

Opinion

We have audited the financial statements of LAR España Real Estate SOCIMI, S.A. (the Company), which comprise the balance sheet as at 31 December 2023, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2023, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.a to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Valuation of non-current investments in Group companies

Description

The Company has ownership interests in the share capital of Group companies, which engage in the ownership and lease of their investment property, as detailed in Note 5 and Appendix I to the accompanying financial statements. The aforementioned investments constitute the main item in the Company's financial statements as at 31 December 2023.

As indicated in the aforementioned Note 5 to the financial statements, management determines the recoverable amount of those ownership interests and their underlying carrying amount plus the amount of the unrealised gains existing at each measurement date. Also, the unrealised gains are determined on the basis of the investment property valuations commissioned from experts, who use valuation methodologies and standards widely used in the market.

The measurement of the aforementioned ownership interests is a key audit matter, in view of the significance of those ownership interests in the financial statements taken as a whole and because the determination of their recoverable amount requires the use of judgements and estimates with a significant degree of uncertainty. Specifically, the valuation method generally used for determining the unrealised gains associated with the rental property assets is the discounted cash flow method, which requires estimates of:

- the future net revenue from each property based on available historical information and market surveys;
- the residual value of the assets at the end of the projection period;
- the exit yield; and
- the internal rate of return or opportunity cost used when discounting.

In addition, small percentage changes in the key assumptions used for the valuation of the property assets could give rise to significant changes in the recoverable amounts of the ownership interests held by the Company.

Procedures applied in the audit

Our audit procedures included, among others, the evaluation of the conclusion reached by Company management regarding the recoverability of the investments in Group companies.

In this regard, in view of the real estate nature of the business of the investees, which means that their recoverable amount is closely linked to the valuation of the property assets owned by them, in addition to the financial statements of the investees, we obtained the valuation reports of the experts engaged by the Company to value the entire property portfolio of the investees, and we evaluated the competence, capability and objectivity of the experts and the adequacy of their work for use as audit evidence. In this connection, with the assistance of our internal valuation experts, we:

- analysed and concluded on the reasonableness of the valuation procedures and methodology used by the experts engaged by Company management;
- reviewed all of the valuations, evaluating, in conjunction with our internal experts, the most significant assessed risks, including the occupancy rates and expected returns on the property assets. On conducting that review, we took into account the information available on the industry and transactions with property assets similar to the property asset portfolio owned by the Group to which the Company belongs; and
- held meetings with the experts engaged by the Group in order to check the findings of our work and obtain the necessary explanations.

In addition, we checked that the disclosures included in Notes 4b.iv) and 5 and Appendix I to the accompanying financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Compliance with the REIT tax regime

Description

The Company has availed itself of the special regime for Real Estate Investment Trusts (REITs). One of the main characteristics of companies of this nature is that they are subject to an income tax rate of 0%.

The applicability of the REIT tax regime is conditional upon compliance with certain requirements in relation, inter alia, to company name and object, minimum share capital, the obligation to distribute the profit of each year in the form of dividends and the trading of the entity's shares on a regulated market, as well as other requirements such as the investments made and the nature of the income earned each year, predominantly, which requires significant judgements and estimates to be made by management, since failure to comply with any of these requirements will lead to the loss of entitlement to the special tax regime unless the cause of the non-compliance is rectified the following year.

Therefore, compliance with the REIT regime requirements is a key matter in our audit, to the extent that the related tax exemption has a significant impact on both the financial statements and shareholder returns, since the business model of the Company and of its Group of subsidiaries is based on continuing to qualify for taxation under the REIT regime.

Procedures applied in the audit

Our audit procedures included, among others, obtaining and reviewing the documentation prepared by Company management, with the support of its tax advisers, relating to compliance with the obligations associated with this special tax regime, including the documentation relating to the estimate made by the Directors in relation to compliance with the income test in 2024 (see Note 14a.iv) to the financial statements), and we involved our internal experts from the tax area, who assisted us in analysing both the reasonableness of the information obtained and the completeness thereof in relation to all the matters provided for in the legislation in force at the analysis date.

Lastly, we verified that Notes 1, 13 and 14 to the financial statements for 2023 contained the disclosures relating to compliance with the conditions required by the REIT tax regime and other matters associated with the taxation of the Company.

Other Information: Directors' Report

The other information comprises only the Directors' report for 2023, the preparation of which is the responsibility of the Company's Directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the Directors' report. Our responsibility relating to the Directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the Directors' report is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the Directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the Directors' report was consistent with that contained in the financial statements for 2023 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit Committee for the Financial Statements

The Directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Lar España Real Estate SOCIMI, S.A. for 2023, which comprise the XHTML file including the financial statements for 2023, which will form part of the annual financial report.

The Directors of Lar España Real Estate SOCIMI, S.A. are responsible for presenting the annual financial report for 2023 in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (“ESEF Regulation”). In this regard, the Annual Corporate Governance Report and the Annual Directors’ Remuneration Report were included by reference in the Directors’ report.

Our responsibility is to examine the digital file prepared by the Company’s Directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the financial statements included in the aforementioned file corresponds in full to that of the financial statements that we have audited, and whether those financial statements were formatted, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined corresponds in full to the audited financial statements, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 28 February 2024.

Engagement Period

The Annual General Meeting held on 31 March 2023 appointed us as auditors of the Group for a period of one year from the year ended 31 December 2022.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 2014.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Carmen Barrasa Ruiz
Registered in ROAC under no. 17962

28 February 2024

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the use by the Directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Financial Statements and Management Report
31 December 2023

Prepared in compliance with Royal Decree 1514/2007, of 16 November, which approved the Spanish General Chart of Accounts, taking into consideration the industry adaptations and amendments approved subsequently thereto.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

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LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Balance sheet at 31 December 2023

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

Assets	Note	31.12.2023	31.12.2022
Investment property		93	—
Land	4a, 8	40	—
Buildings	4a, 8	53	—
Long-term investments in Group companies and associates		766,404	623,596
Equity instruments	5a, 8	766,404	623,596
Total non-current assets		**766,497**	**623,596**
Non-current assets held for sale	8	—	133,452
Trade and other receivables		31,636	27,886
Client receivables for sales and rendering of services	6a	45	8
Clients, Group companies and associates	16	31,049	27,793
Current tax assets	13a	542	85
Investments in Group companies and associates	16	337,019	438,018
Loans to companies		337,019	419,987
Other financial assets		—	18,031
Short-term financial investments	6a	34	8
Other financial assets		34	8
Short-term accruals		67	90
Cash and cash equivalents		234,353	173,095
Treasury	7.14	234,353	173,095
Total current assets		**603,109**	**772,549**
Total assets		**1,369,606**	**1,396,145**

The accompanying Notes 1 to 20 and Appendix I form an integral part of the balance sheet at 31 December 2023.

Balance sheet at 31 December 2023

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

Net Equity and Liabilities	Note	31.12.2023	31.12.2022
Treasury funds			
Capital		167,386	167,386
Issued capital	9a	167,386	167,386
Issue premium	9b	415,303	452,924
Reserves	9c	(48,989)	(50,454)
Legal and statutory		22,242	20,871
Other reserves		(71,231)	(71,325)
(Treasury shares and equity holdings)	9d	(371)	(250)
Other shareholder contributions		240	240
Profit for the period	3	68,634	13,718
Total net equity		**602,203**	**583,564**
Long-term borrowings		647,492	764,370
Debentures and other marketable debt securities	10	577,542	694,434
Bank borrowings	10	69,950	69,936
Total non-current liabilities		**647,492**	**764,370**

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

Short-term borrowings		3,298	4,170
Debentures and other marketable debt securities	10	3.113	3.985
Bank borrowings	10	185	185
Short-term borrowings from Group companies and associates	10, 16	106,378	39,590
Trade and other payables		10,235	4,451
Short-term suppliers, related companies	16	3,785	637
Sundry creditors	11	2.582	559
Personnel	11	291	205
Other public entity payables	11.13	3.577	3.050
Total current liabilities		**119,911**	**48,211**
Total net equity and liabilities		**1,369,606**	**1,396,145**

The accompanying Notes 1 to 20 and Appendix I form an integral part of the balance sheet at 31 December 2023.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Income Statement for 2023

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	Note	2023	2022
On-going transactions			
Net turnover		62,040	35,556
Revenue from stakes in equity instruments	4i, 15a, 16	48,105	19,947
Revenue from rebilling financial expenses within the Group	15a, 16	13,935	15,609
Other operating revenue		97	3
Non-core and other current operating revenue		97	3
Personnel expenses		(802)	(928)
Salaries and wages	15b	(735)	(865)
Benefits	15b	(67)	(63)
Other operating expenses		(3,713)	(2,022)
External services	15c	(3,711)	(2,022)
Taxes	15c	(2)	—
Depreciation of fixed assets		(1)	(1)
Impairment and profit/(loss) in disposals of financial instruments		(266)	(62)
Impairment and losses	5a	(266)	(62)
Operating profit/(loss)		**57,355**	**32,546**
Financial income		5,340	1,535
From negotiable securities and other financial instruments		5,340	1,535
From Group companies	16b	781	944
From third parties	7	4,559	591
Financial expenses	10c	(14,517)	(16,026)
Borrowings from Group companies and associates	16b	(163)	(73)
Borrowings from third parties	10c	(14,354)	(15,953)
Impairment and profit/(loss) in disposals of financial instruments	10	20,458	—
Changes in the fair value of financial instruments	7	—	(4,336)
Exchange-rate Differences		(2)	(1)
Financial profit/(loss)		**11,279**	**(18,828)**
Profit/(loss) before tax		**68,634**	**13,718**
Tax on profits	13b	—	—
Profit/(loss) for the period from on-going transactions		68,634	13,718
Profit for the period		**68,634**	**13,718**

The accompanying Notes 1 to 20 and Appendix I form an integral part of the income statement for 2023.

A) Statement of recognised income and expenses for 2023

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	2023	2022
Income statement result	68,634	13,718
Total revenue and expense recognised directly in net equity	—	—
Total transfers to the income statement	—	—
Total recognised revenues and expenses	68,634	13,718

The accompanying Notes 1 to 20 and Appendix I form an integral part of the statement of changes in net equity for 2023.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Statement of Changes in Net Equity for 2023

B) Statement of Total Changes in Net Equity at 31 December 2023

(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	Issued Capital	Issue premium	Reserves	Treasury shares and equity holdings	Other shareholder contributions	Profit for the period	Total
Balance at 31 December 2021	167,386	466,176	(52,136)	(860)	240	18,594	599,400
Recognised revenues and expenses	—	—	—	—	—	13,718	13,718
Transactions with shareholders or owners							
Distribution of profit							
To reserves	—	—	1,880	—	—	(1,880)	—
To dividends (Note 9e)	—	—	—	—	—	(16,714)	(16,714)
Return of the issue premium (Notes 9e)	—	(13,252)	—	—	—	—	(13,252)
Treasury shares (Note 9d)	—	—	(199)	610	—	—	411
Other operations	—	—	1	—	—	—	1
Balance at 31 December 2022	167,386	452,924	(50,454)	(250)	240	13,718	583,564
Recognised revenues and expenses	—	—	—	—	—	68,634	68,634
Transactions with shareholders or							
Distribution of profit							
To reserves	—	—	1,384	—	—	(1,384)	—
To dividends (Note 9e)	—	—	—	—	—	(12,334)	(12,334)
Return of the issue premium (Notes 9e)	—	(37,621)	—	—	—	—	(37,621)
Treasury shares (Note 9d)	—	—	81	(121)	—	—	(40)
Balance at 31 December 2023	167,386	415,303	(48,989)	(371)	240	68,634	602,203

The accompanying Notes 1 to 20 and Appendix I form an integral part of the statement of total changes in net equity for 2023.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
Statement of Cash Flows for 2023
(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	Note	2023	2022
Cash flows from operating activities			
Profit/(loss) for the period before tax		68,634	13,718
Adjustments to the profit/(loss)		(59,119)	(1,057)
Amortisation of fixed assets (+)	5	1	1
Valuation adjustments due to impairment (+/-)	5.6a	266	62
Revenue from stakes in equity instruments (-)	16	(48,105)	(19,947)
Financial revenue (-)	7.16	(5,340)	(1,535)
Financial expenses (+)	10	14,517	16,026
Impairment and gains/(losses) on disposals of financial instruments	10	(20,458)	—
Changes in the fair value of financial instruments	7	—	4,336
Changes in working capital		1,617	(7,324)
Debtors and other receivables (+/-)		(3,751)	(2,891)
Creditors and other payables (+/-)		5,371	(171)
Other current assets (+/-)		(3)	(4,262)
Other cash flows from operating activities		56,272	(9,756)
Interest payments (-)		(12,691)	(17,399)
Receipt of interest (+)		5,339	1,535
Proceeds from dividends (+)	16	63,624	6,108
Cash flows from operating activities		**67,404**	**(4,419)**
Cash flows from investing activities			
Proceeds from sales on investments (+)		154,092	70,945
Group companies and associates	6a	154,092	70,945
Cash flows from investing activities		**154,092**	**70,945**
Cash flows from financing activities			
Proceeds and payments relating to equity instruments		(40)	411
Disposal of equity instruments (+/-)	9	(40)	411
Proceeds and payments relating to financial liability instruments		(110,243)	(113,415)
a) Issue of:			
Borrowings with Group companies and associates (+)	16	—	9,285
b) Returns of:			
Bonds and other marketable securities (-)	10	(98,542)	(122,700)
Borrowings with Group companies and associates (-)		(11,701)	—
Payments relating to dividends and remuneration from other equity		(49,955)	(29,965)
Dividends (-)	9	(49,955)	(29,965)
Cash flows from financing activities		**(160,238)**	**(142,969)**
Net increase / decrease in cash or cash equivalents		**61,258**	**(76,443)**
Cash or cash equivalents at the beginning of the period		173,095	249,538
Cash or cash equivalents at the end of the period		234,353	173,095

The accompanying Notes 1 to 20 and Appendix I form an integral part of the statement of cash flows for 2023.

(1) NATURE AND ACTIVITIES OF THE COMPANY

Lar España Real Estate SOCIMI, S.A. (hereinafter the Company or Lar España) was incorporated with limited liability under Spanish law on 17 January 2014 for an indefinite duration as Lar España Real Estate, S.A. Its name was changed to the current name on 6 February 2014.

Its registered office is located at Calle María de Molina 39, 28006, Madrid, Spain.

According to its articles of association, the Company's statutory activity comprises the following:

– The acquisition and development of urban properties for lease.

– The holding of investments in the capital of other SOCIMIs (listed corporations for investment in the real estate market - Spanish "REITs") or in other entities not resident in Spain that have an identical statutory activity and are subject to a regime similar to that applicable to SOCIMIs, insofar as they have a legal or statutory obligation to distribute profits.

– The holding of investments in the capital of other entities, Spanish or foreign residents, whose main corporate purpose is the acquisition of urban property for the lease thereof that are subject to the same regime applicable to SOCIMIs insofar as they have a legal or statutory obligation to distribute profits and satisfy the investment requirements referenced in Article 3 of the SOCIMIs Law.

– The holding of shares or investments in Property Collective Investment Institutions regulated by Law 35/2003, of 4 November, on Collective Investment Institutions or any standard that might replace said Act in the future.

– In addition to the economic activity derived from the principal statutory activity, SOCIMIs may carry out complementary activities. These are understood to be activities that do not amount to more than 20% of the total earnings of the Company in each tax period or those which can be considered complementary pursuant to prevailing legislation.

The principal activity of Lar España Real Estate SOCIMI, S.A. comprises the holding of investments in the capital of other resident or non-resident entities in Spain whose main activity is the acquisition of urban properties for lease. The functional currency of the Company is the Euro.

Lar España Real Estate SOCIMI, S.A. has been listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and the Spanish automated quotation system since 05 March 2014.

Lar España Real Estate SOCIMI, S.A., as a company under the SOCIMI tax regime, is regulated by Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December and Law 11/2021, of 9 July, which regulates Listed Public Limited Companies for Investment in the Real Estate Market, in which the requirements for eligibility are determined, some of which are as follows:

1. SOCIMIs must invest at least 80% of their assets in urban properties for lease, in land for the development of urban properties for lease, provided that development commences within three years after the acquisition, or in the capital or equity of other entities referenced in Article 2.1 of Law 11/2009.

   Asset value shall be based on the average of the asset values reflected in the consolidated quarterly balance sheets for the period. To calculate this value, the Company chose to replace the carrying amount of the items comprising those balance sheets with their market value, which would apply to the four balance sheets for the period. For these purposes, cash or receivables derived from transfers of these properties or investments, if any, carried out in the current period or previous periods shall not be included provided, in the latter case, that the period for reinvestment stipulated in Article 6 of the aforementioned Law has not expired.

2. Furthermore, at least 80% of revenue for the tax period corresponding to each year, excluding that derived from the transfer of those investments and properties held for the purpose of carrying out the principal statutory activity, once the holding period mentioned in the following section has elapsed, must originate from property leases and dividends or shares in profits arising from said investments.

   This will be calculated as a percentage of consolidated profit if the company is the parent of a group in accordance with the criteria established in Article 42 of the Spanish Code of Commerce, irrespective of domicile and of the obligation to draw up consolidated financial statements. This Group shall comprise solely the SOCIMIs and other entities to which Article 2.1 of the above Law refers.

3. The properties that constitute the SOCIMI's assets must be leased for at least three years. The period of time during which the properties have been available for lease, up to a maximum of one year, shall be included for the purposes of this calculation. The period shall be calculated as follows:

   a) For properties included in the SOCIMI's holdings prior to availing of the regime, from the starting date of the first tax period in which the special tax regime established in the Law is applied, provided that on that date the asset was leased or available for lease. Otherwise, the provisions of the following point shall apply.

b) For properties developed or acquired subsequently by the Company, from the date on which they were leased or available for lease for the first time.

Shares or investments in the entities referenced in Article 2.1 of the aforementioned Law should be maintained as assets on the SOCIMI's balance sheet for at least three years from their acquisition or, where applicable, from the start of the first tax period in which the special tax regime established in the above Law is applied.

4. SOCIMIs and Spanish resident investees that have chosen to avail themselves of the special SOCIMI tax regime, after having satisfied any relevant trade obligations, shall be obligated to distribute the profit received in the period as dividends to their shareholders, where the distribution must be adopted within six months after each year-end, as follows:

a) 100% of the profits from dividends or shares in profits distributed by the entities referred to in article 2.1 of Law 11/2009, of 26 October 2009 as amended by Law 16/2012, of 27 December 2012 and Law 11/2021, of 9 July.

b) At least 50% of the profits derived from the transfer of the properties and shares or investments referred to in Article 2.1 of Law 11/2009, made after the periods referred to in Article 3.2 of Law 11/2009, of 26 October 2009 as amended by Law 16/2012, of 27 December 2012 and Law 11/2021, of 9 July, assigned to the fulfilment of its main statutory activity, have elapsed. The remainder of these profits must be reinvested in other properties or stakes to be held for the purpose of complying with the statutory activity, within three years after the transfer date. Otherwise, these profits must be distributed in full together with any profits obtained during the period in which the reinvestment period expires. If the items in which the reinvestment is made are transferred in the period during which they must be held, the associated profits must be distributed in full together with any profits obtained during the period in which the items were transferred.

The mandatory distribution of profits does not apply to any portion of profits attributable to periods in which the Company will not be taxed under the special regime provided for by that law.

c) At least 80% of the remaining profits obtained.

The dividend must be paid within one month following the date of the distribution agreement.

Likewise, as detailed in Article 3 of Law 11/2009, of 26 October 2009, amended by Law 16/2012, of 27 December 2012 and Law 11/2021, of 9 July, which regulates Listed Real Estate Investment Companies, the entity will lose the special tax regime established in this Law and will be taxed under the general corporate income tax regime in the same tax period in which any of the following circumstances arise:

- The exclusion from trading on regulated markets or in a multi-lateral trading system.

- The substantial breach of the information obligations referenced in Article 11 of said Law, unless the following year's report corrects such breach.

- The failure to agree to the total or partial distribution or payment of the dividends under the terms and within the periods referenced in Article 6 of said Law. In this case, taxation under the general regime shall take place in the tax period referencing the reporting period in which the profits giving rise to said dividends were made.

- The renouncement of the application of this special tax regime.

- The failure to fulfil any other requirements stipulated in said Law in order for the entity to apply the special tax regime, except where the failure to fulfil said requirement is corrected within the following period. Nevertheless, the breach of the period referenced in Article 3.3 of this law on the 3-year leasing period for assets shall not lead to exclusion from the special tax regime.

The exclusion from the special tax regime will prevent the entity from choosing to apply the special tax regime established in said Law again, until at least three years since the end of the last tax period in which the entity was included under the special tax regime. (Note 14a.iv).

As mentioned in Note 5, the Company owns shares in subsidies and associates. Consequently, under current legislation the Company is the parent of a Group of companies. Presenting the consolidated financial statements is necessary, in accordance with generally accepted accounting principles and regulations, to fairly present the Group's financial condition, results from operating activities, changes in net equity and cash flows. The information on stakes in Group companies and associates is provided in Appendix I.

On 27 February 2024 the Company's Directors drew up the 2023 consolidated financial statements for Lar España Real Estate SOCIMI, S.A. and the subsidiaries thereof, which reflect EUR 36,789 thousand in consolidated profits, EUR 885,548 thousand in consolidated net equity and EUR 1,588,137 thousand in consolidated total assets. The consolidated figures were obtained from the consolidated financial statements prepared by the Company based on International Financial Reporting Standards, adopted by the European Union, and other provisions of the framework regulations on financial information to which the Group is subject in Spain.

(2) BASIS OF PRESENTATION

(a) Regulatory framework on financial information

The financial statements for the year ended 31 December 2023 have been prepared by the directors on the basis of the accounting records of Lar España Real Estate SOCIMI, S.A., and have been prepared in accordance with:

– The Spanish Code of Commerce and related mercantile legislation
– The Spanish General Chart of Accounts approved by Royal Decree 1514/2007, the subsequent amendments thereto and sector adaptations
– Mandatory standards approved by the Spanish Accounting and Auditing Institute (ICAC) in drafting the Spanish General Chart of Accounts and the supplementary standards thereof
– Law 11/2009 of 26 October, as amended by Law 16/2012 of 27 December and Law 11/2021, of 9 July, which governs SOCIMIs.
– All other applicable Spanish accounting principles.

(b) True and fair view

The attached financial statements were obtained from the Company's accounting records and are presented in accordance with the applicable regulatory framework for financial information in such a way that they give a true and fair view of the equity, the financial position and the results of the Company, and cash flows during the 2023 financial year.

These financial statements, which were prepared by the Directors on 27 February 2024, shall be submitted for approval at the General Shareholders' Meeting and they are expected to be approved without any changes. The 2022 financial statements were approved by the General Shareholders' Meeting held on 31 March 2023.

These financial statements do not include any information or itemisations that do not need further details given their qualitative unimportance and were not considered material or to have relative importance according to the concept of materiality or relative importance as defined in the conceptual framework of the Spanish General Chart of Accounts (PGC 2007).

(c) Non-mandatory account principles applied

No non-mandatory accounting principles have been applied. Furthermore, the Directors have prepared these financial statements taking into account all the compulsory accounting principles and standards with a significant effect thereon. All mandatory accounting principles have been applied.

(d) Critical issues regarding the measurement and estimation of uncertainties

In preparing the adjoined financial statements, estimates have been made that are based on historical data and on other factors which are considered reasonable in accordance with current circumstances, and that constitute the basis for establishing the carrying amount of those assets, liabilities, revenues, expenses and commitments whose values are not easily determined using other sources. The Company reviews these estimates on an on-going basis.

These estimates were made on the basis of the best available information at the end of the 2023 period; nevertheless, it is possible that future events may make it necessary to modify them (either up or down) in coming years. If necessary, any changes would be made prospectively.

The following are the main assumptions made regarding the future and other sources regarding the uncertainty of the year-end estimates that could significantly affect the financial statements in the upcoming year:

- The recoverable amount of certain financial instruments and non-current assets held for sale (Notes 4a, 4b, 5 and 8).
- Assessment of provisions and contingencies (Notes 4h and 13e).
- Financial risk management (Note 14).
- The assessment of compliance with the requirements that regulate SOCIMIs (Notes 1 and 13d).

(e) Comparison of information

The application of accounting policies in 2023 and 2022 was uniform and, therefore, there were no operations or transactions recorded under different accounting principles that could give rise to discrepancies in the interpretation of the comparative figures for the two periods.

(f) Grouping together of items

In order to facilitate the comprehension of the balance sheet, certain items of the balance sheet, the income statement, the statement of changes in net equity and the statement of cash flows are presented as a group, though the disaggregated information is included in the corresponding Notes of the report, insofar as it is significant.

(g) Changes in accounting criteria

During the annual period ended on 31 December 2023 there were no changes in accounting criteria with respect to those applied when preparing the financial statements of 2022.

(h) Correction of errors

In preparing the adjoined financial statements, no significant errors have been detected that require that the amounts included in the financial statements for 2022 be re-stated.

(i) Functional and presentation currency

The figures disclosed in the financial statements are expressed in thousands of Euros rounded to the nearest thousand. The Euro is the Company’s functional and presentation currency.

(j) Impact on financial statements of geopolitical instability

In recent years, various armed conflicts have erupted in certain parts of the world, increasing global geopolitical pressure. In February 2022, Russia's invasion of Ukraine began, leading to a war between the two countries, and in October 2023, the Israeli-Palestinian conflict in the Gaza Strip began. The consequences of both conflicts are still uncertain.

The Company's directors, after assessing the possible repercussions of this situation, have considered that it would not, a priori, have a direct impact on its financial statements, since all its operations are domestic and it does not depend on any raw materials that could be affected by cuts in supplies.

However, this situation has generated an increase in uncertainty in global markets and a sharp rise in the cost of energy and other natural resources, particularly in Europe, which, in conjunction with other factors, has translated into an increase in inflation and the cost of living in the Spanish macroeconomic environment, leading to a rise in interest rates by the European Central Bank in response to this context.

This situation and its potential indirect impact on the Group is being monitored by the Management and the Directors. Lease rents of shopping centres owned by the subsidiaries are indexed to the CPI and were revised in 2023. On the other hand, the activity of shopping centres and retail parks is monitored in order to identify possible decreases in footfall and/or consumption levels that could affect tenant effort rates.

Similarly, the independent third party experts engaged by the Group for the valuation of the investment properties owned by the subsidiaries, have taken into consideration the economic situation at period close in determining the fair value of the Group’s investment property, although this may be affected by rapid changes in market circumstances caused by global geopolitical and economic impacts.

Given the existing geopolitical uncertainty and volatility, the Directors and the Company’s Management continue to constantly monitor the evolution of the conflict and its consequences, in order to successfully deal with possible future impacts that may occur.

(3) DISTRIBUTION OF PROFIT

The proposal for distributing the Company's profits for the 2023 period and issue premium to be presented to the General Shareholders' Meeting is the following:

	Euros
Basis of allocation	
Profit for the period	68,634,491.61
Issue premium	4,395,957.55
Distribution of profit	
Legal reserve	6,863,449.16
Dividends	66,167,000.00

The proposed distribution of profit and issue premium is €0.7906 per share.

(4) RECORD AND VALUATION STANDARDS

Pursuant to Note 2, the Company has applied the accounting policies in accordance with the accounting principles and standards stipulated in the Commercial Code, which are implemented in the current Spanish General Chart of Accounts (PGC 2007), industry adaptations and subsequent amendments thereto, as well as in other mercantile legislation in force at the year-end of these financial statements. In this regard, only those policies that are specific to the Company's activity and those considered significant in view of the nature of its activities are detailed below.

(a) Investment property

“Investment property” on the adjoined balance sheet includes the values of the lands and buildings and other constructions that are maintained either to lease or to earn capital gains through the sale thereof as a result of any increases produced in the future in the respective market prices.

These assets are initially valued at their purchase price or cost of production. Said figure is subsequently reduced by the corresponding accumulated depreciation and impairment losses, where applicable.

The investment properties owned by the Company comprise an office building and a permanent security post, which provides management services to the entire Abadía business park located in Toledo. Said business park is owned by LE Retail Abadía, S.L.U., which is in turn completely owned by Lar España Real Estate SOCIMI, S.A.

(b) Financial instruments

(i) *Classification of financial instruments*

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company classifies financial instruments into the categories above according to the characteristics of the instrument and the Company's intentions when they were initially recognised.

(ii) *Offsetting principles*

A financial asset and a financial liability are offset only when the Company currently has the enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) *Loans and receivables*

This item comprises non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They basically comprise receivables from Group companies. These assets are classified as current unless they mature more than 12 months after the date of the balance sheet, in which case they are classified as non-current. Loans and receivables generated in exchange for cash deliveries or commercial transactions are included under “Trade and other receivables” on the accompanying balance sheet.

These financial assets are initially measured at fair value, including directly attributable transaction costs, and subsequently carried at amortised cost, recognising accrued interest at the effective interest rate, which is the discount rate that matches the instrument’s carrying amount with all estimated cash flows to maturity. Nevertheless, trade receivables falling due in less than one period are carried at their nominal amount on both initial recognition and subsequent measurement, provided that the effect of not discounting the cash flows is immaterial.

At the year end at least, the necessary value adjustments are made for impairment losses when there is objective evidence that not all amounts due will be collected.

(iv) *Equity instruments in Group and multi-group companies and associates*

Those companies related to the Company through a relationship of control are considered to be Group companies, and companies over which the Company holds significant influence are considered to be associates. Furthermore, the jointly-controlled category includes those companies over which control is held, by virtue of an agreement, together with one or more partners.

Investments in Group companies are generally recorded initially at the fair value of the consideration plus directly attributable transaction costs.

Any fees paid to legal advisers or other related professionals who may be involved in the acquisition of investments in equity in Group companies granting control over a subsidiary are recorded directly in the income statement for the period in which they are incurred.

After initial measurement, investments in Group and multi-group companies and associates are measured at cost, unless their recoverable value is less than their carrying amount, in which case they are measured at cost less any accumulated impairment. Said adjustments are equal to the difference between the recoverable value and the carrying amount of the shareholdings at the date of measurement. Give that the Company is a holding company, it presents value adjustments made to investments in Group companies under "Operating profit/(loss)".

In this sense, given the real estate nature of the investees, their recoverable value is closely tied to the measurement of their property assets. In order to calculate the recoverable amount of such investments the Company calculates their fair value, the best estimate of which is the net equity of the investee adjusted for any unrealised gains present at the measurement date, as they are supported by independent expert appraisals.

Accordingly, in order to calculate the fair value of the property investment owned by Group companies and associates, the Company's Management entrusts independent appraisers that have no relation to the Group at year-end with the appraisal of all their property assets on 31 December. The measurement of this investment is conducted in accordance with the statements of the RICS Valuation - Professional Standards published by The Royal Institution of Chartered Surveyors ("Red Book"), based in the United Kingdom.

Specifically, buildings are appraised individually, taking into consideration each of the lease contracts in force at the appraisal date. The methodology used to calculate the market value of properties being rented consists of preparing 10 years' worth of revenue and expense projections for each type of asset, which will subsequently be updated on the date of the statement of financial condition for each review period using a market discount rate. The residual amount at the end of year 11 is calculated applying a rate of return ("exit yield") to the net revenue projections for year 11.

The market values thus obtained are analysed by calculating and analysing the yield capitalisation implicit in these values. Both the rate of return and the discount rate are defined in accordance with local property companies and considering the conditions prevailing in the institutional market, and the reasonableness of the market value thus obtained, which is tested in terms of initial gain.

Buildings with areas that have not been rented out are appraised on the basis of estimated future rents, minus a marketing period.

(v) *Impairment of financial assets*

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

– Impairment of financial assets carried at amortised cost

The amount of the impairment loss of financial assets carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For floating-rate financial assets, the effective interest rate corresponding to the measurement date under the contractual conditions is used. When calculating assets under guarantee, any sales costs pertaining to the allocation thereof shall be discounted at the effective interest rate.

The Company recognises the impairment loss and uncollectibility of loans and receivables and debt instruments by recognising an allowance account for financial assets, which is charged against profit and loss and is reversible in subsequent periods up to the amortised cost the assets would have had if the impairment loss had not been recognised.

(vi) *Financial liabilities*

Financial liabilities, including trade and other payables, are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently carried at amortised cost using the effective interest method. Said effective interest rate is the discount rate that matches the instrument's carrying amount with the expected future flow of payments to the maturity date of the liability.

Nevertheless, trade payables falling due in less than one year that have no contractual interest rate are carried at their nominal amount on both initial recognition and subsequent measurement, since the effect of discounting the cash flows is immaterial.

(vii) *Derecognition of financial assets*

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has substantially transferred all the risks and rewards of ownership.

The derecognition of a financial asset in its entirety implies the recognition of results as the difference between the carrying amount and the total consideration received, less transaction expenses, including assets obtained or liabilities assumed and any deferred profit or loss in revenues and expenses recognised in net equity.

(viii) *Derecognitions of financial liabilities*

The Company derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The exchange of debt instruments between the Company and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, providing the instruments have substantially different terms.

The Company considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the financial liability, any costs or fees incurred are recognised in the income statement as part of the result of the extinguishment. If the exchange is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are depreciated over the remaining term of the modified liability. In the latter case, a new effective interest rate is determined on the modification date, calculated as the rate that equates the present value of the flows payable under the new terms to the carrying amount of the financial liability at that date.

The difference between the carrying amount of a financial liability, or part of a financial liability, extinguished or transferred to a third party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised by the Company in the income statement.

If the Company delivers non-monetary assets as payment of debt, it recognises the difference between the fair value thereof and their carrying amount as operating profit and the difference between the value of the debt that is extinguished and the fair value of the assets as a financial result. If the company delivers inventories, the relevant sales transaction for same is recognised at the fair value and the change in inventories at the carrying amount.

(c) Own equity instruments held by the Company

The Company's acquisition of equity instruments is presented separately at the cost of acquisition in the balance sheet as a reduction in its own capital. For transactions carried out with own equity instruments no result is recognised in the income statement, rather it is directly recorded as reserve.

The subsequent redemption of the equity instruments entails a capital decrease equivalent to the par value of the shares. Any positive or negative difference between the purchase price and the par value of the shares is debited or credited to reserves.

Transaction costs related to own equity instruments, including issue costs related to a business combination, are accounted for as a deduction from reserves, net of any tax effect.

Dividends relating to equity instruments are recognised as a reduction in net equity when approved by the shareholders.

(d) Distributions to shareholders

Dividends are effective and recognised as decreased net equity when approved by the General Shareholders' Meeting.

The Company is subject to the special tax regime for SOCIMIs. This tax regime, following the amendment introduced by Law 16/2012, of 27 December and Law 11/2021 of 9 July, is based on paying a corporate income tax rate of 0%, provided certain requirements are met (Note 1).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

(f) Short-term employee benefits

Short-term employee benefits are employee benefits, other than termination benefits, for which the Company recognises the expected cost of profit-sharing or employee incentive plans when there is a present legal or constructive obligation as a result of past events and a reliable estimate can be made of the value of the obligation.

(g) Payments based on shares

The Company recognises, on one hand, goods and services received as an asset or an expense, according to the nature thereof, when same is received, and on the other, the corresponding liability if the transaction is settled with an amount that is based on the value of the equity instruments.

(h) Provisions and contingencies

In preparing the financial statements, the Company's Directors differentiate between the following:

a. Provisions: balances payable covering present obligations arising from past events that will likely give rise to an outflow of resources for the Company, where the amount and/or timing thereof are uncertain.

b. Contingent liabilities: possible obligations that arise as a result of past events and the future occurrence of which is conditional upon the occurrence or non-occurrence of one or more future events that are beyond the Company's control.

The financial statements include all the relevant provisions that more likely than not shall entail an obligation. Unless they are considered remote, contingent liabilities are not recognised in the financial statements, but information on same is provided in the notes to the report.

Provisions are measured at the present value of the best possible estimate of the amount that will be required to settle or transfer the liability, taking into account the information available on the event and the consequences thereof; the adjustments that arise due to updating said provisions are recognised as financial expenses as they accrue.

The compensation to be received from a third party on settlement of the obligation, provided there is no doubt that said reimbursement will be received, is recognised as an asset, except when there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount in which the corresponding provision, where appropriate, will be stated.

(i) Recognition of income

Pursuant to the publication in September 2009 on the consultation included in Gazette No. 79 of the Institute of Accounting and Account Auditing (ICAC), due to the Company's being a holding company, it presents revenue from dividends received from subsidiaries, financial revenue from financing granted thereto and revenue from disposing of equity instruments as net turnover.

Revenue from stakes in equity instruments

Discretionary dividends accrued after the acquisition of the shares or stakes shall be recognised as revenue on the income statement when the shareholder's right to receive same is declared by virtue of the approval by the subsidiary's shareholders.

Accordingly, when the distributed dividends unequivocally originate from profit generated prior to the date of acquisition because the distributed amounts are greater than the profits generated by the investee company since acquisition, they shall not be recognised as revenue and shall decrease the carrying amount of the investment until the distribution thereof is approved.

In turn, any distribution of available reserves, which includes issue premiums and other shareholder contributions, shall be classified as a "profit distribution" transaction. Consequently, same will be reflected as revenue upon approval, provided that since its acquisition the investee has generated profits greater than the treasury funds being distributed.

Revenue from investments in Group companies and associates

Revenue from receivables with Group companies and associates is recognised using the effective interest method and dividends are recognised when the shareholder's right to receive them has been declared, as explained in the previous section. In any case, interest and dividends from financial assets accrued after the acquisition are recognised as revenue in the income statement.

Revenue from the sale of shareholdings

Revenue from the sale of equity instruments is recognised when the risks and benefits inherent to the ownership of the sold asset are transferred to the purchaser and the day-to-day management and effective control over said asset are not retained.

Rebilling of costs to Group companies

(i) *Interests related to liabilities*

The Company considers financial costs rebilled to Group companies as revenue. The Company's distribution approach is based on the relative weight of the underlying market value of each pledged property asset of the investees over the total market value (calculated based on the latest available appraisal from the period immediately prior to 31 December of each period) of such property assets at the beginning of the relevant period.

(ii) *Rebilling of costs from service organisations and independent professionals*

The Company does not classify costs passed on to its subsidiaries for services received from external service organisations and independent professionals as revenue from the provision of services. The invoicing for these items is included under "External services" on the accompanying income statement, net of expenses paid by the Company for said items. Said rebilled costs total EUR 11,840 thousand in 2023 (EUR 7,359 thousand in 2022).

(j) Income tax

(i) *General regime*

The income tax expense or income includes the part related to the current income tax expense or tax income and the portion corresponding to the deferred tax expense or income.

Current tax is the amount the Company pays as a result of tax settlements on profits for a given year. Deductions and other tax relief applicable to payable taxes, excluding withholdings and payments on account, and tax loss carry-forwards applied in the current reporting period are accounted for as a reduction in current tax.

Deferred tax income or expenses corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences that are identified as those amounts that are expected to be payable or recoverable, arising from differences between the carrying amounts of assets and liabilities and their tax bases, and the tax loss carryforwards of compensation and credits for tax relief not fiscally applied. These amounts are recognised by applying the temporary difference or deduction corresponding to the tax rate at which they are expected to be recovered or settled.

(ii) *Tax regime for SOCIMIs*

This special SOCIMI tax regime, following the amendment introduced by Law 16/2012 of 27 December and Law 11/2021 of 9 July, is based on paying a corporate income tax rate of 0%, provided certain requirements are met.

Pursuant to the Article 9 of Law 11/2009 of 26 October, amended by Law 16/2012 of 27 December and Law 11/2021 of 9 July, governing SOCIMIs, the entity shall be subject to a special tax rate of 19% on the total amount of dividends or shares in profits distributed among shareholders with an interest in the entity exceeding 5% when such dividends are tax-exempt or are taxed at a rate of less than 10% at the shareholders' seat of economic activity. The Company has established a procedure whereby shareholders confirm their tax status and, where applicable, 19% of the amount of the dividend distributed among the shareholders that do not meet the tax requirements mentioned in Note 1 is withheld.

In addition, Law 11/2021, of 9 July, on measures for preventing tax fraud, which transposed Directive (EU) 2016/1164, modified Article 9 of Law 11/2009, of 26 October, which regulates SOCIMIs. Likewise, the entity's rental revenue that is not taxed at the general corporate income tax rate and that is not covered by a reinvestment period will be subject to a special tax of 15% on any profits obtained in the year that are not subject to distribution. Where applicable, this special tax must be paid by the SOCIMI within two months of the accrual date.

(k) Classification of assets and liabilities as current and non-current

"Current" assets are defined as those assets related to the normal operating cycle generally expected in a year, and also those assets expected to mature or to be disposed or to be settled in the short term at year-end, financial assets held for trading, with the exception of financial derivatives with a settlement period greater than one year, and cash and cash equivalents. Assets not meeting these requirements are classified as non-current.

Similarly, "current" liabilities are defined as liabilities related to the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives with a settlement period greater than one year, and in general all obligations that will mature or terminate in the short term. Otherwise, they are classified as non-current.

(l) Environmental assets and liabilities

Environmental assets are defined as those used on a lasting basis in the Company's operations, the main purpose of which is to minimise the environmental impact and protect and improve the environment, including reducing or eliminating future pollution.

The Company's activity does not have a significant environmental impact due to the nature thereof.

(m) Transactions between Group companies

Transactions between Group companies are carried out at market value and are recognised at the fair value of the consideration paid or collected, except those transactions pertaining to mergers, divisions and non-monetary contributions of business. The difference between said value and the agreed amount is recorded according to the underlying economic substance.

(n) Statement of cash flows

The Statement of Cash Flows has been prepared using the indirect method and the following expressions and definitions:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments not subject to significant risk of changes in value.

- Operating activities: the usual activity of the Company and other activities that cannot be classified as investing or financing activities.

- Investing activities: the acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of net equity and of liabilities that do not form part of operating activities.

(o) Non-current assets held for sale

The Company classifies a non-current asset or a disposal group as being held for sale when a decision has been made to sell same and such sale is expected to happen within the next twelve months.

These assets or disposal groups are measured at their carrying amount or fair value after deducting the necessary sales costs, whichever is less.

Assets classified as non-current and held for sale are not depreciated, but at the date of each balance sheet the appropriate value adjustments are made so the carrying value does not exceed the fair value minus sales costs.

Revenue and expenses generated by non-current assets and disposal groups comprising elements held for sale that do not meet the requirements to be classified as discontinued operations are recognised in the income statement under the line item that corresponds to the nature of said asset or disposal group.

(5) INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

(a) Investments in equity instruments

The breakdown of investments in Group company and associate equity instruments at 31 December 2023 and 2022 is as follows (see additional information in Appendix I):

(Expressed in thousands of Euros)

Stocks in Group Companies (all at 100%)

	Thousands of Euros						
	2023						
Company	Opening balance	Transfers (Note 8)	Voluntary contributions	Restitution of voluntary contributions	Derecognition due to return of reserves and liquidation of companies	Impairment /Reversals	Closing balance
LE Logistic Alovera I y II, S.A.U.	3,469	—	—	(3,409)	(60)	—	—
LE Retail Hiper Albacenter, S.L.U.	15,621	—	368	—	—	—	15,989
LE Retail Alisal, S.A.U.	2,327	—	—	(2,267)	(60)	—	—
LE Offices Eloy Gonzalo 27, S.A.U.	398	—	—	(398)	—	—	—
LE Retail As Termas, S.L.U.	36,826	—	1,790	—	—	—	38,616
LE Offices Joan Miró, S.L.U.	762	—	—	(746)	(16)	—	—
LE Logistic Alovera III y IV, S.L.U.	632	—	—	(632)	—	—	—
LE Logistic Almussafes, S.L.U.	2,806	—	—	(2,804)	(2)	—	—
LE Retail Hiper Ondara, S.L.U.	139,801	—	6,509	—	—	—	146,310
LE Retail Vidanova Parc, S.L.U.	—	31,767	921	—	—	—	32,688
LE Retail Galaria, S.L.U.	406	—	—	(400)	(6)	—	—
LE Retail El Rosal, S.L.U.	36,836	—	1,914	—	—	—	38,750
LE Retail Lagoh, S.L.U.	130,516	—	5,677	—	—	—	136,193
LE Retail Vistahermosa, S.L.U.	—	23,402	1,038	—	—	—	24,440
LE Retail Sagunto II, S.L.U.	—	1,369	8	—	—	103	1,480
Lar España Inversión Logística IV, S.L.U.	701	—	—	(697)	(4)	—	—
LE Retail Villaverde, S.L.U.	1,748	—	—	(1,750)	2	—	—
LE Offices Marcelo Spínola, S.L.U.	5,516	—	—	(3,593)	(1,923)	—	—
LE Retail Albacenter, S.L.U.	37,648	—	897	—	—	—	38,545
LE Retail Anec Blau, S.L.U.	94,319	—	2,149	—	—	—	96,468
LE Retail Gran Vía de Vigo, S.L.U.	64,042	—	2,752	—	—	—	66,794
LE Retail Las Huertas, S.L.U.	12,789	—	191	—	—	33	13,013
LE Retail Txingudi, S.L.U.	35,652	—	605	—	—	(391)	35,866
LE Retail Abadía, S.L.U.	—	39,475	1,707	—	—	—	41,182
LE Retail Rivas, S.L.U.	—	37,346	1,266	—	—	—	38,612
LE Retail Córdoba Sur, S.L.U.	(669)	—	671	—	—	(2)	—
	622,146	133,359	28,463	(16,696)	(2,069)	(257)	764,946

Stocks in Associates

	Thousands of Euros		
	2023		
Company	Opening balance	Impairment/ Reversals	Closing balance
Inmobiliaria Juan Bravo 3, S.L.	1,450	8	1,458
	1,450	8	1,458

(Expressed in thousands of Euros)

Stocks in Group Companies (all at 100%)

	Thousands of Euros				
	2022				
Company	Opening balance	Transfers (Note 8)	Voluntary contributions	Impairment/ Reversals	Closing balance
LE Logistic Alovera I y II, S.A.U.	3,469	—	—	—	3,469
LE Retail Hiper Albacenter, S.L.U.	15,048	—	573	—	15,621
LE Retail Alisal, S.A.U.	2,327	—	—	—	2,327
LE Offices Eloy Gonzalo 27, S.A.U.	401	—	—	(3)	398
LE Retail As Termas, S.L.U.	34,134	—	2,692	—	36,826
LE Offices Joan Miró, S.L.U.	769	—	—	(7)	762
LE Logistic Alovera III y IV, S.L.U.	635	—	—	(3)	632
LE Logistic Almussafes, S.L.U.	2,812	—	—	(6)	2,806
LE Retail Hiper Ondara, S.L.U.	135,205	—	4,596	—	139,801
LE Retail Vidanova Parc, S.L.U.	31,112	(31,767)	655	—	—
LE Retail Galaria, S.L.U.	410	—	—	(4)	406
LE Retail El Rosal, S.L.U.	35,388	—	1,448	—	36,836
LE Retail Lagoh, S.L.U.	126,518	—	3,998	—	130,516
LE Retail Vistahermosa, S.L.U.	22,739	(23,402)	663	—	—
LE Retail Sagunto II, S.L.U.	1,311	(1,369)	6	52	—
Lar España Inversión Logística IV, S.L.U.	701	—	—	—	701
LE Retail Villaverde, S.L.U.	1,748	—	—	—	1,748
LE Offices Marcelo Spínola, S.L.U.	5,516	—	—	—	5,516
LE Retail Albacenter, S.L.U.	36,231	—	1,417	—	37,648
LE Retail Anec Blau, S.L.U.	91,142	—	3,177	—	94,319
LE Retail Gran Vía de Vigo, S.L.U.	61,971	—	2,071	—	64,042
LE Retail Las Huertas, S.L.U.	12,629	—	143	17	12,789
LE Retail Txingudi, S.L.U.	34,660	—	1,065	(73)	35,652
LE Retail Abadía, S.L.U.	38,284	(39,475)	1,191	—	—
LE Retail Rivas, S.L.U.	36,431	(37,346)	915	—	—
LE Retail Córdoba Sur, S.L.U.	(661)	—	—	(8)	(669)
	730,930	(133,359)	24,610	(35)	622,146

Stocks in Associates

	Thousands of Euros		
	2022		
Company	Opening balance	Impairment/ Reversals	Closing balance
Inmobiliaria Juan Bravo 3, S.L.	1,477	(27)	1,450
	1,477	(27)	1,450

<u>Equity instrument investment movements in 2023</u>

- On 28 July 2023 the properties owned by LE Retail Vistahermosa, S.L.U. and LE Retail Rivas, S.L.U. were sold, whose shareholdings were classified as "Non-current assets held for sale", and which have been reclassified to "Long-term investments in group and associated companies" for the amount of EUR 23,402 thousand and EUR 37,346 thousand, respectively, as the sale of the holdings is not expected to take place in the short term (Note 8).

- On 19 October 2023, the Board of Directors of the Company approved the interruption of the sale process of the shareholdings of LE Retail Vidanova Parc, S.L.U., LE Retail Abadía, S.L.U. and LE Retail Sagunto II, S.L.U., which were recorded as "Non-current assets held for sale" at 31 December 2022, to "Long-term investments in group companies and associates", for the amount of EUR 31,767 thousand, EUR 39,475 thousand and EUR 1,369 thousand, respectively (Note 8).

- On 12 December 2023, the Company, the Sole Shareholder of practically all of its investees, approved the restitution of voluntary contributions made by the latter to the equity of its investees for a total amount of EUR 16,696 thousand through the offsetting of the credits that the investees held with the Company.

- On 12 December 2023, the Company approved the contribution of EUR 671 thousand to the equity of its investee, LE Retail Córdoba Sur, S.L.U., by offsetting the debt that the latter held with the Company.

- On 12 December 2023, the Company approved the distribution of a EUR 2,927 thousand extraordinary dividend with a charge to freely distributable reserves of its investee, LE Offices Marcelo Spinola 42, S.L.U., EUR 1,004 thousand of which was recorded under "Income from equity investments" in the 2023 income statement (Note 16b), and the remaining amount, EUR 1,923 thousand, was recorded as a reduction in the value of investments in Group companies.

- On 21 December 2023 the companies LE Logistic Alovera I y II, S.A.U., LE Logistic Alovera III y IV, S.A.U., LE Logistic Almussafes, S.L.U., LE Offices Joan Miró 21, S.L.U., LE Retail Galaria, S.L.U., LE Retail Villaverde, S.L.U., LE Retail Alisal, S.L.U., LE Offices Eloy Gonzalo 27, S.A.U., Lar España Inversión Logística IV, S.L.U., LE Offices Marcelo Spinola 42, S.L.U., and LE Retail Córdoba Sur, S.L.U. were dissolved and wound up.

  The liquidation of the investee companies resulted in a net profit of EUR 62 thousand, recording a profit of EUR 81 thousand under the heading "Income from equity investments" (Notes 15a and 16b.i) and a loss of EUR 19 thousand under "Impairment and gains or losses on disposals of financial instruments" in the Company's 2023 Income Statements.

- On 31 December 2023, the Company partially impaired its shareholdings in the group company LE Retail Txingudi, S.L.U. by EUR 391 thousand.

- On 31 December 2023, the Company partially reversed the impairment of its shareholdings in the group companies LE Retail Sagunto II, S.L.U. and LE Retail Las Huertas, S.L.U., for the amount of EUR 103 thousand and EUR 33 thousand, respectively.

- On 31 December 2023, the Company partially reversed the impairment of its interest in the associate Inmobiliaria Juan Bravo 3, S.L. for EUR 8 thousand based on the Directors' best estimate of the recoverable amount thereof.

Equity instrument investment movements in 2022

- On 31 December 2022, the Company partially impaired its shareholdings in the Group companies LE Offices Eloy Gonzalo 27, S.A.U., LE Offices Joan Miró 21, S.L.U., LE Logistic Alovera III y IV, S.L.U., LE Logistic Almussafes, S.L.U., LE Retail Galaria, S.L.U., LE Retail Txingudi, S.L.U. and LE Retail Córdoba Sur, S.L.U. For the amount of EUR 3 thousand, EUR 7 thousand, EUR 3 thousand, EUR 6 thousand, EUR 4 thousand, EUR 73 thousand and EUR 8 thousand, respectively.

- On 31 December 2022, the Company reversed the impairment of its shareholdings in the group companies LE Retail Sagunto II, S.L.U. and LE Retail Las Huertas, S.L.U., for the amount of EUR 52 thousand and EUR 17 thousand, respectively.

- On 31 December 2022, the Company partially impaired the shareholding it held in the associate Inmobiliaria Juan Bravo 3, S.L. for the amount of EUR 27 thousand based on the Directors' best estimate of the recoverable value thereof.

- On 31 December 2022, the Company classified as non-current assets held for sale 100% of the shares held in LE Retail Vidanova Parc, S.L.U., LE Retail Vistahermosa, S.L.U., LE Retail Rivas, S.L.U., LE Retail Abadía, S.L.U. and LE Retail Sagunto II, S.L.U., for the amount of EUR 31,767 thousand, EUR 23,402 thousand, EUR 37,346 thousand, EUR 39,475 thousand and EUR 1,369 thousand, respectively, based on the decision to sell them and their realisation in the short term (Note 8).

(Expressed in thousands of Euros)

(6) FINANCIAL ASSETS BY CATEGORY

(a) Classification of financial assets by category

The classification of financial liabilities held by the Company at 31 December 2023 and 2022 by category is as follows:

	Thousands of Euros			
	2023		2022	
	Non-current	Current	Non-current	Current
Long term financial investments in Group companies (Note 5)	766,404	—	623,596	—
Non-current assets held for sale (Note 8)	—	—	—	133,452
Other financial assets	—	34	—	8
Investments in Group companies and associates (Note 16b)	—	337,019	—	438,018
Trade and other receivables				
Client receivables for sales and rendering of services	—	45	—	8
Customers, Group companies and associates (Note	—	31,049	—	27,793
Current tax assets (Note 13)	—	542	—	85
Total financial assets	766,404	368,689	623,596	599,364

The carrying amount of the financial assets does not differ significantly from their fair value, except for long-term financial investments in Group companies where there are unrealised gains not recognised at cost amounting to EUR 344,313 thousand at 31 December 2023 (EUR 392,340 thousand at 31 December 2022) arising from real estate assets owned by such companies.

(Expressed in thousands of Euros)

(7) CASH AND CASH EQUIVALENTS

Breakdown of cash and cash equivalents at 31 December 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Banks	234,353	173,095
Total	234,353	173,095

At 31 December 2023, this balance includes EUR 115,000 thousand corresponding to deposits with immediate availability and maturity of less than 3 months, contracted and managed by BNP and Credite Agricole (EUR 170,165 thousand at 31 December 2022), and EUR 115,000 thousand corresponding to an interest-bearing account contracted and managed by Barclays. In 2023, financial income of EUR 4,559 thousand (EUR 575 thousand as at 31 December 2022) was recognised in respect of interest accrued on deposits and the interest-bearing account, which earn an average interest rate of 4.15%.

In addition, in 2022 the Company recognised an amount of EUR 4,336 thousand under "Change in fair value of financial instruments" in the Income Statement as a result of the change in value of the immediately available investment funds contracted and managed by Banco Santander and BBVA in which the Company invested the remaining cash it had available to cover its short-term payment commitments, all of which was drawn down in 2022.

In addition, at 31 December 2023 and 31 December 2022 the amount of cash and cash equivalents held by the Company is unrestricted.

(Expressed in thousands of Euros)

(8) NON-CURRENT ASSETS HELD FOR SALE

On 28 July 2023 the properties owned by LE Retail Vistahermosa, S.L.U. and LE Retail Rivas, S.L.U., whose shareholdings were classified as "Non-current assets held for sale", were sold and reclassified to "Long-term investments in group companies and associates", given that their sale is not expected to take place in the short term (Note 5).

On 19 October 2023, the Board of Directors of the Company approved interruption of the sale, of the shareholdings of the Group companies LE Retail Vidanova Parc, S.L.U., LE Retail Abadía, S.L.U. and LE Retail Sagunto II, S.L.U., which were recorded as "Non-current assets held for sale" at 31 December 2022, and have thus been reclassified to "Long-term investments in group companies and associates" (Note 5).

The breakdown of the shareholdings classified under this category as at 31 December 2023 and 31 December 2022 is the following:

	Thousands of Euros	
	2023	2022
LE Retail Vidanova Parc, S.L.U.	—	31,767
LE Retail Vistahermosa, S.L.U.	—	23,402
LE Retail Rivas, S.L.U.	—	37,346
LE Retail Abadía, S.L.U.	—	39,475
LE Retail Sagunto II, S.L.U.	—	1,369
	—	133,359

(Expressed in thousands of Euros)

(9) NET EQUITY

The composition and movements in net equity are presented in the statement of changes in net equity.

(a) Capital

At 31 December 2023 the share capital of Lar España Real Estate SOCIMI, S.A. amounts to EUR 167,386 thousand (EUR 167,386 thousand at 31 December 2022) represented by 83,692,969 registered shares (83,692,969 registered shares at 31 December 2022), represented through book entries, with a par value of EUR 2 each, subscribed and fully paid, all granting the same rights.

All of the shares of the company Lar España Real Estate SOCIMI, S.A. are quoted on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The quoted price at 31 December 2022 was EUR 6.15 per share, and the average price per share in the 2023 period was EUR 5.39 (in the 2022 period, the average price per share was EUR 4.23 and the quoted price was EUR 4.74 per share).

The breakdown of the Company’s main shareholders at 31 December 2023 31 December 2022 is as follows:

	%	
	2023	2022
Castellana Properties SOCIMI, S.A.	25.5%	25.5%
Grupo Lar Inversiones Inmobiliarias, S.A.	10.0%	10.0%
Adamsville, S.L.	5.2%	5.2%
Brandes Investment Partners, L.P.	5.0%	5.0%
Santa Lucía S.A. Cía de Seguros	—	5.0%
Blackrock Inc.	3.7%	3.7%
Utah State Retirement Systems	3.1%	3.1%
Other shareholders with an interest of less than 3%	47.5%	42.5%
Total	100.0%	100.0%

(Expressed in thousands of Euros)

(b) Issue premium

The Revised Spanish Capital Companies Law expressly provides for the use of the issue premium to increase share capital and does not stipulate any specific restrictions as to its use, provided that the Company's equity does not fall below its share capital as a result of any distribution.

On 31 March 2023, the distribution of dividends from the 2022 period against the issue premium was approved for the amount of EUR 37,654 thousand, taking into account the shares issued (Note 9e).

On 27 April 2022, the distribution of dividends from the 2021 period against the issue premium was approved for the amount of EUR 13,266 thousand, taking into account the shares issued (Note 9e).

At 31 December 2023, the Company's share premium amounted to EUR 415,303 thousand (EUR 452,924 thousand at 31 December 2022).

(c) Reserves

The breakdown of this category as at 31 December 2023 and 2022 is the following:

	Thousands of Euros	
	31.12.2023	31.12.2022
Legal reserve	22,242	20,871
Capital redemption reserve	23,384	23,384
Other reserves	(94,615)	(94,709)
Total	(48,989)	(50,454)

(Expressed in thousands of Euros)

Reserve movements that took place during the 2023 and 2022 periods were as follows:

	Thousands of Euros	
	2023	2022
Opening balance	(50,454)	(52,136)
Profit for the period	1,384	1,880
Capital decreases	—	—
Result from treasury shares	81	(199)
Other changes	—	1
Closing balance	(48,989)	(50,454)

(i) *Legal reserve*

The legal reserve is to be provided for in compliance with Article 274 of the Spanish Capital Companies Law, which requires that companies transfer 10% of profits for the period to a legal reserve until this reserve reaches an amount equal to 20% of the share capital.

The legal reserve is not distributable to shareholders and if it is used to offset loss, in the event that no other reserves are available, the reserve must be replenished with future profits.

At 31 December 2023 the Company's legal reserve amounted to EUR 22,242 thousand (EUR 20,871 thousand at 31 December 2022). Therefore, the legal reserve at 31 December 2023 is not fully provided for.

Pursuant to Law 11/2009 which governs SOCIMIs, the legal reserve of companies that have opted to avail themselves of the special tax regime provided for by this law may not exceed 20% of their share capital. The articles of association of these companies may not stipulate any restricted reserve other than the legal reserve.

(ii) *Capital redemption reserve*

This reserve includes the nominal value of the treasury shares redeemed in the capital decreases carried out on 18 November 2021, 20 December 2019, 10 June 2019 and 28 December 2018, totalling EUR 23,384 thousand. The provision and availability of this reserve shall be held to the same requirements demanded for the capital decrease, in line with the provisions of Article 335 c) of the Spanish Capital Companies Law, the revised text of which was approved by Royal Legislative Decree 1/2010 of 2 July (the "Spanish Capital Companies Law").

(Expressed in thousands of Euros)

(d) Treasury shares

At 31 December 2023, the Company has treasury shares with an acquisition cost of EUR 371 thousand (EUR 250 thousand at 31 December 2022).

The movement during the periods 2023 and 2022 has been as follows:

2023 Period

	Number of shares	Thousands of Euros
31 December 2022	56,714	250
Additions	596,124	3,225
Derecognitions	(590,293)	(3,104)
31 December 2023	62,545	371

2022 Period

	Number of shares	Thousands of Euros
31 December 2021	130,970	860
Additions	464,516	2,219
Derecognitions	(538,772)	(2,829)
31 December 2022	56,714	250

The average selling price of treasury shares in 2023 was EUR 5.09 per share (EUR 4.80 in 2022), generating a profit of EUR 81 thousand (loss of EUR 199 thousand at 31 December 2022), which was recognised under "Other reserves" in the balance sheet.

On 5 February 2014, the Sole Shareholder of the Company authorised the Board of Directors to purchase shares of the Company, up to a maximum of 10% of the share capital. In this regard, the Parent company has a liquidity agreement formalised with a financial intermediary pursuant to the terms of Circular 3/2007, of 19 December by the Spanish Securities Market Commission on liquidity agreements for the purposes of accepting same as a market practice and other applicable regulations. In 2023, the Parent Company terminated its liquidity contract with JB Capital Markets and entered into a liquidity contract with GVC Gaesco Valores.

(e) Dividends paid and issue premiums returned

On 31 March 2023, the General Shareholders' Meeting of the Company approved the distribution of a dividend of EUR 50,000 thousand, at EUR 0.60 per share (taking into account all the shares issued), with EUR 12,346 thousand being charged against profit and loss for the 2022 period and EUR 37,654 thousand against the share premium (Note 9a). Said dividend was paid on 28 April 2023. The amount distributed amounted to EUR 49,955 thousand (EUR 12,334 thousand charged to profit for the 2022 period and EUR 37,621 thousand charged to share premium), after deducting the amount corresponding to treasury shares, which does not leave the equity of the Parent Company, taking into account the amount per share approved and the shares in circulation at the time of approval by the General Shareholders' Meeting.

On 27 April 2022, the General Shareholders' Meeting of the Company approved the distribution of a dividend of EUR 30,000 thousand, at EUR 0.36 per share (taking into account all the shares issued), with EUR 16,734 thousand being charged against profit and loss for the 2021 period and EUR 13,266 thousand against the share premium (Note 9a). Said dividend was paid on 27 May 2022. The amount distributed was EUR 29,965 thousand (EUR 16,714 thousand charged to profit for 2021 and EUR 13,252 thousand charged to share premium), after deducting the amount corresponding to treasury shares, which does not come out of the Company's equity, considering the amount per share approved and the shares in circulation at the time of approval by the General Shareholders' Meeting.

(Expressed in thousands of Euros)

(10) FINANCIAL LIABILITIES BY CATEGORIES

(a) Classification of financial liabilities by category

The classification of financial liabilities by category and class at 31 December 2023 and 2022 is as follows:

	Thousands of Euros			
	2023		2022	
	Non-current	Current	Non-current	Current
Debt and payables				
Financial liabilities from issue of bonds	577,542	3,113	694,434	3,985
Bank borrowings	69,950	185	69,936	185
Short-term borrowings from Group companies and associates (Note 16)	—	106,378	—	39,590
Trade and other payables (Note 11)	—	10,235	—	4,451
Total financial liabilities	647,492	119,911	764,370	48,211

As at 31 December 2023 the fair value of the bonds is equal to their listed price. The bonds issued in July 2021, with a nominal amount of EUR 293 million, are trading at 90.11% of par value (with a nominal amount of EUR 400 million they were trading at 80.48% at 31 December 2022), and the bonds issued in November 2021, with a nominal amount of EUR 288 million, are trading at 81.63% of par value (with a nominal amount of EUR 300 million they were trading at 70.33% at 31 December 2022). The fair value of the remaining financial liabilities does not differ significantly from their net book value at 31 December 2023 and 2022.

At 31 December 2022 the carrying amount of the financial liabilities carried at amortised cost did not differ significantly from fair value.

(Expressed in thousands of Euros)

(b) Classification of financial liabilities by maturity

The breakdown by maturity of the Company's financial liabilities at 31 December 2023 and 2022 is as follows:

	Thousands of Euros					
	2023					
	2024	2025	2026	2027	2028 and	Total
Debt from issue of bonds (a)	3,113	—	293,000	—	288,000	584,113
Bank borrowings (a)	185	—	24,500	45,500	—	70,185
Short-term borrowings from Group companies and associates	106,378	—	—	—	—	106,378
Trade and other payables	10,235	—	—	—	—	10,235
Total	119,911	—	317,500	45,500	288,000	770,911

	Thousands of Euros					
	2022					
	2023	2024	2025	2026	2027 and	Total
Debt from issue of bonds (a)	3,985	—	—	400,000	300,000	703,985
Bank borrowings (a)	185	—	—	24,500	45,500	70,185
Short-term borrowings from Group companies and associates	39,590	—	—	—	—	39,590
Trade and other payables	4,451	—	—	—	—	4,451
Total	48,211	—	—	424,500	345,500	818,211

(a) Measuring financial liabilities from bonds and bank borrowings at amortised cost decreases the nominal value of the liabilities reflected above by EUR 3,458 thousand and EUR 50 thousand, respectively in the 2023 period (EUR 5,566 thousand and EUR 64 thousand in the 2022 period).

(b) This amount corresponds to the current accounts pledged with subsidiaries. Although these accounts mature yearly, they are tacitly extended on an annual basis.

(c) Financial liabilities from borrowings

The debts held by the Company relate to corporate bonds and loans with credit institutions. The breakdown of these is as follows and their movement in 2022 and 2023 is as follows:

i) Main characteristics of debt from bonds

Issue in the 2015 period for EUR 140 million

On 21 January 2015, the Parent Company's Board of Directors approved the issue of simple bonds up to a maximum amount of EUR 200 million, following approval by the then-sole shareholder of the Parent Company on 5 February 2014. Lastly, on 19 February 2015 the Parent Company carried out an issue in the amount of EUR 140 million, each bond with a nominal value of EUR 100 thousand.

In relation to the issue of simple guaranteed bonds it should be mentioned that, on 12 July 2021, the Company offered its bondholders the possibility of early repurchase of the bonds for a purchase price equivalent to the principal plus 1%. This offer was accepted and paid on 23 July 2021 by bondholders amounting to EUR 17.3 million.

On 17 February 2022, the Company redeemed these bonds in full for the remaining amount of EUR 122.7 million. In this way, all guarantees granted in the framework of this issue have been lifted and cancelled, including several mortgages, in addition to various pledges on the corresponding stocks and shares.

The issue costs associated with this issue, which were recorded as a reduction of the debt to which they were associated, initially amounted to EUR 1,995 thousand, of which EUR 34 thousand were allocated to income in the 2022 period. The interest accrued during 2022 on this debt amounted to EUR 507 thousand.

Issue in the 2021 period for EUR 400 million

On 22 July 2021, the Company carried out a placement of green, unsecured bonds amounting to a total of EUR 400 million, each with a nominal value of EUR 100 thousand.

The main characteristics of the issue are as follows:

– Issuer: Lar España Real Estate SOCIMI, S.A.
– Amount of the issue: EUR 400,000 thousand.
– Nominal value of each bond: EUR 100 thousand.

- Maturity: 22/07/2026. In certain circumstances the early amortisation of this instrument is possible. In particular, bondholders would have the option to request early redemption of their respective bonds provided that certain requirements are met: (i) if there is a change of control and there is either a downgrade of the rating below "Investment Grade" or a failure to rate the Company; or (ii) if a takeover bid is made that could result in a change of control of the Company and is approved by the Spanish Securities Market Commission (CNMV).
- Interest rate: 1.75%
- Nature of the issue: Simple bonds.
- Guarantees: not guaranteed.

The issue costs associated with this issue amounted to EUR 5,244 thousand, which were recorded as a reduction of the debt, of which EUR 1,757 thousand (taking into account the financial expenses due to the effect of the amortised cost corresponding to the proportional part of the repurchases made during 2023) (EUR 1,044 thousand in 2022) have been charged to "Financial expenses" in the Income Statement for the period. The interest accrued during 2023 on the coupon amounted to EUR 5,279 thousand (EUR 7,000 thousand in 2022), with EUR 2,270 thousand outstanding at 31 December 2023 (EUR 3,106 thousand at 31 December 2022).

Issue in the 2021 period for EUR 300 million

On 3 November 2021, the Company carried out a placement of green, unsecured bonds amounting to a total of EUR 300 million, each with a nominal value of EUR 100 thousand.

The main characteristics of the issue are as follows:

- Issuer: Lar España Real Estate SOCIMI, S.A.
- Amount of the issue: EUR 300,000 thousand.
- Nominal value of each bond: EUR 100 thousand.
- Maturity: 03/11/2028. In certain circumstances the early amortisation of this instrument is possible. In particular, bondholders would have the option to request early redemption of their respective bonds provided that certain requirements are met: (i) if there is a change of control and there is either a downgrade of the rating below "Investment Grade" or a failure to rate the Company; or (ii) if a takeover bid is made that could result in a change of control of the Company and is approved by the Spanish Securities Market Commission (CNMV).
- Interest rate: 1.84%
- Nature of the issue: Simple bonds.

– Guarantees: not guaranteed.

The issue costs associated with this issue amounted to EUR 2,133 thousand which were recorded as a reduction of debt, of which EUR 351 thousand (taking into account the financial expenses due to the effect of the amortised cost corresponding to the proportional part of the repurchases made during 2023) (EUR 309 thousand in 2022) have been charged to the heading "Financial expenses" in the Income Statement for the period. Meanwhile, the interest accrued during the 2023 period for the associated coupon amounted to EUR 5,319 thousand (EUR 5,529 thousand in 2022), with EUR 843 thousand outstanding at 31 December 2023 (EUR 879 thousand at 31 December 2022).

Repurchase of corporate bonds

On 19 January 2023, the Company completed the Bonds repurchase process of the two issues made in the 2021 period, for a total nominal amount of EUR 98 million for the bonds previously issued on 22 July 2021 and EUR 12 million for the bonds issued on 3 November 2021, with a discount of 18% equivalent to a total final price of EUR 90.5 million.

In addition, during the 2023 period, the Company carried out repurchases on the open market of bonds corresponding to the issue made on 22 July 2021, for a total nominal amount of EUR 9 million, with an average discount of 16%, equivalent to a final price of EUR 7.5 million.

The Company has therefore recorded a gain of EUR 20.5 million (net of transaction costs) resulting from the aforementioned repurchases under "Impairment and gains or losses on disposal of financial instruments" in the Income Statement as at 31 December 2023.

In this regard, the bonds acquired in January 2023 have been redeemed once their repurchase has been settled, with the bonds acquired in May, June and July 2023 still to be redeemed. Thus, after the aforementioned repurchases, at 31 December 2023 the nominal amount of the bonds issued on 22 July 2021 was EUR 293 million and that of the bonds issued on 3 November 2021 was EUR 288 million.

Covenants associated with corporate bonds

The two green, unsecured bond issues issued by the Company have covenants for compliance with certain financial ratios, calculated on the consolidated financial statements of the Group, of which the Company is the parent, each year.

With respect to the bonds, the issue entails the Group's obligation to fulfil certain ratios calculated using the consolidated financial statements:

- A financial debt ratio equal to or lesser than 60%, calculated as consolidated financial debt divided by the total consolidated value of the asset.

- A guaranteed financial debt ratio equal to or less than 40%, calculated as guaranteed consolidated financial debt divided by the consolidated value of the asset.

- An Interest Coverage Ratio higher than 2.1%, calculated as EBITDA divided by the financial expenses for the period.

- A total untaxed ratio asset less than 1.25.

The result of failing to meet said ratios is early maturity, where such failure can be corrected within 30 days after notice thereof is given by the fiscal agent or by any of the bondholders. In this sense, the Directors believe said ratios are met as at the date of these financial statements. They also expect them to be met in the next twelve months.

ii) Short-term borrowings from Group companies and associates

At 31 December 2023 current accounts were formalised with subsidiaries. The amounts of these accounts totalled EUR 106,378 thousand (EUR 39,590 thousand at 31 December 2022). These current accounts bear interest at a fixed rate of 0.21%, which is compounded annually. The formalised contracts are tacitly renewed for one-year periods, unless express notification to the contrary is received (Note 16).

Financial interest accrued in 2023 amounted to EUR 163 thousand (EUR 73 thousand in 2022), such interest being recorded under “Financial expenses - Borrowings with Group companies and associates” (Note 16).

iii) Bank borrowings

At 31 December 2023, the Company had a credit line of EUR 30,000 thousand available (EUR 30,000 thousand at 31 December 2022), with no amount drawn down at year-end 2023. Interest accrued in the 2023 period totalled EUR 49 thousand (EUR 142 thousand in 2022).

In addition, on 26 October 2018 the Company formalised a funding line for the amount of EUR 70,000 thousand with the European Investment Bank (“EIB”). Said loan matures 7 years from the first withdrawal. On 4 May 2020 the entire amount of the loan was drawn down. Interest accrues biannually and the interest rate is 1.67%. Accrued interest in 2023 totalled EUR 1,171 thousand (EUR 1,172 thousand in 2022), where EUR 185 thousand was outstanding as at 31 December 2023.

(Expressed in thousands of Euros)

In terms of the funding from the EIB, the Company undertakes to maintain, at all time, on the basis of the consolidated financial statements of the Group of the which it is the Parent Company, a Loan to Value Ratio of less than 50% (taking into account the net financial debt), a debt service coverage ratio greater than or equal to 2.5x and a net financial debt / net equity ratio of less than 1.0x. The result of failing to meet said ratios is early maturity.

In this sense, the Directors believe said ratios are met as at the date of these financial statements. They also estimate that they will be fulfilled during the life of the contract.

(11) TRADE AND OTHER PAYABLES

Details of trade and other payables at 31 December 2023 and 2022 are as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Suppliers, related companies (Note 16)	3,785	637
Sundry creditors	2,582	559
Personnel	291	205
Public entities, other payables (Note 13)	3,577	3,050
Total	10,235	4,451

(Expressed in thousands of Euros)

(12) INFORMATION ON THE AVERAGE NUMBER OF DAYS PAYABLE OUTSTANDING TO SUPPLIERS

The information required by the third additional provision of Law 18/2022, of 28 September, on the creation and growth of companies and Law 15/2010, of 5 July (amended by the second final provision of Law 31/2014, of 3 December) prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016, on the information to be included in the notes to the consolidated annual accounts in relation to the average period for payment to suppliers in commercial transactions, is detailed below.

	2023	2022
	Days	Days
Average number of days payable outstanding to suppliers	50	40
Ratio of paid operations	49	42
Ratio of outstanding operations	54	19

	Thousands of	Thousands of
Total effected payments	10,116	10,127
Total outstanding payments	1,850	701

In accordance with the ICAC Resolution, the commercial transactions corresponding to the delivery of goods or services accrued in each year have been taken into account in order to calculate the average supplier payment period in these financial statements.

For the sole purpose of providing the information foreseen in this Resolution, suppliers are considered to be trade creditors for debts with suppliers of goods or services, included under the headings "Short-term suppliers, related companies", "Suppliers, group and associated companies" and "Sundry creditors" on the current liabilities side of the balance sheet, referring solely to the Spanish entities included in the consolidable group, and regardless of any financing for early collection from the supplier company.

“Average number of days payable outstanding to suppliers” is understood to mean the time passed between the delivery of goods or the rendering of services by the supplier and the material payment of the transaction.

The monetary volume and number of invoices paid within the legal deadline are detailed below:

(Expressed in thousands of Euros)

	2023	2022
Monetary volume (thousands of Euros)	8,652	10,114
Percentage over total payments made	85.53%	69.95%
Number of invoices	335	597
Percentage on the total of invoices	65.18%	14.74%

The maximum legal payment period applicable to the Company in the 2023/15 period according to Law 3/2004, of 29 December containing measures to combat late payments in commercial transactions and in accordance with the transitory provisions established in Law 15/2010, of 5 July, is 60 days until the publication of Law 11/2013 of 26 July and 30 days as of the publication of said Law and as of today's date (unless the conditions established in same are met, which would allow said maximum payment period to be extended to 60 days).

(13) PUBLIC ENTITIES AND TAXATION

(a) Balances with Public Entities

The breakdown on balances with Public Entities at 31 December 2023 and 2022 is as follows:

Receivables

	Thousands of Euros	
	2023	2022
Current tax assets	542	85
	542	85

Payables

	Thousands of Euros	
	2023	2022
Taxation authorities, VAT payable	3,493	2,967
Taxation authorities, personal income tax	77	77
Social Security payable	7	6
	3,577	3,050

(Expressed in thousands of Euros)

(b) Reconciliation of accounting profit and income

At 31 December 2023 and 2022, the taxable fiscal base comprises the following items:

	Thousands of Euros	
	31.12.2023	31.12.2022
Profit before taxes	68,634	13,718
Permanent differences	(2,023)	302
Temporary differences	(1,933)	62
Taxable income (tax loss)	64,678	14,082
Tax payable (0%)	—	—
Corporation tax expense/income	—	—

As of the 2014 period the Company is included under the SOCIMI tax regime. In accordance with the provisions therein, as a general rule, the tax rate applicable to taxable income is 0% for distributed profits and 15% for undistributed profits, for which reason no income tax expense has been recorded.

Deferred tax assets and liabilities

The Company has not recorded deferred tax assets for the temporary differences because the applicable rate is calculated at 0%.

(c) Periods pending verification and inspections

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. At 2023 year-end, the Company has the last four financial years open for inspection.

On 11 December 2019, inspections were started regarding the company Lar España Real Estate SOCIMI, S.A. to partially verify and inspect the following items and periods:

(Expressed in thousands of Euros)

Item	Periods
Corporate Income Tax	2015 to 2018
Value Added Tax	2015 to 2018
Withholdings/direct deposit Results Work	09/2015 to 12/2018
Withholdings/direct deposit from movable capital	09/2015 to 12/2018
Withholdings from non-resident tax	09/2015 to 12/2018

According to the initial notification, the inspecting body reported that the scope of the procedure would be confined to the proper verification of the regional taxation authority tax rates for the aforesaid items. Nevertheless, by means of a notification dated 16 July 2021, the inspections were expanded to include the verification of the VAT for the 2015 and 2016 periods on property transfers of any nature that were carried out.

On 7 February 2022, after the verification and inspection concluded, five certificates were signed in witness whereof, the result of which was a payment of zero Euros for all taxes and periods. Nevertheless, a sixth certificate was signed but contested, regarding the verification of VAT for the 2015 and 2016 periods. According to the contents of this last certificate, the proposed settlement comprised a total of EUR 41,683 thousand, EUR 34,313 thousand for the tax and EUR 7,370 thousand in interest on arrears.

According to the inspecting body, said regularisation proposal was the result of not having adhered to the terms of Article 110 of Law 37/1992, of 28 December, on Value Added Tax, by regularising the amounts of the tax paid in the 2014 period for the acquisition of various investment assets that the Company transferred in 2015 and 2016 to the following subsidiaries:

- Office building located at C/ Arturo Soria No. 366, Madrid, contributed to the company LE Offices Arturo Soria, S.L., due to the incorporation thereof on 21 September 2015.
- Commercial building Parque de Medianas de Villaverde, contributed to the company, LE Retail Villaverde, S.L.U., due to the incorporation thereof on 21 September 2015.
- Undivided interest and estate located in the Albacenter shopping centre, located in Albacete, contributed to the company, LE Retail Albacenter, S.L., due to the incorporation thereof on 29 April 2016.
- Office building and parking located at Calle Cardenal Marcelo Spínola 42, Madrid, contributed to the company, LE Offices Marcelo Spínola 42, S.L.U., due to the incorporation thereof on 29 April 2016.
- Commercial building called L´Anec Blau Centro Comercial y Ocio located at Castelldefels, Barcelona, contributed to the company, LE Retail Anec Blau, S.L., due to the incorporation thereof on 29 April 2016.
- Business premises located in the Huertas shopping centre located at Avenida Madrid, Palencia, contributed to the company LE Retail las Huertas, S.L., due to the incorporation thereof on 29 April 2016.
- Business premises located in the Parque Comercial de Txingudi business park, located in Irún, contributed to the company, LE Retail Txingudi, S.L.U, due to the incorporation thereof on 29 April 2016.

The Directors of the Company, with the support of the Group's tax advisers, believed that said regularisation proposal was not lawful. For this reason, allegations were made in due time and form to the report signed in disagreement.

The position of the assessment was confirmed in its conclusions by means of a provisional assessment issued by the Management. In this regard, if the provisional assessment was finally confirmed by the tax authorities and the courts, both the VAT and the late payment interest payable would not be recoverable.

The aforementioned assessment was challenged in due time and form before the Central Economic-Administrative Court, and the aforementioned challenge is currently pending resolution. The execution of the settlement issued by the Management was suspended in due time and form by means of the provision of the relevant guarantee (Note 14a.ii).

On the other hand, in the non-conformity report, the tax authorities considered that there was no evidence of a tax infringement. However, the provisional tax assessment that was finally issued, departing from the criteria of the tax assessment, considered that there were indications of a tax infringement.

As a result of the foregoing, disciplinary proceedings were initiated, which were resolved by means of a resolution imposing two penalties for an aggregate amount of EUR 17,156 thousand. The aforementioned resolution was challenged in due time and form through the filing of an economic-administrative claim before the Central Economic-Administrative Court.

At the present date, the challenge to the sanctioning resolution is pending resolution, and the enforcement of the sanctions issued is automatically suspended.

The Company's Directors consider, based on the opinion of its tax advisers, that it is likely that its claims will be favourably upheld, either in economic-administrative or judicial proceedings, with no final amount to be regularised, which is why no provision has been recorded in these Financial Statements.

(Expressed in thousands of Euros)

(d) Reporting requirements for SOCIMIs pursuant to Law 11/2009 amended by Law 16/2012 and Law 11/2021

	2023 Period
a) Reserves from periods prior to the application of the tax regime provided in Law 11/2009, amended by Law 16/2012 of 27 December and Law 11/2021 of 9 July.	-
b) Reserves for each period in which the special tax regime provided by that Law is applicable	2023 profits proposed to be distributed to reserves: EUR 6,863 thousand to the legal reserve. 2022 profits to be distributed to reserves: EUR 1,372 thousand to the legal reserve. 2021profits to be distributed to reserves: EUR 1,859 thousand to the legal reserve. 2020 profits to be distributed to reserves: EUR 2,021 thousand to the legal reserve. 2019 profits to be distributed to reserves: EUR 6,111 thousand to the legal reserve. 2018 profits to be distributed to reserves: EUR 7,608 thousand to the legal reserve and EUR 121 thousand to the voluntary reserve. 2017 profits to be distributed to reserves: EUR 1,921 thousand to the legal reserve and EUR 4 thousand to the voluntary reserve. 2016 profits to be distributed to reserves: EUR 380 thousand to the legal reserve and EUR 4 thousand to the voluntary reserve. 2015 profits to be distributed to reserves: EUR 501 thousand to
a. Profits from income subject to the general income tax rate	2019 profits: EUR 2,176 thousand. 2018 profits: EUR 5,165 thousand.
b. Profits from income subject to a tax rate of 15%	-
c. Profits from income subject to a tax rate of 19%	-
d. Profits from income subject to a tax rate of 0%	2023 profits: EUR 68,634 thousand. 2022 profits: EUR 13,718 thousand. 2021 profits: EUR 18,594 thousand. 2020 profits: EUR 20,211 thousand. 2019 profits: EUR 58,935 thousand. 2018 profits: EUR 70,917 thousand. 2017 profits: EUR 19,211 thousand. 2016 profits: EUR 3,800 thousand. 2015 profits: EUR 5,006 thousand.

(Expressed in thousands of Euros)

c) Dividends distributed against profits for each period in which the tax regime provided by this Law is applicable	Proposed dividend distribution for 2023: EUR 66,167 thousand. Dividend distribution for 2022: EUR 50,000 thousand. Dividend distribution for 2021: EUR 30,000 thousand. Dividend distribution for 2020: EUR 18,190 thousand. Dividend distribution for 2019: EUR 55,000 thousand. Dividend distribution for 2018: EUR 68,353 thousand. Dividend distribution for 2017: EUR 17,286 thousand. Dividend distribution for 2016: EUR 3,416 thousand. Dividend distribution for 2015: EUR 4,499 thousand. Dividend distribution for 2014: EUR 1,331 thousand.
a. Dividends from income subject to general taxation	Proposed dividend distribution for 2018: EUR 5,165 thousand.
b. Dividends from income subject to a tax rate of 15%	-
c. Dividends from income subject to a tax rate of 18% (2009) and 19% (2010 to 2012)	-
d. Dividends from income subject to a tax rate of 0%	Proposed dividend distribution for 2023: EUR 66,167 thousand. Dividend distribution for 2022: EUR 50,000 thousand. Dividend distribution for 2021: EUR 30,000 thousand. Dividend distribution for 2020: EUR 18,190 thousand. Dividend distribution for 2019: EUR 55,000 thousand. Dividend distribution for 2018: EUR 68,353 thousand. Dividend distribution for 2017: EUR 17,286 thousand. Dividend distribution for 2016: EUR 3,416 thousand. Dividend distribution for 2015: EUR 4,499 thousand. Dividend distribution for 2014: EUR 1,331 thousand.
d) Distributed dividends charged against	-
a. Distribution charged against reserves subject to the general income tax rate	-
b. Distribution charged against reserves subject to a tax rate of 15%	-
c. Distribution charged against reserves subject to a tax rate of 19%	-
d. Distribution charged against reserves subject to a tax rate of 0%	Proposed dividend distribution for 2023 against the issue premium: EUR 4,396 thousand. Distribution of dividends for 2022 against the issue premium: EUR 37,654 thousand. Distribution of dividends for 2021 against the issue premium: EUR 13,266 thousand. Distribution of dividends for 2020 against the 2020 issue premium: EUR 9,310 thousand. Distribution of dividends for 2018 against the issue premium: EUR 6,647 thousand. Distribution of dividends for 2017 against the issue premium: EUR 27,714 thousand. Distribution of dividends for 2016 against the issue premium: EUR 26,565 thousand. Distribution of dividends for 2015 against the issue premium: EUR 7,521 thousand.

(Expressed in thousands of Euros)

e) Date of the agreement of the distribution of the dividends referenced in c) and d) above	2023 dividends: Pending approval. 2022 dividends: 31 March 2023 2021 dividends: 27 April 2022 2020 dividends: 22 April 2021 2019 dividends: 17 March 2020 2018 dividends: 25 April 2019 2017 dividends: 19 April 2018 2016 dividends: 29 May 2017 2015 dividends: 21 April 2016 2014 dividends: 27 April 2015
f) Date of acquisition of properties for lease that generate income subject to this special regime	2016: Txingudi shopping centre: 24 March 2014 Las Huertas shopping centre: 24 March 2014 Albacenter shopping centre: 30 July 2014 Anec Blau shopping centre: 31 July 2014 2015: Txingudi shopping centre: 24 March 2014 Las Huertas shopping centre: 24 March 2014 Albacenter shopping centre: 30 July 2014 Anec Blau shopping centre: 31 July 2014 2014: Txingudi shopping centre: 24 March 2014 Las Huertas shopping centre: 24 March 2014 Albacenter shopping centre: 30 July 2014 Anec Blau shopping centre: 31 July 2014 Marcelo Spínola office building: 31 July 2014

(Expressed in thousands of Euros)

g) Date of acquisition of shares in the capital of the entities referenced in Article 2.1 of this Law.	LE Logistic Alovera I y II, S.A.U.: 23 July 2014 (**) LE Retail Hiper Albacenter, S.A.U.: 04 November 2014 LE Retail Alisal, S.A.U.: 4 November 2014 (**) LE Offices Eloy Gonzalo 27, S.A.U.: 18 December 2014 (**) LE Retail As Termas, S.L.U.: 18 December 2014 LE Logistic Almussafes, S.L.U.: 4 March 2015 (**) LE Logistic Alovera III y IV, S.L.U.: 4 March 2015 (**) LE Retail Hiper Ondara, S.L.U.: 09 June 2015 LE Offices Joan Miró 21, S.L.U.: 4 March 2015 (**) LE Retail El Rosal, S.L.U.: 7 July 2015 LE Retail Vidanova Parc, S.L.U.: 26 March 2015 LE Retail Megapark, S.L.U.: 29 May 2015 LE Retail Galaria, S.L.U.: 20 July 2015 (**) LE Retail Lagoh, S.L.U.: 4 August 2015 LE Retail Vistahermosa, S.L.U.: 4 August 2015 (*) LE Retail Sagunto II, S.L.U.: 4 August 2015 LE Retail Villaverde, S.L.U.: 21 September 2015 (**) LE Retail Anec Blau, S.L.U.: 29 April 2016 LE Retail Albacenter, S.L.U. 29 April 2016 LE Retail Txingudi, S.L.U.: 29 April 2016 LE Retail Las Huertas, S.L.U.: 29 April 2016 LE Retail Portal de la Marina, S.L.U.: 41.22% on 30 March 2016 and 58.78% on 10 October 2014. LE Retail Gran Vía de Vigo, S.A.U.: 15 September 2016 LE Retail Abadía, S.L.U.: 27 March 2017

(Expressed in thousands of Euros)

h) Identification of the asset included in the 80% mentioned in Article 3.1 of this Law	- Investment property: Txingudi shopping centre Las Huertas shopping centre Albacenter shopping centre Anec Blau shopping centre Albacenter hypermarket As Termas shopping centre Portal de la Marina hypermarket El Rosal shopping centre Portal de la Marina shopping centre As Termas petrol station Vidanova Parc Business Park Megapark shopping centre Vistahermosa Business Park (*) Gran Vía de Vigo Shopping Centre Abadía business park and shopping centre Megapark recreation area Rivas Business Park (*) Lagoh Shopping Centre - Capital investments: LE Logistic Alovera I y II, S.A.U.: 23 July 2014 (**) LE Retail Hiper Albacenter, S.A.U.: 4 November 2014 LE Retail Alisal, S.A.U.: 4 November 2014 (**) LE Offices Eloy Gonzalo 27, S.A.U.: 18 December 2014 (**) LE Retail As Termas, S.L.U.: 18 December 2014 LE Logistic Almussafes, S.L.U.: 4 March 2015 (**) LE Logistic Alovera III y IV, S.L.U.: 4 March 2015 (**) LE Retail Hiper Ondara, S.L.U.: 9 June 2015 LE Offices Joan Miró 21, S.L.U.: 4 March 2015 (**) LE Retail El Rosal, S.L.U.: 7 July 2015 LE Retail Vidanova Parc, S.L.U.: 26 March 2015 LE Retail Galaria, S.L.U.: 20 July 2015 (**) LE Retail Lagoh, S.L.U.: 4 August 2015 LE Retail Vistahermosa, S.L.U.: 4 August 2015 (*) LE Retail Sagunto II, S.L.: 4 August 2015 LE Retail Villaverde, S.L.U.: 21 September 2015 (**) LE Retail Anec Blau, S.L.U.: 29 April 2016 LE Retail Albacenter, S.L.U. 29 April 2016 LE Retail Txingudi, S.L.U.: 29 April 2016 LE Retail Las Huertas, S.L.U.: 29 April 2016 LE Retail Gran Vía de Vigo, S.A.U.: 15 September 2016 LE Retail Abadía, S.L.U.: 27 March 2017 LE Retail Rivas, S.L.U: 6 February 2018 (*) LE Retail Córdoba Sur, S.L.U.: 15 January 2019 (**)

i) Reserves from periods in which the special tax regime provided in this Law was applicable that have been applied in the tax period other than for the distribution thereof or to offset losses. The period from which these reserves have been taken must be specified.	-

(*) On 28 July 2023, the LE Retail Vistahermosa, S.L.U. and LE Retail Rivas, S.L.U. medium-sized parks were sold (Notes 5a and 8).

(**) On 21 December 2023 the companies LE Logistic Alovera I y II, S.A.U., LE Logistic Alovera III y IV, S.A.U., LE Logistic Almussafes, S.L.U. and LE Logistic Almussafes, S.L.U. were dissolved and liquidated, LE Offices Joan Miró 21, S.L.U., LE Retail Galaria, S.L.U., LE Retail Villaverde, S.L.U., LE Retail Alisal, S.L.U., LE Offices Eloy Gonzalo 27, S.A.U. and LE Retail Córdoba Sur, S.L.U. were dissolved and wound up.

(14) RISK MANAGEMENT POLICY

(a) Financial risk factors

The Company's activities are exposed to various financial risks: market risk, credit risk, liquidity risk and interest rate risk in cash flows and the risk associated with the special SOCIMI tax regime. The Company's global risk management plan focuses on the uncertainty of the financial markets and tries to minimise the possible adverse effects on the Company's financial profitability.

The Senior Management of the Company manages risks in accordance with policies approved by the Board of Directors. The Senior Management identifies, evaluates and mitigates financial risks in close collaboration with the Company's operational units. The Board of Directors issues global risk management policies in writing, as well as policies for specific issues such as market risk, interest rate risk, liquidity risk and investments of cash surpluses.

(i) *Market risk*

As discussed in Note 2j, we are currently facing a macroeconomic environment with a high level of uncertainty, mainly due to the armed conflicts in Ukraine and the Middle East.

In view of this circumstance and the current situation of the real estate sector, and in order to minimise the impact that this may have, the Company has established specific measures that it plans to adopt to minimise the impact on its financial situation.

The application of these measures is dependent on the outcome of the sensitivity analyses that the Company performs periodically. These analyses take the following factors into consideration:

- Economic environment in which it operates: design of different economic scenarios modifying the key variables that may affect the Company and its investees (interest rates, share prices, occupancy of real estate investments, increase in default, increase in subsidies granted, contraction of the credit market, etc.)

- The identification of variables that are interconnected and their degree of connection.

- Time frame for the assessment: the time frame shall take into account the analysis and potential deviations therefrom.

Cash and cash equivalents

At 31 December 2023 the Company holds cash of EUR 234,353 thousand representing its maximum risk exposure for these assets (EUR 173,095 thousand at 31 December 2022).

At 31 December 2023, this balance includes EUR 115,000 thousand (EUR 170,165 thousand at 31 December 2022) corresponding to deposits with immediate availability and maturity of less than 3 months, arranged and managed by BNP and Credite Agricole, and EUR 115,000 thousand corresponding to an interest-bearing account arranged and managed by Barclays. During the 2023 period, financial income of EUR 4,559 thousand has been recorded in respect of the interest accrued on deposits (EUR 575 thousand in the 2022 period).

Cash and cash equivalents are held at banks and financial institutions with a high credit rating. The entire balance is unrestricted.

(ii) *Liquidity risk*

Defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company applies a prudent policy to cover its liquidity risks based on having sufficient liquidity to meet its obligations when they fall due in both normal and stressed conditions, without incurring unacceptable losses or placing the Company's reputation at risk.

In this context the Company's Directors and Management made the decision in 2021 to carry out two unsecured green bond issues for the amount of EUR 400 million and EUR 300 million to strengthen the liquidity position and cancel a large portion of the Group's financial debt in advance. These green bond issues were successfully completed in July 2021 and November 2021, respectively, and enabled the Group to pay off most of its financial debt, with almost all of it being repaid in 2022 with the repayment of the senior secured notes issued in 2015, which amounted to EUR 122.7 million at 31 December 2021.

(Expressed in thousands of Euros)

Furthermore, on 19 January 2023, the Parent Company completed a repurchase process of the bonds issued in 2021, for a total nominal amount of EUR 110 million, with an average discount of 18%, equivalent to a total final price of EUR 90.5 million. In addition, during the period, these bonds were repurchased on the open market for a nominal total of EUR 9 million, at an average discount of 16%, equivalent to a total final price of EUR 7.5 million. These operations resulted in a profit of EUR 20.5 million (Note 10).

The Company's exposure to liquidity risk at 31 December 2023 and 2022 is detailed below. The following tables show the analysis of financial liabilities by remaining contractual maturity dates.

	Thousands of Euros				
	2023				
	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
Financial liabilities from issue of bonds (Note 10)	—	—	3,113	577,542	580,655
Bank borrowings (Note 10)	—	—	185	69,950	70,135
Debts with Group companies and associates (a)(Note 16)	—	—	106,378	—	106,378
Trade and other payables	10,235	—	—	—	10,235
Total	10,235	—	109,676	647,492	767,403

(Expressed in thousands of Euros)

	Thousands of Euros				
	2022				
	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
Financial liabilities from issue of bonds (Note 10)	—	—	3,985	694,434	698,419
Bank borrowings (Note 10)	—	—	185	69,936	70,121
Debts with Group companies and associates (a)(Note 16)	—	—	39,590	—	39,590
Trade and other payables	4,451	—	—	—	4,451
Total	4,451	—	43,760	764,370	812,581

(a) This amount corresponds to the current accounts pledged with subsidiaries. Although these accounts mature yearly, they are tacitly extended on an annual basis.

In addition, the Company has signed a EUR 50 million guarantee facility with Credite Agricole to cover the amount of the settlement, as well as late payment interest, issued by the Technical Office of the Regional Inspection Unit of Madrid in relation to the VAT audit for the periods covered in 2015 and 2016 (Note 13c).

(iii) *Cash flow and fair value interest rate risks*

The Company manages interest rate risk by obtaining finance at fixed and variable rates. The Company's policy is to maintain non-current financing received from third parties at a fixed rate.

Additionally, at 31 December 2023, the Company holds short-term fixed-rate financial assets (deposits) to generate a return on cash surpluses not invested in investment property. Fixed-rate financial assets are for the most part independent of market interest rate fluctuations.

At the reporting date, revenue and cash flows from the Company’s operating activities are not significantly affected by fluctuations in market interest rates.

(iv) *Tax risk*

As mentioned in Note 1, the Company and part of the subsidiaries thereof have availed themselves of the special tax regime for SOCIMIs.

Among the obligations that the Company must comply with are some that are more formalistic in nature, such as the inclusion of the term SOCIMI in the corporate name, the inclusion of certain information in the notes to the individual financial statements, listing on a stock exchange, etc., and others that additionally require the preparation of estimates and the use of judgements by Management (determination of taxable income, income tests, asset tests, etc.) that may be complex, considering that the SOCIMI Regime is relatively recent and is being implemented, fundamentally, through responses of the General Directorate of Taxation to queries raised by different companies. In this regard, the Company's Management, with the support of its tax advisers, has carried out an assessment of compliance with the requirements of the regime, concluding that as at 31 December 2023 all requirements are met, except for the income test. This non-compliance is, in the Directors' opinion, an extraordinary situation caused by the positive result obtained after the Company's repurchase in 2023 of the bonds issued in 2021 that were listed at a discount (Note 10).

In this regard, as established in article 13 of the SOCIMI Law, which allows this non-compliance to be remedied in the following period, the Directors consider, in accordance with the company's business plan for 2024, which the Group will comply with the level required by law in relation to the income test in 2024, and therefore will continue to apply the SOCIMI regime, a situation that has been considered in the preparation of these consolidated financial statements.

On the other hand, and in order to also consider the financial effect of the regime, it should be noted that according to the provisions of Article 6 of the SOCIMI Law, companies that have opted for this regime are obliged to distribute the profit obtained during the period to their shareholders in the form of dividends, once the corresponding commercial obligations have been fulfilled, and the distribution must be agreed within six months following the end of each financial year and paid within the month following the date of the distribution agreement (Notes 1 and 4j).

Should the Company meet the requirement established in the Regime or the Company’s Shareholders’ Meeting not approve the dividend distribution proposed by the Board of Directors, calculated in accordance with the requirements set forth in the aforementioned law, the companies would be in breach of said law and, consequently, would have to file their tax returns under the general tax regime rather than that applicable to SOCIMIs (Note 1).

The Company's Directors monitor compliance with the requirements of the SOCIMI regime on an ongoing basis and believe that there is currently no tax risk associated with non-compliance with the SOCIMI regime.

(Expressed in thousands of Euros)

(v) Capital management

The Company is essentially financed with its own capital and financial debt. In 2021 the Group issued unsecured green bonds for the amount of EUR 400 million and EUR 300 million (Note 10).

The Company manages its capital with the aim of safeguarding its capacity to continue operating as a going concern, so as to continue providing shareholder remuneration and benefiting other stakeholders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, the Company can adjust the amount of dividends payable to shareholders (within the limits established by the SOCIMI regime), reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups in the sector, the Company controls its capital structure on a leverage ratio basis. This ratio is calculated as net debt divided by the sum of net debt and equity. Net debt is the sum of financial debt (bonds, mortgages and derivatives) less cash and cash equivalents.

	Thousands of Euros	
	31.12.2023	31.12.2022
Total financial debt (Note 10)	650,790	768,540
Less, Cash and cash equivalents (Note 7)	(234,353)	(173,095)
Net debt	416,437	595,445
Treasury funds	602,203	583,564
Total	1,018,640	1,179,009
Leverage ratio	40.88%	50.50%

(vii) Environmental and social issues

For Lar España, corporate sustainability within its business model is a differentiating element in the context of its value creation, integrating all its stakeholders: from shareholders, regulators, tenants or customers, among others.

In January 2016, the Company approved its Sustainability Policy, which reflects Lar España's commitment to the sustainable development of the business and the creation of shared value in the long term. It also establishes that Lar España will carry out its activities in accordance with the principles of the OECD and the issues set out in the United Nations Universal Declaration of Human Rights, as well as in the Declaration of the International Labour Organisation (ILO).

Subsequently, in 2017 Lar España drafted its ESG Master Plan, with the aim of having a clear and defined roadmap at company level. This Plan is aligned with the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) of the United Nations, with the Paris Agreement (COP21). Following the drafting of this Plan, the company proceeded to work on more specific issues and focused on more concrete aspects, incorporating quantified measures and goals in accordance with different international standards at both corporate and sectoral level.

As evidence of the progress made in the different aspects of sustainability, Lar España has continued to improve the ratings obtained in independent assessment schemes such as GRESB, in which it has participated for the sixth consecutive year, as well as in the international MSCI index, in which it has increased the BBB rating to A rating in 2023.

In terms of equality issues, it continues to form part of the IBEX Gender Equality Index as Spain's leading gender equality index.

Thus, in 2023 Lar España worked on the following projects, among others:

Certifications

The Company has continued its commitment to participate in assessment and certification schemes to ensure that all properties operate as sustainably as possible, having achieved that 100% of the assets in the portfolio are certified to the BREEAM standard, of which 98% (in terms of asset value) are rated as "Excellent" and "Very Good".

In addition, from 2023, 100% of the assets under operational control comply with the standards of the Environmental Management System and the Health and Safety Management System determined respectively by the ISO 14001 and 45001 standards, with the relevant certifications accrediting this.

Commitment to contribute to the fight against climate change

- In 2023, the company updated its Carbon Footprint Reduction Plan in order to establish a roadmap that integrates the latest progress made in the assets, as well as the data recorded since the completion of the Company's first Decarbonisation Plan in 2021. In this way, Lar España has established a clear emissions neutrality goal and a decarbonisation pathway in line with the international *Science Based Targers Initiative* (SBTi). Within this plan, measures adapted to each of the assets have been designed and will be implemented over the next few years in accordance with the investment plans proposed and the progress of the different technologies in this field.

- Following the registration of the Company's Carbon Footprint for 2018, 2019, 2020 and 2021 with the Ministry for Ecological Transition and the Demographic Challenge (MITERD) as part of the national strategy framed within that of the European Union, Lar España has completed the process of registering its Carbon Footprint for the 2022 period. Thanks to the decrease in asset emissions in this period, it has revalidated the "Calculo y Reduzco (I Reduce)" seal, which demonstrates the various efforts made in recent years to implement improvements that allow for more sustainable operations. It has thus become the first listed company in the real estate sector to obtain this recognition for the second consecutive year.

In addition, since the first year of registration of the Carbon Footprint, the company has carried out the verification by an independent external party, in accordance with the "Carbon Footprint Declaration of Conformity", of the information submitted to the Ministry relating to the emissions data for each of the periods and the required Reduction Plan.

Waste management

- In terms of contributing to the principles of the Circular Economy, as a further step in the fight against climate change, in 2019 Lar España developed its Waste Management Plan with the aim of obtaining greater traceability of the waste generated in the assets. In the last two years, the company has made progress in identifying and collecting such data in order to establish improvement measures. The next step will be to achieve greater traceability of transport and processing data in line with the new Law 7/2022 of 8 April on waste and contaminated soils for a circular economy.

- The company's aim is to continue working on this issue with the intention of having greater control over the waste generated by its activity. This will provide more detail on the Company's indirect emissions (Scope 3) which will complete its Carbon Footprint calculation.

Responsible water consumption

Lar España has carried out an analysis of its water consumption and management in its operational phase, in accordance with the ISO 14046 standard. For this, the number of visitors to each asset, the annual consumption broken down according to the different uses of water, as well as the main environmental impacts derived, have been taken into account, identifying the risks and opportunities in the related activities and processes.

Sustainable Mobility

Sustainable mobility is a concept created to counteract the environmental and social problems associated with the urban mobility of citizens, something on which Lar España is focusing its efforts as it is considered an added value factor for the portfolio's assets. Thus, the options offered by the company include solutions such as vehicle charging points, parking for motorbikes, bicycles and *scooters,* development of new pedestrian access and public transport campaigns.

It should be noted that Lar España's twelve assets can be accessed by the main transport lines of the municipalities in which they are located.

Air quality

Lar España's spaces have once again been an example of health and well-being thanks to the control, monitoring and innovation due to specialised monitoring software. Through the information collected monthly in specific reports, Lar España is aware of the optimum air quality in its main indicators of: thermal comfort, CO_2, suspended particles and organic compounds from decoration materials, renovations, cleaning and maintenance, among others.

Accessibility

Lar España has continued with its goal of guaranteeing an inclusive shopping and leisure experience that complies with Universal Accessibility criteria, in line with the requirements of the UNE 17001 standard as a guarantee of access and enjoyment. Thus, the company already has eight assets certified according to this standard: Abadía Park, El Rosal, Vidanova, Lagoh, Megapark, Albacenter, As Termas and Portal de La Marina. Work is currently underway to extend it to the Gran Vía de Vigo and Ànec Blau assets.

Social impact

Other new developments include the creation of the Social Impact Committee to achieve greater synergies between teams responsible for this area, as well as the corresponding Impact Report which is expected to be launched in 2024 to strengthen the role of Lar España within the socio-economic context of its communities.

Tenants and users

In terms of the day-to-day running of its centres and parks, Lar España has continued to develop *engagement* initiatives through specific marketing actions such as satisfaction and accessibility campaigns and surveys, among others, as well as social action in conjunction with various NGOs, foundations and entities.

In addition, coinciding with the publication of the consolidated financial statements, Lar España publishes a half-yearly report, available on its corporate website, in which it sets out the progress made in 2023 in the different areas within the context of the development of its activity. The report contains more extensive information on environmental, social and governance issues than is contained in this document.

(Expressed in thousands of Euros)

(15) REVENUE AND EXPENSES

(a) Net turnover

Distribution of the net turnover for the 2023 and 2022 periods, by business category and by geographical market is as follows:

	Thousands of Euros	
	2023	2022
Revenue from stakes in equity instruments:		
Revenue from dividends (Note 16b)	45,615	19,947
Revenue from distributing available reserves (Notes 5 and 16b)	2,409	—
Revenue from liquidation available investee (Note 5)	81	—
Revenue from invoicing financial expenses within the Group (Note 16a)	13,935	15,609
	62,040	35,556

	Thousands of Euros	
	2023	2022
Spain	62,040	35,556
	62,040	35,556

(b) Personnel expenses

Details of employee benefits expense for 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Salaries and wages	735	865
Other benefits and taxes	67	63
	802	928

(Expressed in thousands of Euros)

(c) Other operating expenses

The details of "Other operating expenses" in years 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Services by independent professionals	3,093	1,272
Insurance premiums	236	209
Bank fees and commissions	7	86
Advertising and publicity	209	146
Utilities	2	2
Other expenses	164	307
Taxes	2	—
	3,713	2,022

On 31 December 2023 Lar España Real Estate SOCIMI, S.A. invoiced the subsidiaries it completely controls a total of EUR 11,840 thousand for management support services provided to these companies during the year (EUR 7,359 thousand at 31 December 2022). This amount appears net of the expenses included under "Independent professional services" (Note 16a).

(16) RELATED PARTY BALANCES AND TRANSACTIONS

(a) The Company's balances and transactions with related parties

Management agreement with Grupo Lar

On 29 December 2021, the Company approved a new agreement with its management Grupo Lar Inversiones Inmobiliarias, S.A. (the "Management Company"), for the purpose of renewing the terms of the Investment Management Agreement (IMA). According to the aforementioned novation, the IMA will be effective for 5 years from 1 January 2022. In addition, the structure of the fees payable to the Management Company (base fee and performance fee) has been modified.

The base fee or fixed amount payable to the Management Company will be calculated as 0.62% of the value of EPRA net tangible assets (excluding net cash) at 31 December the previous year.

The “base fee” accrued by the manager totalled EUR 5,669 thousand in 2023 (EUR 5,391 thousand in 2022) is recorded under “Other operating expenses” of the Income Statement. At 31 December 2023 an amount of EUR 472 thousand is outstanding (at 31 December 2022 an amount of EUR 544 thousand was outstanding).

Similarly, the performance fee payable to the Management Company will be the minimum amount of: (i) the sum of applying 8% to anything in excess of the 8.5% increase in the Group's EPRA NTA (net of capital increases and reductions and dividend distributions) plus 2% of anything in excess of the 8.5% annual increase in market capitalisation (net of capital increases and reductions and dividend distributions); (ii) 10% of the *high water mark outperformance*, and will be subject to a total limit equal to 1.5 times the amount of the annual fixed amount. Pursuant to Clause 7.2.2 of the management agreement, the Company can choose whether to pay the performance fee in cash or in the form of treasury shares.

In relation to this variable amount, at 31 December 2023, an amount of EUR 3,268 thousand has been recorded and is pending payment (EUR 80 thousand at 31 December 2022).

Rebilling between Group companies

In 2023, as in previous years, the Company has formalized service provision and management agreements with companies in its group for the period ended 31 December 2023, where the expenses of this nature incurred by the Company on the behalf of the Group companies are passed on.

In this regard, in 2023, the Company invoiced EUR 11,840 thousand, net of VAT, for management support services (EUR 7,359 thousand in 2022). The Company’s distribution approach is based on the relative weight of the underlying market value of each property asset of the investees over the total market value (calculated based on the latest available appraisal from the period immediately prior to 31 December of each period) of such property assets at the beginning of the relevant period.

Similarly, the Company entered into agreements with the group companies that own the shopping centres to pass on the financial cost of the green bonds issued in 2021 (Note 10). The amount charged at 31 December 2023 for this item amounts to EUR 12,707 thousand (EUR 13,880 thousand as at 31 December 2022), recorded under " Net turnover".

In addition, the financial cost corresponding to the loan contracted with the EIB and the credit line with Bankinter (Note 10) has been rebilled for the amount of EUR 1,228 thousand (EUR 1,185 thousand in 2022).

Revenue from receivables and shareholdings in Group and multi-group companies and associates

The amount of revenue the Company collects in terms of the dividends received from subsidiaries totalled EUR 45,615 thousand in 2023 (EUR 19,947 thousand in 2022). Of this amount, EUR 42,636 thousand corresponds to interim dividends distributed on the profit for 2023 of the investees and EUR 2,979 thousand to final dividends distributed on the profit for the 2022 period after approval of the distribution of the profit of the investees.

Also, on 12 December 2023, the Company, in its capacity as Sole Shareholder of its investees, approved the distribution of dividends charged to unrestricted reserves in the amount of EUR 2,409 thousand (Notes 5a and 16b).

Short-term borrowings from Group companies and associates

The Company has current accounts formalised with some subsidiaries. The sums of these accounts at 31 December 2023 totalled EUR 106,378 thousand (EUR 39,590 thousand at 31 December 2022). Said current accounts accrue fixed interest at a rate of 0.21% and any interest is payable yearly. The accounts mature yearly and are tacitly renewed for one-year periods, unless express notification to the contrary is received.

Financial interest accrued in 2023 amounted to an expense of EUR 163 thousand (EUR 73 thousand in 2022), such interest being recorded under “Financial expenses - Borrowings with Group companies and associates”.

In addition, on 12 December 2023, the Board of Directors of the Company's investees approved the restitution of the voluntary contributions made by the latter to the equity of its investees in the amount of EUR 16,696 thousand (Note 5a). This restitution of contributions was approved by the Company, in its capacity as Sole Shareholder of its investees, through the offsetting of the latter's receivables from the Company.

Short-term credits with Group companies and associates

During 2023 and 2022, the Company has entered into current accounts with certain wholly-owned subsidiaries, some of which show a debit balance at 31 December 2023 of EUR 337,019 thousand (EUR 419,987 thousand as at 31 December 2022), due to the early repayment of the mortgage loans associated with the shopping centres that the Company's investees held with financial institutions prior to the bond issues made by the Company in 2023 (Note 10c).

Financial interest accrued in 2023 comprised a revenue of EUR 781 thousand (EUR 944 thousand in 2022).

(Expressed in thousands of Euros)

(b) Breakdown of related party balances and transactions

Transactions and balances with related parties in the 2023 and 2022 periods are as follows:

	2023						
	Thousands of Euros						
	Balances					Transactions	
	Loans and receivables		Payables	Current account		Revenue (*)	Expense
Balances with Group and related companies	Long-term	Short-term	Short-term	Receivable	Payable		
LE Retail Txingudi, S.L.U.	—	605	—	—	9,687	281	17
LE Retail Las Huertas, S.L.U.	—	205	—	—	3,212	95	6
LE Retail Anec Blau, S.L.U.	—	2,179	—	—	8,865	1,012	11
LE Retail Albacenter, S.L.U.	—	899	13	—	8,017	417	17
LE Offices Marcelo Spínola, S.L.U.	—	—	—	—	—	—	11
LE Logistic Alovera I y II, S.A.U.	—	—	—	—	—	—	6
LE Offices Eloy Gonzalo 27, S.A.U.	—	—	—	—	—	—	1
LE Retail As Termas, S.L.U.	—	1,815	—	25,652	—	899	—
LE Logistic Alovera III y IV, S.L.U.	—	—	—	—	—	—	1
LE Logistic Almussafes, S.L.U.	—	—	—	—	—	—	5
LE Retail Hiper Ondara, S.L.U.	—	7,590	—	98,376	—	3,742	—
LE Offices Joan Miró 21, S.L.U.	—	—	—	—	—	—	1
LE Retail Vidanova Parc, S.L.U.	—	1,082	—	11,821	—	530	—
LE Retail Galaria, S.L.U.	—	—	—	—	—	—	—
LE Retail Lagoh, S.L.U.	—	6,488	—	74,252	—	3,170	—
LE Retail Vistahermosa, S.L.U.	—	1,175	10		33,543	347	34
LE Retail Gran Vía de Vigo, S.A.U.	—	3,075	—	63,636	—	1,567	—
LE Retail Hiper Albacenter, S.A.U.	—	353	—	—	1,213	164	1
LE Retail Alisal, S.A.U.	—	—	—	—	—	—	4
LE Retail El Rosal, S.L.U.	—	2,147	—	32,856	—	1,071	—
LE Retail Villaverde, S.L.U.	—	—	—	—	—	—	3
LE Retail Abadía, S.L.U.	—	1,997	—	30,288	—	994	—
Lar España Inversión Logística IV, S.L.U.	—	—	—	—	—	—	3

(Expressed in thousands of Euros)

	2023						
	Thousands of Euros						
	Balances					Transactions	
	Loans and receivables		Payables	Current account		Revenue (*)	Expense
Balances with Group and related companies	Long-term	Short-term	Short-term	Receivable	Payable		
LE Retail Rivas, S.L.U.	—	1,430	13	—	41,840	420	41
LE Retail Sagunto II, S.L.U.	—	9	—	137	—	5	—
LE Retail Córdoba Sur, S.L.U.	—	—	—		—	1	—
Inmobiliaria Juan Bravo 3, S.L.	—	—	—	—	—	—	—
Revenue from dividends (i)	—	—	—	—	—	48,105	—
Gentalia	—	—	8	—	—	—	46
Grupo Lar Inversiones Inmobiliarias, S.A.	—	—	3,741	—	—	—	—
	—	31,049	3,785	337,019	106,378	62,821	209

(*) Revenue from rebilling that is presented net of any external service expense, in accordance with Note 4i, totalled EUR 11,840 thousand at 31 December 2023.

(i) The breakdown of the dividends recognised in 2023 is as follows (in thousands of euros):

Company	**Interim dividends over profit and loss at 31.12.2023**	**Complementary dividends over profit and loss at 31.12.2022**	**Dividend to be charged to unrestricted reserves (Notes 5a and 16a)**	**Total**
LE Logistic Alovera I y II, S.A.U.	—	14	157	171
LE Retail As Termas, S.L.U.	1,913	94	—	2,007
LE Retail Hiper Ondara, S.L.U.	6,921	763	—	7,684
LE Retail Vistahermosa, S.L.U.	7,799	96	—	7,895
LE Retail Gran Vía de Vigo, S.A.U.	1,831	341	—	2,172
LE Retai Abadía, S.L.U.	2,859	19	—	2,878
LE Retail Anec Blau, S.L.U.	1,034	125	—	1,159
LE Retail Txingudi, S.L.U.	242	305	—	547
LE Retail Albacenter, S.L.U.	1,319	168	—	1,487
LE Retail Las Huertas, S.L.U.	—	31	—	31
LE Retail Rivas, S.L.U.	8,983	94	—	9,077
Le Retail Sagunto II, S.L.U.	—	22	—	22
LE Retail El Rosal, S.L.U.	1,756	300	—	2,056
LE Retail Hiper Albacenter, S.A.U.	139	—	—	139
LE Retail Vidanova Parc, S.L.U.	1,829	—	—	1,829
LE Retail Alisal, S.A.U.	—	1	—	1
LE Offices Marcelo Spinola 42, S.L.U.	—	—	1,004	1,004
Lar España Inversión Logística IV, S.L.U.	—	—	1,248	1,248
LE Retail Lagoh, S.L.U.	6,011	606	—	6,617
Total	**42,636**	**2,979**	**2,409**	**48,024**

The interim dividends on the result as at 31 December 2023 were approved on 29 December 2023 and paid within a month of approval. Likewise, complementary dividends from the 2022 profit were liquidated in less than a month from the approval thereof.

Also, on 12 December 2023, the Company, in its capacity as Sole Shareholder of its investees, approved the distribution of dividends charged to unrestricted reserves in the amount of EUR 4,332 thousand, of which EUR 1,923 thousand has been recorded as a reduction in investments in Group companies (Note 5a). These dividends have been settled within one month of their approval by offsetting the investees' receivables from the Company.

(Expressed in thousands of Euros)

	2022						
	Thousands of Euros						
	Balances					Transactions	
	Loans and receivables		Payables	Current account		Revenue (*)	Expense
Balances with Group and related companies	Long-term	Short-term	Short-term	Receivable	Payable		
LE Retail Txingudi, S.L.U.	—	604	—	—	6,620	354	12
LE Retail Las Huertas, S.L.U.	—	191	—	—	2,507	106	5
LE Retail Anec Blau, S.L.U.	—	2,151	—	—	1,830	1,266	—
LE Retail Albacenter, S.L.U.	—	898	13	—	7,300	526	14
LE Offices Marcelo Spínola, S.L.U.	—	—	—	—	6,512	—	14
LE Logistic Alovera I y II, S.A.U.	—	—	—	—	3,686	—	4
LE Offices Eloy Gonzalo 27, S.A.U.	—	—	—	—	399	—	1
LE Retail As Termas, S.L.U.	—	1,790	—	27,846	—	1,112	—
LE Logistic Alovera III y IV,	—	—	—	—	635	—	1
LE Logistic Almussafes, S.L.U.	—	—	—	—	2,779	—	6
LE Retail Hiper Ondara, S.L.U.	—	6,509	—	111,460	—	3,866	—
LE Offices Joan Miró 21, S.L.U.	—	—	—	—	745	—	2
LE Retail Vidanova Parc, S.L.U.	—	921	—	14,341	—	545	—
LE Retail Galaria, S.L.U.	—	—	—	—	250	—	1
LE Retail Lagoh, S.L.U.	—	5,676	—	82,167	—	3,340	—
LE Retail Vistahermosa, S.L.U.	—	1,037	—	20,640	—	623	—
LE Retail Gran Vía de Vigo, S.A.U.	—	2,753	—	68,898	—	1,675	—
LE Retail Hiper Albacenter, S.A.U.	—	369	—	—	286	216	—
LE Retail Alisal, S.A.U.	—	—	—	—	2,341	—	5
LE Retail El Rosal, S.L.U.	—	1,913	—	37,283	—	1,145	—
LE Retail Villaverde, S.L.U.	—	—	—	—	1,750	—	4
LE Retail Abadía, S.L.U.	—	1,708	—	33,722	—	1,022	—
Lar España Inversión Logística IV, S.L.U.	—	—	—	—	1,950	—	4
LE Retail Rivas, S.L.U.	—	1,266	—	22,643	—	753	—
LE Retail Sagunto II, S.L.U.	—	7	—	97	—	4	—
LE Retail Córdoba Sur, S.L.U.	—	—	—	890	—	—	—
Inmobiliaria Juan Bravo 3, S.L.	—	—	—	—	—	—	—
Revenue from dividends (i)	—	18,031	—	—	—	19,947	—
Grupo Lar Inversiones Inmobiliarias, S.A.	—	—	624	—	—	—	—
	—	45,824	637	419,987	39,590	36,500	73

(Expressed in thousands of Euros)

(*) Revenue from rebilling that is presented net of any external service expense, in accordance with Note 4i, totalled EUR 7,359 thousand at 31 December 2022.

(i) The breakdown of the dividends recorded in 2022 is as follows (thousands of euros):

Company	**Interim dividends over profit and loss at 31.12.2022**	**Complementary dividends over profit and loss at 31.12.2021**	**Total**
LE Logistic Alovera I y II, S.A.U.	227	—	227
LE Retail As Termas, S.L.U.	1,438	117	1,555
LE Retail Hiper Ondara, S.L.U.	4,346	283	4,629
LE Retail Vistahermosa, S.L.U.	74	126	200
LE Retail Gran Vía de Vigo, S.A.U.	1,089	—	1,089
LE Retai Abadía, S.L.U.	2,267	33	2,300
LE Retail Anec Blau, S.L.U.	812	—	812
LE Retail Txingudi, S.L.U.	417	—	417
LE Retail Albacenter, S.L.U.	1,093	100	1,193
LE Retail Las Huertas, S.L.U.	108	—	108
LE Retail Rivas, S.L.U.	663	238	901
Le Retail Sagunto II, S.L.U.	327	7	334
LE Retail El Rosal, S.L.U.	2,389	215	2,604
LE Retail Lagoh, S.L.U.	2,781	797	3,578
Total	**18,031**	**1,916**	**19,947**

The interim dividends over profit and loss at 31 December 2022 were approved on 30 December 2022 and were paid on 25 January 2023. Likewise, complementary dividends from the 2021 profit were liquidated in less than a month from the approval thereof.

(Expressed in thousands of Euros)

(c) Information relating to Directors and Senior Management of the Company

Remuneration received during 2023 and 2022 by the members of the Board of Directors and Senior Management of the Company classified by items, was as follows:

	Thousands of Euros					
	2023			2022		
	Salaries	Allowances	Insurance premiums	Salaries	Allowances	Insurance premiums
Board of Directors	-	622	183*	-	615	180*
Senior Management	735	-	-	865	-	-

* The amount for insurance premiums covering civil liability for damages from acts or omissions corresponds to the Company's Board of Directors and Senior Management.

Allowances for the Board of Directors include EUR 77 thousand for the non-executive Secretary of the Board of Directors (EUR 85 thousand at 31 December 2022).

As at 31 December 2023 the Company has six Directors, four of whom are men and two of whom are women (as at 31 December 2022 the Company had six Directors, four of whom were men and two of whom were women).

Senior Management salaries include both fixed and variable remuneration. The latter is accrued annually based on the degree of compliance with the specific goals established for each year and is settled entirely in cash, although it is in turn composed of the bonus, which is settled in the first months of the year following its accrual, and the long-term variable remuneration (LTI), which is settled at the end of the corresponding programme and is subject to the employee's permanence in the Company and to the absence of events that would result in the modification of the data on which the estimate of the annual amount to be received by LTI was based.

The LTI approved by the Board of Directors for the 2022 covers the 2022-2024 period, whereby the long-term variable remuneration for these financial years will be paid, if the conditions are met, in the first four months of 2025. The Salaries amount in the above table includes EUR 80 thousand corresponding to the accrued amount of the 2023 LTI (EUR 69 thousand in 2022) to be paid, if applicable, in 2025. In addition, during the 2022 period, Senior Management received EUR 164 thousand from the settlement of the previous LTI that matured in this year.

At close of the 2023 period, there are certain indemnity commitments and agreements in place for members of Senior Management in certain cases of termination of their employment relationship following a change of control in the Company. In no case, at close of the 2023 period, does this contingent commitment exceed two year's remuneration.

At 31 December 2023 and 2022, the Company has no pension, life insurance, stock options or compensation obligations, different than those mentioned above, with former or current members of the Board of Directors or Senior Management personnel of the Company.

At 31 December 2023 and 2022 no advances or loans have been extended to members of the Board of Directors or Senior Management.

(d) Transactions other than ordinary business or under terms differing from market conditions carried out by the Directors

Apart from the transactions with related parties listed above, in the periods 2023 and 2022 the Directors of the Company and members of its Board of Directors have not carried out any transactions other than ordinary business or under terms that differ from market conditions with said Company or any other Group company.

(e) Investments and positions held by the Directors and their related parties in other companies

The Directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with Article 229 of the Revised Spanish Capital Companies Law.

Notwithstanding the above, it is hereby stated that the board member Mr Miguel Pereda Espeso holds the following positions in other companies:

i. Chairman and Chief Executive Officer of Grupo Lar Inversiones Inmobiliarias, S.A. (the Company's management company). Grupo Lar Inversiones Inmobiliarias, S.A. (the then sole shareholder of the Company) and the General Shareholders' Meeting saved this situation of potential conflict of interest by appointing Miguel Pereda as board member of Lar España Real Estate SOCIMI, S.A. on 5 February 2014 and 29 May 2017, respectively.

ii. Chairperson of the Board of Villamagna, S.A.

iii. In addition, Miguel Pereda Espeso holds positions in subsidiaries of Grupo Lar Inversiones Inmobiliarias S.A. as indicated below:

Company	Position/Role	Number of shareholdings	Shareholding %
Grupo Lar Europa del Este, S.L.U.	Chairperson of the Board of Directors	N/A	N/A
Grupo Lar Holding Iberia, S.A.U.	Individual representing the Sole Director (GRUPO LAR INVERSIONES INMOBILIARIAS, S.A.)	N/A	N/A
Grupo Lar Management Services Iberia, S.L.U.	Sole Director	N/A	N/A
Global Caronte, S.L.U.	Joint and Several Director	N/A	N/A
Desarrollos Ibéricos Lar, S.L.U.	Joint and Several Director	N/A	N/A
Grupo Lar Desarrollo Suelo, S.L.U.	Joint and Several Director	N/A	N/A
Grupo Lar Oficinas Europeas, S.A.U.	Sole Director	N/A	N/A
Acacia Inmuebles, S.L.	Chairperson of the Board of Directors	N/A	N/A
Grupo Lar Tech, S.L.U.	Sole Director	N/A	N/A
Grupo Lar Latam, S.L.U.	Individual representing the Sole Director (GRUPO LAR INVERSIONES INMOBILIARIAS, S.A.)	N/A	N/A
Lar Crea Residencial I Spain, S.L.	Joint Director	N/A	N/A
Gentalia 2006, S.L.	Chairman and individual representative of the Board member (GRUPO LAR HOLDING IBERIA, S.A.)	N/A	N/A
Inmuebles logísticos Iberia, S.L.	Board member	N/A	N/A

Notwithstanding the above, the board member Mr Miguel Pereda abstained from participating in those decisions that might have created a conflict of interest.

(Expressed in thousands of Euros)

(17) EMPLOYEE INFORMATION

The average headcount of the Company at 31 December 2023 and 2022, distributed by category, is as follows:

	2023	2022
Professional category		
Senior Management	4	4
Total	4	4

The gender distribution in the Company at 2023 and 2022 year ends is as follows:

	2023		2022	
	Women	Men	Women	Men
Professional category				
Senior Management	1	3	1	3
Total	1	3	1	3

Salaries, wages and similar expenses corresponding to these employees at 31 December 2023 totalled EUR 735 thousand (EUR 865 thousand at 31 December 2022).

In 2023 and 2022 the Company did not employ anyone with a disability greater than or equal to 33%.

(18) AUDIT FEES

During 2023 and 2022, fees for audit and other related services charged to the Group by the auditor of the company Deloitte, S.L. and by a company related to the auditor through control, shared property or management were as follows (in thousands of Euros):

	Thousands of Euros	
	2023	2022
Audit and related services		
Audit services	255	244
Other verification services	27	26
Professional Services		
Other services	—	—
Total	282	270

(19) EVENTS AFTER THE REPORTING PERIOD

There have been no additional subsequent events up to the date these financial statements were drawn up that materially affect these financial statements.

(20) EXPLANATION ADDED FOR TRANSALTION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2.a). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Information on Group Companies
31 December 2023

a) Subsidiaries

			Shareholding %		Thousands of Euros						
Company	**Activity**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	Subsidiary	100	100	60	158	159	(139)	15,582	15,662	15,989
LE Retail As Termas, S.L.U.	Leasing of property	Subsidiary	100	100	4	1,987	1,931	(1,913)	38,613	38,634	38,616
LE Retail Hiper Ondara, S.L.U.*	Leasing of property	Subsidiary	100	100	4	7,423	7,207	(6,921)	152,655	152,945	146,310
LE Retail Vidanova Parc, S.L.U.	Leasing of property	Subsidiary	100	100	4	1,984	1,957	(1,829)	31,172	31,304	32,688
LE Retail El Rosal, S.L.U.*	Leasing of property	Subsidiary	100	100	3	1,850	1,776	(1,756)	28,407	28,430	38,750
LE Retail Lagoh, S.L.U.*	Leasing of property	Subsidiary	100	100	3	6,555	6,395	(6,011)	127,828	128,215	136,193
LE Retail Sagunto II, S.L.U.	Leasing of property	Subsidiary	100	100	3	19	(124)	—	1,099	978	1,480
LE Retail Vistahermosa, S.L.U.	Leasing of property	Subsidiary	100	100	3	15,788	15,767	(7,799)	24,437	32,408	24,440
LE Retail Anec Blau, S.L.U.*	Leasing of property	Subsidiary	100	100	3	1,222	1,232	(1,034)	94,644	94,845	96,468
LE Retail Albacenter, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,318	1,335	(1,319)	38,543	38,562	38,545

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Information on Group Companies
31 December 2023

			Shareholding %		Thousands of Euros						
Company	**Activity**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
LE Retail Txingudi, S.L.U.	Leasing of property	Subsidiary	100	100	3	561	578	(242)	35,872	36,211	35,866
LE Retail Las Huertas, S.L.U.	Leasing of property	Subsidiary	100	100	3	236	50	—	13,221	13,274	13,013
LE Retail Gran Vía de Vigo, S.A.U.*	Leasing of property	Subsidiary	100	100	502	2,179	2,041	(1,831)	35,604	36,316	66,794
LE Retail Abadía, S.L.U.	Leasing of property	Subsidiary	100	100	7,204	3,162	3,096	(2,859)	22,089	29,530	41,182
LE Retail Rivas, S.L.U.	Leasing of property	Subsidiary	100	100	3	19,412	17,962	(8,983)	30,752	39,734	38,612
					7,805	63,854	61,362	(42,636)	690,518	717,049	764,946

* Company audited by Deloitte, S.L.
All the companies have their registered office at Calle María de Molina 39, Madrid.

Information on Group Companies
31 December 2023

b) Joint venture

					Shareholding %		Thousands of Euros						
Company	**Registered office**	**Activity**	**Auditor**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
Inmobiliaria Juan Bravo 3, S.L.	María de Molina, 39, Madrid	Property development	Deloitte	Associate	50	50	1,483	(30)	(28)	—	1,461	2,916	1,458

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Information on Group Companies
31 December 2022

a) Subsidiaries

			Shareholding %		Thousands of Euros						
Company	**Activity**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
LE Logistic Alovera I y II, S.A.U.	Leasing of property	Subsidiary	100	100	60	(4)	293	(227)	3,527	3,653	3,469
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	Subsidiary	100	100	60	(109)	(109)	—	15,323	15,274	15,621
LE Retail Alisal, S.A.U.	Leasing of property	Subsidiary	100	100	60	(4)	1	—	2,278	2,339	2,327
LE Offices Eloy Gonzalo 27, S.A.U.	Leasing of property	Subsidiary	100	100	60	(4)	(3)	—	341	398	398
LE Retail As Termas, S.L.U.	Leasing of property	Subsidiary	100	100	4	1,595	1,532	(1,438)	36,823	36,921	36,826
LE Logistic Alovera III y IV, S.L.U.	Acquisition and leasing of property	Subsidiary	100	100	4	(4)	(3)	—	632	633	633
LE Logistic Almussafes, S.L.U.	Leasing of property	Subsidiary	100	100	4	(12)	(6)	—	2,808	2,806	2,806
LE Retail Hiper Ondara, S.L.U.*	Leasing of property	Subsidiary	100	100	4	5,361	5,109	(4,346)	146,146	146,913	139,801
LE Offices Joan Miró 21, S.L.U.	Leasing of property	Subsidiary	100	100	4	(8)	(7)	—	765	762	762

LE Retail Vidanova Parc, S.L.U.	Leasing of property	Subsidiary	100	100	4	26	(8)	—	30,259	30,255	31,767
LE Retail El Rosal, S.L.U.*	Leasing of property	Subsidiary	100	100	3	2,772	2,689	(2,389)	26,494	26,797	36,836
LE Retail Galaria, S.L.U.	Leasing of property	Subsidiary	100	100	4	(4)	(4)	—	407	407	407
LE Retail Lagoh, S.L.U.*	Leasing of property	Subsidiary	100	100	3	3,576	3,387	(2,781)	122,152	122,761	130,516
LE Retail Sagunto II, S.L.U.	Leasing of property	Subsidiary	100	100	3	17	348	(327)	1,091	1,115	1,369
LE Retail Vistahermosa, S.L.U.	Leasing of property	Subsidiary	100	100	3	217	170	(74)	23,400	23,499	23,403
Lar España Inversión Logística IV, S.L.U.	The acquisition and development of properties for	Subsidiary	100	100	3	(4)	—	—	1,945	1,948	701
LE Retail Villaverde, S.L.U.	Leasing of property	Subsidiary	100	100	3	(4)	—	—	1,745	1,748	1,748
LE Retail Anec Blau, S.L.U.*	Leasing of property	Subsidiary	100	100	3	943	937	(812)	92,494	92,622	94,317
LE Retail Albacenter, S.L.U.	Leasing of property	Subsidiary	100	100	3	1,247	1,262	(1,093)	37,645	37,817	37,648
LE Retail Txingudi, S.L.U.	Leasing of property	Subsidiary	100	100	3	709	722	(417)	35,267	35,575	35,653
LE Retail Las Huertas, S.L.U.	Leasing of property	Subsidiary	100	100	3	175	138	(108)	13,030	13,063	12,789

Information on Group Companies
31 December 2022

LE Offices Marcelo Spínola, S.L.U.	Leasing of property	Subsidiary	100	100	3	(12)	1	—	6,505	6,509	5,516
LE Retail Gran Vía de Vigo, S.A.U.*	Leasing of property	Subsidiary	100	100	502	1,577	1,430	(1,089)	32,851	33,694	64,041
LE Retail Abadía, S.L.U.	Leasing of property	Subsidiary	100	100	7,204	2,614	2,541	(2,267)	20,127	27,605	39,474
LE Retail Rivas, S.L.U.	Leasing of property	Subsidiary	100	100	3	798	757	(663)	29,486	29,583	37,347
LE Retail Córdoba Sur, S.L.U.	The acquisition and development of properties for	Subsidiary	100	100	4	(6)	(8)	—	(665)	(669)	(670)
					8,014	21,452	21,169	(18,031)	682,876	694,028	755,505

* Company audited by Deloitte, S.L.
All the companies have their registered office at Calle María de Molina 39, Madrid.

b) Joint venture

					Shareholding %		Thousands of Euros							
Company	**Registered office**	**Activity**	**Auditor**	**Type of entity**	**Direct**	**Total**	**Share capital**	**Operating profit/(loss)**	**Profit/(loss)**	**Dividends**	**Other equity**	**Total net equity**	**Net book value of investment**
Inmobiliaria Juan Bravo 3, S.L.	María de Molina, 39, Madrid	Property development	Deloitte	Associate	50	50	1,483	(248)	(248)	—	1,665	2,900	1,450

1 Position of the Company

1.1 Organisational structure and functional operation

The company is a recent establishment with an externalised management structure. It has designated Grupo Lar Inversiones Inmobiliarias, S.A. as exclusive manager, a company that has more than forty years of experience in the property market and a long history of generating value through various property cycles in the last decades, and that has alliances with some of the most internationally renowned investors.

At Lar España, the highest governance body is the Board of Directors. The Board oversees the management of the Company with a view to promoting and protecting shareholders' interests. Strategic management, allocation of resources, risk management and corporate control, as well as accounting, financial and non-financial reports are among the main responsibilities of the Company's Board of Directors. The Board is the Company's chief management body, except as regards decisions that are reserved to the shareholders when constituted as a General Meeting.

During 2023 and 2022 the Group has carried out its activity with the rental of shopping centres and single-tenant commercial premises.

The Company focuses its strategy on searching for shopping centres and single-tenants premises with great potential for growth and with opportunities of improvement in asset management, mainly those where there is the possibility to replace or expand.

The Company's investment policy focuses mainly on the following:

- On assets the company considers to be strategic assets, mainly commercial parks and shopping centres.
  -
- Investment opportunities in mid-sized assets that offer great management possibilities, avoiding those segments where competition may be greater.
  -
- Risk diversification, expanding throughout Spain mainly in shopping centre investments.

2 Development and business results

2.1 Introduction

At the 2023 reporting date, the Company's revenue amounted to EUR 62,040 thousand, which corresponded to returns from dividends received from investee companies, financial income from financing granted to same and returns from the disposal of equity instruments in accordance with their standing as holding companies.

The operating result before amortisations, provisions and interest (EBITDA), that is calculated as the result of the operations, net of amortisation expenses presents a positive result of EUR 57,622 thousand.

The positive financial result was EUR 11,279 thousand.

The Company's profit for the period amounts to EUR 68,634 thousand.

2.2 Other financial indicators

At 31 December 2023, the Company presents the following financial indicators:

- Working capital (calculated as the difference between current assets and current liabilities) → EUR 483,198 thousand (EUR 724,338 thousand at 31 December 2022).
- Liquidity ratio (calculated as the ratio of current assets to current liabilities) → 5.03 (16.02 at 31 December 2022).
- Solvency ratio (calculated as non-current liabilities and equity divided by non-current assets → 1.63 (2.16 at 31 December 2022).

These ratios represent particularly high values, indicating that the Company enjoys a sufficient level of liquidity and a high degree of safety margin in order to meet its payments.

The ROE ("Return on Equity"), which measures the Company's rate of return divided by its equity, is 11.40% (it was 2,35% as of 31 December 2022). This is calculated as the quotient of the profit for the last 12 months and the Company's net equity at 31 December 2023.

The ROA ("Return on Assets"), which measures the efficiency of the Company's total assets, regardless of the source of funding used, i.e. the capacity of a company's assets to generate profit, is 5.01% (0.98% as of 31 December 2022). This is calculated as the quotient of the profit for the last 12 months and the Company's total assets at 31 December 2023.

2.3 Matters regarding personnel

Personnel

At 31 December 2023 the Company has 4 employees (3 men and 1 woman). Said employees are classified as Senior Management. In the 2023 period the Company has had no employees with a 33% or greater disability.

3 Liquidity and capital resources

3.1 Liquidity and capital resources

At 31 December 2023, the company financial debt amounted to EUR 650,790 thousand. The level of debt is related basically to the two green bonds issuances, launched in July and November 2021. This also includes a credit line arranged by the Company with European Investment Bank.

On 19 January 2023, the Parent Company completed the Bonds repurchase process of the two issues made in the 2021 period, for a total nominal amount of EUR 98 million for the bonds issued on 22 July 2021 and EUR 12 million for the bonds issued on 3

November 2021, with a discount of 18% equivalent to a total final price of EUR 90.5 million. The transaction resulted in a positive impact on the 2023 Statement of Comprehensive Income of around €20 million. The company appointed J.P. Morgan as the sole dealer manager for the transaction, which was targeted exclusively at certain eligible holders and settled on 19 January 2023.

In addition, during the 2023 period, the Parent Company carried out repurchases on the open market of bonds corresponding to the issue made on 22 July 2021, for a total nominal amount of EUR 9.0 million. The average discount rate recorded on these transactions was approximately 16%, with a positive impact on the Consolidated Statement of Comprehensive Income for the year 2023 of EUR 0.5 million.

In addition, from the average discount associated with these bonds repurchases, the Parent Company has recognised a profit of EUR 20.5 million (net of transaction costs) under "Impairment and gains or losses on disposal of financial instruments" in the Consolidated Statement of Comprehensive Income at 31 December 2023 (Note 24).

In this regard, the bonds acquired in January 2023 have been redeemed once their repurchase has been settled, with the bonds acquired in May, June and July 2023 still to be redeemed.

As at 31 December of 2023, the Company's short-term financial debt stands at EUR 3,298 thousand.

The Company intends its debt's maturity profile to be in line with its ability to generate cash flow to cover the debt.

In June 2023 the credit facility the Company is held with Bankinter was renewed for one year without any changes to the amount or the conditions.

The financial expenses accrued on loans during the twelve months ended 31 December 2023 amounted to EUR 1,234 thousand, and the effect of the amortised cost of these was EUR 14 thousand. The accrued, unpaid interest at 31 December 2023 amounts to EUR 185 thousand.

The financial expenses accrued on the bonds during the twelve months ended 31 December 2023 amounted to EUR 12,705 thousand, and the effect of the amortised cost thereof was EUR 3,458 thousand (taking into account the financial expenses for the amortised cost effect corresponding to the proportional part of the repurchases made during the first half of 2023). The accrued, unpaid interest at 31 December 2023 amounts to EUR 3,113 thousand.

3.2 Analysis of contractual obligations and off-balance-sheet transactions

The Company does not have any contractual obligations that imply an outflow of liquid resources at 31 December 2023 beyond those mentioned in point 3.1.

At 31 December 2023, the Company does not present off-balance-sheet transactions that have had, or are expected to have, a significant effect on the financial position of the Company, the expenditure structure, the operating result, liquidity, capital expenses or on own resources.

4 Main risks and uncertainties

The Company is exposed to a variety of risk factors arising from the nature of its business. The Company's Board of Directors is responsible for approving the risk management and control policy, and it assumes responsibility for identifying the Company's main risks and supervising the internal oversight systems; it is informed by the Audit and Oversight Committee. The Group’s Risk Management and Control System identifies, groups, manages and control risks that could potentially affects said Group in the areas that make up the Group's corporate risk map, which is adequately reported in the Annual Corporate Governance Report.

In addition to these risks and impacts produced, those detailed in section 8 of this management report are of great importance.

5 Environment

The Company takes measures to prevent, reduce and repair the damage caused to the environment by its activities. However, due to its nature, the Company's activity does not have a significant impact on the environment.

For Lar España, corporate sustainability within its business model is a differentiating element in the context of its value creation, integrating all its stakeholders: from shareholders, regulators, tenants or customers, among others.

In January 2016, the Company approved its Sustainability Policy, which reflects Lar España's commitment to the sustainable development of the business and the creation of shared value in the long term. It also establishes that Lar España will carry out its activities in accordance with the principles of the OECD and the issues set out in the United Nations Universal Declaration of Human Rights, as well as in the Declaration of the International Labour Organisation (ILO).

Subsequently, in 2017 Lar España drafted its ESG Master Plan, with the aim of having a clear and defined roadmap at company level. This Plan is aligned with the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) of the United Nations, with the Paris Agreement (COP21). Following the drafting of this Plan, the company proceeded to work on more specific issues and focused on more concrete aspects, incorporating quantified measures and goals in accordance with different international standards at both corporate and sectoral level.

As evidence of the progress made in the different aspects of sustainability, Lar España has continued to improve the ratings obtained in independent assessment schemes such as GRESB, in which it has participated for the sixth consecutive year, as well as in the international MSCI index, in which it has upgraded its score from ‘BBB’ to ‘A’ in 2023.

In terms of equality issues, it continues to form part of the IBEX Gender Equality Index as Spain's leading gender equality index.

Thus, in 2023 Lar España worked on the following projects, among others:

Certifications

The Company has continued its commitment to participate in assessment and certification schemes to ensure that all properties operate as sustainably as possible, having achieved that 100% of the assets in the portfolio are certified to the BREEAM standard, of which 98% (in terms of asset value) are rated as "Excellent" and "Very Good".

In addition, from 2023, 100% of the assets under operational control comply with the standards of the Environmental Management System and the Health and Safety Management System determined respectively by the ISO 14001 and 45001 standards, with the relevant certifications accrediting this.

Commitment to contribute to the fight against climate change

In 2023, the company updated its Carbon Footprint Reduction Plan in order to establish a roadmap that integrates the latest progress made in the assets, as well as the data recorded since the completion of the Company's first Decarbonisation Plan in 2021. In this way, Lar España has established a clear emissions neutrality goal and a decarbonisation pathway in line with the international Science Based Targers Initiative (SBTi). Within this plan, measures adapted to each of the assets have been designed and will be implemented over the next few years in accordance with the investment plans proposed and the progress of the different technologies in this field.

-

Following the registration of the Company's Carbon Footprint for 2018, 2019, 2020 and 2021 with the Ministry for Ecological Transition and the Demographic Challenge (MITERD) as part of the national strategy framed within that of the European Union, Lar España has completed the process of registering its Carbon Footprint for the 2022 period. Thanks to the decrease in asset emissions in this period, it has revalidated the "Reduzco (I Reduce)" seal, which demonstrates the various efforts made in recent years to implement improvements that allow for more sustainable operations. It has thus become the first listed company in the real estate sector to obtain this recognition for the second consecutive year. In addition, since the first year of registration of the Carbon Footprint, the company has carried out the verification by an independent external party, in accordance with the "Carbon Footprint Declaration of Conformity", of the information submitted to the Ministry relating to the emissions data for each of the periods and the required Reduction Plan.

Waste management

- In terms of contributing to the principles of the Circular Economy, as a further step in the fight against climate change, in 2019 Lar España developed its Waste Management Plan with the aim of obtaining greater traceability of the waste generated in the assets. In the last two years, the company has made progress in identifying and collecting such data in order to establish improvement measures.

  The next step will be to achieve greater traceability of transport and processing data in line with the new Law 7/2022 of 8 April on waste and contaminated soils for a circular economy.

- The company's aim is to continue working on this issue with the intention of having greater control over the waste generated by its activity. This will provide more detail on the Company's indirect emissions (Scope 3) which will complete its Carbon Footprint calculation.

Responsible water consumption

Lar España has carried out an analysis of its water consumption and management in its operational phase, in accordance with the ISO 14064 standard. For this, the number of visitors to each asset, the annual consumption broken down according to the different uses of water, as well as the main environmental impacts derived, have been taken into account, identifying the risks and opportunities in the related activities and processes.

Sustainable Mobility

Sustainable mobility is a concept created to counteract the environmental and social problems associated with the urban mobility of citizens, something on which Lar España is focusing its efforts as it is considered an added value factor for the portfolio's assets. Thus, the options offered by the company include solutions such as vehicle charging points, parking for motorbikes, bicycles and scooters, development of new pedestrian access and public transport campaigns.

It should be noted that Lar España's twelve assets can be accessed by the main transport lines of the municipalities in which they are located.

Air quality

Lar España's spaces have once again been an example of health and well-being thanks to the control, monitoring and innovation due to specialised monitoring software. Through the information collected monthly in specific reports, Lar España is aware of the optimum air quality in its main indicators of: thermal comfort, CO2, suspended particles and organic compounds from decoration materials, renovations, cleaning and maintenance, among others.

Accessibility

Lar España has continued with its goal of guaranteeing an inclusive shopping and leisure experience that complies with Universal Accessibility criteria, in line with the requirements of the UNE 17001 standard as a guarantee of access and enjoyment. Thus, the company already has eight assets certified according to this standard: Abadía Park, El Rosal, Vidanova, Lagoh, Megapark, Albacenter, As Termas and Portal de La Marina. Work is currently underway to extend it to the Gran Vía de Vigo and Ànec Blau assets.

Social impact

Other new developments include the creation of the Social Impact Committee to achieve greater synergies between teams responsible for this area, as well as the corresponding Impact Report which is expected to be launched in 2024 to strengthen the role of Lar España within the socio-economic context of its communities.

Tenants and users

In terms of the day-to-day running of its centres and parks, Lar España has continued to develop engagement initiatives through specific marketing actions such as satisfaction and accessibility campaigns and surveys, among others, as well as social action in conjunction with various NGOs, foundations and entities.

In addition, coinciding with the publication of the consolidated financial statements, Lar España publishes a half-yearly report, available on its corporate website, in which it sets out the progress made in 2023 in the different areas within the context of the development of its activity. The report contains more extensive information on environmental, social and governance issues than is contained in this document.

6 Information on the foreseeable evolution of the Company

In line with the company's business, the acquisition, operation and repositioning of assets, mainly focused on the retail sector (shopping centres and retail parks), active management capacity is key to ensure the creation of value for its shareholders.
At Lar España, we aware of the role we play with our activity, committing ourselves to contribute in an ethical, responsible and sustainable way with our operations and decisionmaking, generating positive impact for both society and the environment and obtaining, in turn, a profitable financial return for our investors.

We have set ourselves the goal of leading the retail property industry in terms of portfolio size, asset quality and management effectiveness. To achieve this, we work on our ongoing commitment to deliver maximum value to shareholders, tenants and end customers.

Based on available information and the current business plans, we believe that the Company will be in a position to continue making progress in 2024 and in subsequent years.

7 Market context

7.1 Current military conflicts

In recent years, various armed conflicts have erupted in different parts of the world increasing the global geopolitical tensions. In February 2022, Russia's invasion of Ukraine began, leading to a war between the two countries, and in October 2023, the Israeli-Palestinian conflict in the Gaza Strip began. The consequences of both conflicts are still uncertain.

The Company's directors, after assessing the possible repercussions of this situation, have considered that it would not, a priori, have an impact on its financial statements, since all its operations are domestic and it does not depend on any raw materials that could be affected by cuts in supplies.

However, the situation has generated an increased in uncertainty in global markets and a sharp rise in the cost of energy and other natural resource costs, particularly in Europe, which, in conjunction with other factors, has translated into an increase in inflation and the cost of living in the Spanish macroeconomic environment, leading to a rise in interest rates by the European Central Bank in response.

The situation and its potential indirect impacts on the Group is being monitored by the Management and the Directors. Lease trends are indexed to the CPI and have been revised in 2023. On the other hand, the activity of shopping centres and retail parks is monitored to identify possible decreases in footfall and/or consumption levels that could affect tenant effort rates.

Similarly, the independent third-party experts engaged by the Group have taken into consideration the economic situation at period close in determining the fair value of the Group's investment property, although this may be affected by rapid changes in market circumstances caused by global geopolitical and economic impacts.

Given the existing geopolitical uncertainty and volatility, the Directors and the Company's Management continue to constantly monitor the evolution of the conflict and its consequences, in order to successfully deal with possible future impacts that may occur.

7.2 Management experience

The Company's subsidiaries' benefits from a business model unlike any other on the Spanish property market, pioneering specialist services in the Spanish retail sector.

With more than 50 years of behind it, the group has successfully dealt with past crisis situations and has a highly expert management team recognized at all decision-making and management levels.

Thanks to a wealth of professional experience in retail asset management, Lar España operates teams that specialise in the Spanish retail sector. Since it was first created, the Company's subsidiaries have made profitable management and continually improving its assets a priority, investing in technology and committed to achieving a robust client portfolio to provide unique added value to its properties.

7.3 Business model and operational structure

In terms of location and standing in their respective catchment areas, the Company's subsidiaries' properties are dominant in their catchment areas. A premium collection of properties with high value-add that secures sustainable returns for shareholders.

At 2023 year-end, the assets of Lar España occupancy rate of 97.1%, operating at close to full capacity.

During the year the Company has continued to position itself at the forefront of the retail sector, through the development of innovation projects that guarantee a differential and sustainable experience at our assets. Lar España has a high added value portfolio, which is demonstrated by the recurring profitability for its shareholders, something that has been particularly relevant this year thanks to the spectacular increase in the listed share price.

Ongoing dialogue with stakeholders continues to be one of the Company's priorities, with the aim of anticipating and adapting to the preferences and needs of each customer. Shopping centres have become spaces that offer much more than just shopping; they are spaces where leisure, culture, gastronomy and entertainment come together.

Once again, performance of the activity has been aligned with sustainability at all levels, having complied with the corporate agenda set at the beginning of the year by the Company. Thus, new environmental, social and good governance factors have been integrated throughout the year, enabling us to meet the objectives set and become a benchmark in the various aspects of sustainability.

The Company continues to have a solid and very consolidated tenant base that has proven quality, which, once again this year, has driven the growth in sales and footfall at our assets. Commercial relationships with tenants have been strengthened thanks to the contact maintained therewith, reinforcing the duration and stability of contracts in all shopping centres and retail parks.

The top ten tenants account for 33,2 % of its rental income, and more than 60% of all the leases signed with retailers have a remaining term beyond 2027.

The Company’s subsidiaries’ properties have a clear competitive edge in their catchment areas, generally offering more than 480,226 sqm of retail space and located in regions with an above average per capita income for Spain.

7.4 Commitment to retailers

The Company communicate openly and regularly with all of its tenants, across all its properties. All of its strategies share the clear objective of guaranteeing the safety of its customers and employees, to ensure that all the stores in the Company’s subsidiaries’ portfolio can carry on their activity, for example through the project to monitor the air quality of the assets to guarantee optimum indoor air quality in the shopping centres. In addition, over the last few months the company has been analysing different ways to establish channels of dialogue with its tenants, responding to any possible needs that may arise.

7.5 Consolidated financial position

The Company’s subsidiaries’ strong liquidity levels and financial autonomy afford it considerable economic resilience. This stands it in excellent stead to face scenarios, having carried out stress tests that have produced satisfactory results on its annual business model.

An example of this is the average cost of the company's financial debt, which stands at 1,8%, 100% at a fixed rate, and with no relevant maturities until 2026.

7.6 Financial and investment caution

The company has reactivated its CAPEX plan and all decisions will be made on the premise of achieving solid returns via effective management and value uplift across all of its assets and taking into account the exposure to inflationary risk.

8 R&D+i activities

Due to the inherent characteristics of the companies that make up the Company, and their activities and structure, the Company does not usually conduct any research, development and innovation initiatives. However, Lar España continues its commitment to become the leader in the transformation of the Retail sector, creating new ways of interacting more efficiently and digitally with both external and internal customers (Customer Journey Experience).

9 Acquisition and disposal of treasury stock

Pursuant to section 2.c) of Rule Four of CNMV Circular 1/2017 of 26 April 2017 on liquidity contracts ("Circular 1/2017"), Lar España announced in February that the liquidity contract entered into with JB Capital Markets, Sociedad de Valores, S.A.U., which had been in effect since 11 July 2017 and the execution of which was announced to the market by means of the relevant event published on 10 July 2017 (under registration number 254,421), had been terminated with effect from 23 February 2023.

Subsequently, on 13 March 2023 and in accordance with the provisions of section 2 of Rule Four of CNMV Circular 1/2017 of 26 April 2017 on liquidity contracts ("Circular 1/2017"), Lar España announced the execution of a liquidity contract (the "Liquidity Contract") with GVC Gaesco Valores, Sociedad de Valores, S.A. (the "Financial Intermediary"), effective as of that day.

Such Liquidity Contract is consistent with the contract template included in Circular 1/2017 and a copy thereof was sent to the CNMV for the purposes envisaged in section 3 of Rule Four of Circular 1/2017.

At of 31 December 2023 the share price was EUR 6.15.

As of 31 December 2023, the Parent Company holds a total of 62,545 shares, representing 0.07% of total issued shares.

10 Other relevant information

10.1 Stock exchange information

The initial share price at the start of the year was EUR 4.30 and the nominal value at year end was EUR 6.15. During 2023, the average price per share was EUR 5.39.

In the context of the green bonds issuances made by the company in 2021, the rating agency Fitch assigned an investment grade rating or BBB rating to both Lar España and its green bond issuance, which has been ratified in 2023.

10.2 Dividend policy

On 31 March 2023, the Shareholders’ General Meeting approved the distribution of a dividend of 12,346 thousand Euros, at EUR 0.1475 per share (taking into account all the shares issued) and recognised in profit and loss for the 2022 period, and of 37,654 thousand Euros, at EUR 0.4499 per share (taking into account all the shares issued), charged to the share premium.

The total pay-out was 12,334 thousand Euros charged to the Profit for the period 2022 (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company’s equity and totals 12 thousand Euros), and 37,621 thousand Euros charged to share premium given the amount per share approved and shares outstanding at the time of approval by the General Shareholders’ Meeting on 31 March 2023. The dividend pay-out was settled in full on 28 April 2023.

10.3 Average number of days payable outstanding to suppliers

The average number of days payable outstanding to suppliers is 50, complying with the maximum legal payment period applicable to the Company in the year 2021 according to Law 3/2004, of 29 December containing measures to combat late payments in commercial transactions and in accordance with the transitory provisions established in Law 15/2010, of 5 July.

11 Annual Corporate Governance Report

For the purposes of Article 538 of the Spanish Companies Act, we confirm that the Annual Corporate Governance Report (IAGC) along with the Internal Financial Reporting Control Systems (SCIIF) and the Annual Report of Directors' Remuneration (IARC) for 2022 all form part of the Management Report. Both Reports are available on the website of the National Securities Market Commission (CNMV).

- Annual Corporate Governance Report:
  https://www.cnmv.es/portal/consultas/ee/informaciongobcorp.aspx?TipoInforme=6&nif=A86918307&lang=en

- Annual Report on Directors' Remuneration:
  https://www.cnmv.es/portal/consultas/ee/informaciongobcorp.aspx?TipoInforme=6&nif=A86918307

12 Events after the reporting period

There have been no additional subsequent events up to the date these financial statements |were drawn up that materially affect these financial statements.

LAR ESPAÑA REAL ESTATE, SOCIMI, S.A. STATEMENT OF RESPONSIBILITY FOR THE 2023 FINANCIAL STATEMENTS

The members of the Board of Directors of LAR ESPAÑA REAL ESTATE, SOCIMI, S.A. declare that, to the best of their knowledge, the individual financial statements of LAR ESPAÑA REAL ESTATE, SOCIMI, S.A., as well as those consolidated with its subsidiaries, for the year ended 31 December 2023, drawn up by the Board of Directors at its meeting of 27 February 2024 and prepared in accordance with the applicable accounting principles and in a single electronic format, give a true and fair view of the net worth, financial position and results of LAR ESPAÑA REAL ESTATE SOCIMI, S.A., and of the subsidiaries included in the consolidation, taken as a whole, and that the management reports supplementing the individual and consolidated financial statements (together with the documentation attached and/or supplementary thereto) include a true and fair view of the business performance and results and of the position of LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and of the subsidiaries included in the consolidation, taken as a whole, as well as a description of the main risks and uncertainties they face.

Signatories:

Mr José Luis del Valle Doblado (Chairman)	Mr Alec Emmott
Mr Roger Maxwell Cooke	Ms Leticia Iglesias Herraiz
Mr Miguel Pereda Espeso	Ms Isabel Aguilera Navarro

Madrid, 27 February 2024

ANNEX I FORM

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION DETAILS

YEAR END-DATE 31/12/2023

Tax ID (CIF)
A-86918307

Company name:

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Registered Office:

Calle de María de Molina 39, 10th Floor, 28006 Madrid, Spain

(Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail).

ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

A OWNERSHIP STRUCTURE

A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

Yes
No X Board approval date dd/mm/yyyy
Minimum period of uninterrupted ownership required by the statutes: N/A

Indicate whether the company has awarded votes for loyalty:

Yes
No X

Date of the last modification of the share capital	Share capital (€)	Number of shares	Number of voting rights (not including additional loyalty-attributed votes)	Number of additional attributed voting rights corresponding to shares with a loyalty vote	Total number of voting rights, including additional loyalty-attributed votes
15/12/2021	167, 385.938	83,692,969	83,692,969		

Number of shares registered in the special register pending the expiry of the loyalty period

N/A

Observations

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

Yes **No** X

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred

Observations

A.2 List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% of voting rights attached to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where applicable, the additional votes attributed corresponding to the shares with a loyalty vote.	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
ADAMSVILLE, S.L.	5.204	0.000	0.000	0.000	5.204		
BLACKROCK INC.	0.000	3.069	0.610	0.000	3.679		
BRANDES INVESTMENT PARTNERS, L.P.	0.000	5.005	0.000	0.000	5.005		
GRUPO LAR INVERSIONES INMOBILIARIAS, S.A.	10.000	0.000	0.000	0.000	10.000		
UTAH STATE RETIREMENT SYSTEMS	3.070	0,000	0.000	0.000	3.070		
VUKILE PROPERTY FUND LIMITED	0.000	25.523	0.000	0.000	25.523		

Observations
On December 20, 2023, Santa Lucia S.A. CIA de Seguros divested its shareholding in Lar España, and since that date it has held a non-significant shareholding (less than 3% of the share capital) in Lar España.

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares (including votes for loyalty)	% of voting rights through financial instruments	% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where applicable, the additional votes attributed corresponding to the shares with a loyalty vote
VUKILE PROPERTY FUND LIMITED	CASTELLANA PROPERTIES SOCIMI, S.A.	25.523	0	25.523	

Observations

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements
During 2023, Santa Lucía, S.A. Compañía de Seguros y Reaseguros (through Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.) decreased its voting rights from 4.988% to 2.958% on December 20, 2023.

A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or company name of director	**% of voting rights attributed to shares (including loyalty votes)**		**% of voting rights through financial instruments**		**% of total voting rights**	**From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote**	
	Direct	**Indirect**	**Direct**	**Indirect**		**Direct**	**Indirect**
Mr. José Luis del Valle	0.119	0.057			0.176		
Mrs. Isabel Aguilera	0.003				0.003		
Mr. Alec Emmott	0.001				0.001		
Mr. Roger M. Cooke	0.003				0.003		
Mr. Miguel Pereda	0.035				0.035		
Mrs. Leticia Iglesias	0.000				0.000		

total percentage of voting rights held by the board of directors	0.218

Observations

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights though financial instruments	% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where applicable, the % of additional votes attributed corresponding to the shares with a loyalty vote
Mr. José Luis del Valle	Eugemor, SICAV, S.A.	0.057		0.057	

Observations

List the total percentage of voting rights represented on the board:

total percentage of voting rights held by the board of directors	10.218

Observations
The total percentage indicated (10.218%) is the result of adding the percentage of the total voting rights held, directly or indirectly, by the directors of the Company (0.218%, as indicated in the table above) to the percentage represented by the proprietary directors appointed by significant shareholders who do not directly hold the status of director (10% of shareholding held by Grupo Lar Inversiones Inmobiliarias, S.A. in the share capital of the Company).

A.4 If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:

Name or company name of related party	Nature of relationship	Brief description

A.5 If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:

Name or company name of related party	Nature of relationship	Brief description
GRUPO LAR INVERSIONES INMOBILIARIAS, S.A.	Contractual "Investment Management Agreement"	Asset management agreement

A.6 Unless insignificant for both parties, describe the relationships that exist between significant shareholders, shareholders represented on the Board and directors or their representatives in the case of directors that are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors 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 ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship / post
Miguel Pereda Espeso	Grupo Lar Inversiones Inmobiliarias, S.A.		Proprietary director (Vice-chairman of the Board) appointed on behalf of Grupo Lar Inversiones Inmobiliarias, S.A., where he is Executive Chairman.

Observations

A. 7 Indicate whether the Company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes ☐ **No** X

Parties to the shareholders' agreement	% of share capital concerned	Brief description of the agreement	Expiry date of the agreement, if any

Observations

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

Yes ☐ **No** X

Parties to the concerted action	% of share capital concerned	Brief description of the concerted action	Expiry date of the concert, if any

Observations

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

A. 8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

Yes ☐ **No** X

Name or company name

Observations

A. 9 Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
62,545		0.075

Observations

(*) Through:

Name or company name of direct shareholder	Number of direct shares
Total:	

Observations

Explain any significant changes during the year:

Explain significant changes
During 2023, there has been no significant variation in the Company's treasury shares; only minor movements have occurred as a consequence of normal operations resulting from the liquidity contract in force during 2023.

A. 10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares

Pursuant to Article 5.p) of the Regulations of the General Shareholders' Meeting, the General Shareholders' Meeting is competent to authorize the derivative acquisition of treasury stock. At the Ordinary General Shareholders’ Meeting held on April 27, 2022, it was agreed to delegate to the Board of Directors, for a period of five years, the authorization for the derivative acquisition of

treasury stock in accordance with the limits and requirements established in the revised text of the Spanish Corporate Act approved by Royal Legislative Decree 1/2010, of July 2 (“LSC”, “Spanish Corporate Act”), expressly authorizing it to reduce, where appropriate, the share capital on one or several times in order to amortize the treasury stock acquired.

A. 11 Estimated float:

	%
Estimated float	64.2

Observations

A.12 Indicate whether there are any restrictions (articles of incorporation, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company’s financial instruments.

Yes X **No** ☐

Description of restrictions
As per Section 7.2.2 of the management agreement entered into between Lar España Real Estate and Grupo Lar, in force until December 31, 2021, the shares acquired by the manager due to the performance fee had a lock up period of 3 years. The management agreement in force since January 1, 2022 no longer contains such provision. In addition, Article 7 bis. of the Law 19/2003, of July 4, 2003, on the legal regime of capital movements and foreign economic transactions and on certain measures for the prevention of money laundering, regarding the suspension of the liberalization regime of certain foreign direct investments in Spain, as amended by Royal Decree-Law 8/2020, of March 17; Royal Decree-Law 11/2020, of March 31; Royal Decree-Law 34/2020, of November 17,Royal Decree-Law 20/2022, of December 27, and implemented by Royal Decree 571/2023 of 4 July on foreign investment.

A.13 Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

Yes ☐ **No** X

If so, explain the measures approved and the terms under which such limitations would cease to apply:

Explain the measures approved and the terms under which such limitations would cease to apply

A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes ☐ **No** X

If applicable, indicate the different classes of shares and, for each class of shares, the rights and obligations conferred.

Indicate the various share classes

B GENERAL SHAREHOLDERS' MEETING

B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details

Yes ☐ **No** X

	% quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters	% quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions
Quorum required at 1st call		
Quorum required at 2nd call		

Description of differences

B.2 Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

Yes ☐ **No** X

Describe how it is different from the regime provided in the Spanish Corporate Enterprises Act

	Qualified majority other than that set forth in Article 201.2 of the Corporate Enterprises Act for matters referred to in Article 194.1 of this Act	Other matters requiring a qualified majority
% established by the company for the adoption of resolutions		

Describe the differences

B.3 Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation

Article 17.2 of the Regulations of the General Shareholders'Meeting, in line with the general regime established in the Spanish Capital Companies Act, states the following in relation to the quorum required to hold the General Shareholders 'Meeting in order to amend the Company's Articles of Association: "***Shareholders holding at least 50% of the subscribed capital with voting rights must be present or represented on first call*** *for the General Shareholders' Meeting to validly adopt decisions regarding: the issue of bonds or debentures; the cancellation or restriction of any pre-emptive rights to subscribe for new shares; the conversion, merger, spin-off or global*

assignment of assets and liabilities; the transfer of the registered seat abroad, the increase or reduction of the share capital and generally ***any amendment to the Articles of Association. On second call, 25% of the share capital present or represented shall be a quorum****".*

Regarding the majorities needed to approve the amendment of the Articles of Association, Article 30.4 of the Articles of Association of the Company and 29.1 of said Rules refer to the legislation in force, and therefore the provisions of Article 201 of the LSC are generally applicable**.** Said Article establishes: *"if* ***the share capital present or represented by proxy is over the fifty percent the agreement shall be adopted by absolute majority. However, a favourable vote of two-thirds majority of the present share capital or represented by proxy at the general meeting shall be required when, at second call, at least twenty-five but less than fifty percent of the subscribed share capital with voting rights is in attendance".***

B.4 Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

	Attendance data				
Date of general meeting	**% physical presence**	**% present by proxy**	**% distance voting**		**Total**
			Electronic voting	**Others**	
22/04/2021	15.347	53.386	0.007	1.113	69.853
Of which Floating Capital:	0.015	32.666	0.007	0.999	33.687
27/04/2022	10.295	28.330	0.002	29.677	68.303
Of which Floating Capital:	0.023	28.273	0.002	7.713	36.011
31/03/2023	10.609	34.260	0.034	26.517	71.420
Of which Floating Capital:	0.244	34.200	0.034	0.813	35.291

Observations

B.5 Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

Yes ☐ **No** X

Items on the agenda not approved	**% vote against (*)**

(*) If the non-approval of the point was for a reason other than the vote against, this will be explained in the text part and "N/A" will be placed in the "% vote against" column.

B. 6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

Yes ☐ **No** X

Number of shares required to attend General Meetings	
Number of shares required for voting remotely	

Observations

B. 7 Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

Yes ☐ **No** X

Explain the decisions that must be submitted to the General Shareholders' Meeting, other than those established by law

B. 8 Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website

Internal rules on governance | Lar España (larespana.com) General Shareholders Meeting 2023 | Lar España (larespana.com)

C STRUCTURE OF THE COMPANY'S ADMINISTRATION

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	fifteen
Minimum number of directors	five
Number of directors set by the general meeting	six

Observations

C.1.2 Complete the following table on Board Members

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure	Date of birth
Mr. Jose Luis del Valle Doblado		Independent	Chair	05/02/2014	31/03/2023	Re-election by the GSM	29/04/1954
Mr. Alec Emmott		Independent	Director	05/02/2014	31/03/2023	Re-election by the GSM	16/12/1947
Mr. Roger Maxwell Cooke		Independent	Director	05/02/2014	31/03/2023	Re-election by the GSM	12/04/1958
Mrs. Isabel Aguilera Navarro		Independent	Director	29/05/2017	22/04/2021	Re-election by the GSM	24/08/1960
Mrs. Leticia Iglesias Herraiz		Independent	Director	16/10/2018	27/04/2022	Re-election by the GSM	12/06/1964
Mr. Miguel Pereda Espeso		Propietary	Vice Chair	05/02/2014	31/03/2023	Re-election by the GSM	30/09/1963

Total number of directors	6

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the termination occurred before the end of his or her the term of office.

Reason for cessation when this occurs before the end of the term of office and other observations, information on whether the director has sent a letter to the remaining members of the board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting

C.1.3 Complete the following tables on the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organization chart of the company	Profile

Total number of executive directors	
Percentage of Board	

Observations

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr. Miguel Pereda	Grupo Lar Inversiones Inmobiliarias, S.A.	Mr. Pereda has more than 30 years of experience in the real estate sector, having been Chief Executive Officer of Grupo Lar Grosvenor for 6 years, as well as CEO of Grupo Lar Inversiones Inmobiliarias S.A. and various companies in its group. Actually, he is executive Chairman and shareholder of Grupo Lar Inversiones Inmobiliarias, S.A., as well as Director of some of its subsidiaries, chairman of Villamagna, S.A., (as representative of Fomento del Entorno Natural SL) a company belonging to the Grosvenor Group, and he is also chairman of the Altamira Lar foundation, President of the Norte Joven Association and in 2015, he was appointed Eminent Member of the Royal Institution of Chartered Surveyors (RICS) in London, of which it has been a member until the end of 2023.

		Mr. Pereda has a degree in business administration from Universidad Complutense (Madrid, Spain), an MBA from the Instituto de Empresa (IE), participated in the Breakthrough program for Senior Executives of the IMD, has a Masters in tax from ICADE and participated in the Real Estate Management Program of Harvard University.

Total number of proprietary directors	1
Percentage of Board	16.67%

Observations

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	**Profile**
Mr. José Luis del Valle	Mr. del Valle has extensive experience in the banking and energy sectors. 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 and Vice-President of the Instituto de Consejeros-Administradores (Institute of Directors). Mr. José Luis is 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. Leticia Iglesias	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). During 2017 to 2018, she was an independent member of Board of Directors at Abanca Financial Services, EFC, Ms. Iglesias is currently an

	independent director (since May 2018). of Abanca Corporación Bancaria, of AENA SME, S.A. (since April 2019), ACERINOX S.A.,(since October 2020) and of Abanca Gestión de activos, SGIIC, S.A. (from 3 August 2022) . 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. Alec Emmott	Mr. Emmott has a wide career in the listed and unlisted real estate sector in Europe and is based in Paris. He served as CEO of Société Foncière Lyonnaise (SFL) from 1997 to 2007 and subsequently as senior advisor to SFL until 2012. He has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971 until the end of 2023. He is currently Principal of Europroperty Consulting. Mr. Emmott holds an MA from Trinity College (Cambridge UK).
Mr. Roger Maxwell Cooke	Mr. Cooke is an experienced professional with more than 40 years of experience in the real estate sector. Mr. Cooke joined Cushman & Wakefield in 1980 in London where he had a role in drafting valuation standards (Red Book). Since 1995 until the end of 2013, he served as Chief Executive Officer of Cushman & Wakefield Spain, leading the company to attain a leading position in the sector. In the 2017 New Year's honours' list, Mr. Cooke was awarded an MBE for his services to British businesses in Spain and to Anglo-Spanish trade and investment. Mr. Cooke holds an Urban Estate Surveying degree from Trent Polytechnic University (Nottingham, UK) and is currently a Fellow of the Royal Institution of Chartered Surveyors (FRICS). Until May 2016, he was the President of the British Chamber of Commerce in Spain. Since January 2020 and until June 2023 was Chairman of RICS in Spain and member of its European Advisory Board. He is also a member of the Executive Committee of the British Hispanic Foundation and in January 2022 he became an editorial advisor to the property journal *Observatorio Inmobiliario*.
Mrs. Isabel Aguilera	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. 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, Strategy and Innovation Consultant and is also a director of the non-listed company Canal de Isabel II as well as Making Science (listed in the alternative market BME Growth).

Total number of independent directors	5
Percentage of board	83.33%

Observations

Indicate whether any director classified as independent receives from the company, or from the same group, any amount or benefit for an item other than director's remuneration, or maintains or has maintained, during the last fiscal year, a business relationship with the company or with any company of its group, either in his own name or as a significant shareholder, director or senior manager of an entity that maintains or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director

Name or company name of director	Description of the relationship	Reasoned statement

OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile

Total number of other external directors	
Percentage of Board	

Observations

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category

Observations

C.1.4 Complete the following table with information regarding the number of female directors at the end of the past four years, as well as the category of each:

	Number of female directors				% of total directors for each category			
	Year 2023	Year 2022	Year 2021	Year 2020	Year 2023	Year 2022	Year 2021	Year 2020
Executive	0	0	0	0	0	0	0	0
Propietary	0	0	0	0	0	0	0	0
Independent	2	2	2	2	40%	40%	40%	40%
Other External	0	0	0	0	0	0	0	0
Total	2	2	2	2	33.3%	33,3%	29%	29%

Observations

C.1.5 Indicate whether the company has diversity policies in relation its Board of Directors on such questions as age, gender, disability, or professional training and experience. Small and medium-sized enterprises, in accordance with the definition contained in the Spanish Auditing Act, will have to report at least the policy they have established in relation to gender diversity.

Yes X **No** ☐ **Partial policies**

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been applied, and results achieved.
The Board of Directors of Lar España Real Estate SOCIMI is responsible, among other duties, for ensuring that the procedures for the selection of its members favour diversity of gender, age, experience and knowledge and do not suffer from implicit biases that could imply any

discrimination and, in particular, that they facilitate the selection of female directors in a number that allows a balanced presence of women and men to be achieved.

Within the framework of this function, as well as the provisions of Article 5 of the Regulations of the Board of Directors, on January 20, 2016, the Board, at the proposal of the Appointments, Remuneration and Sustainability Committee, approved the **Policy for the selection, appointment, re-election and evaluation of the directors and the diversity of the Board of Directors of Lar España**. With the aim of always guaranteeing diversity in all its aspects, said Policy is subject to periodic review, having been modified for the last time on February 23, 2021.

The Policy aims to promote an appropriate composition of the Board of Directors of the Company, and to this end to monitor and promote the diversity of experience and knowledge, training, age, disability, as well as gender of the members of the Board of Directors.

To this end, in the process of selecting candidates, consideration should be given to the integration of directors with sufficient diversity of training, experience and knowledge, gender, age or disability, to comply with the legal requirements and good governance recommendations on composition and singular suitability that members of the Board of Directors and of the various Board Committees (Audit and Control Committee and Appointments, Remuneration and Sustainability Committee) must meet, so that their composition reflects a diverse group to achieve a diversity of viewpoints and experiences.

In order to promote gender diversity, measures shall be adopted to encourage the Company to have a significant number of female senior managers and the Policy provides that the Board shall promote the objective that the number of female directors represent, at least, 40% of the total number of members of the Board of Directors, as well as ensuring cultural diversity and the presence of members with international knowledge and experience.

In compliance with the provisions of the Policy, and as has been done periodically every year in accordance with the best practices of Corporate Governance, the recommendations of the CNMV contained in section 3 of Section Three of the Technical Guide 1/2019 on Appointments and Remuneration Committees, and the provisions of article 5 of the Regulations of the Appointments, Remuneration and Sustainability Committee, **the Board, with the support of the Appointments, Remuneration and Sustainability Committee, periodically reviews its composition and size in order to ensure (i) diversity of views, experience and gender, and (ii) that such composition is balanced and in line with the needs of the Company.**

The composition of the Council is reviewed from all perspectives, to ensure that its members as a whole have all the skills necessary for the proper functioning of the Board and for the best management of the Company.

Lar Spain has a **Board of Directors Skills Matrix** which was first approved in 2020 and is reviewed annually. This matrix succinctly summarizes the capabilities that the Board considers most relevant for the Company's management, highlighting the most notable aspects of each board member's profile. Between the end of 2022 and the beginning of 2023, the Board, with the support of the Nomination, Remuneration and Sustainability Committee and with the assistance of an external expert, reviewed the matrix to ensure its alignment with market practices and the needs of the Company (the challenges and opportunities it is estimated that the Company will face in the short, medium, and long term). As a result of this review, the Board's skills matrix was updated in January 2023 to include the "international markets" competency and to redefine some of the competencies already included (for example, IT/Digital/Cybersecurity; Team and Talent Management/Remuneration). The new version of the skills matrix was approved by the Board of Directors of Lar España at its meeting on January 24, 2023. This matrix was reviewed again in February 2023, within the context of the proposal process for the renewal of certain board members at the 2023 General Shareholders' Meeting, as well as on December 2023 (fulfilling the objective of its annual review), without finding it necessary to make any modifications.

Updated version of the Board of Directors' Skills Matrix of Lar España:

Skills Matrix of the Board of Directors of LAR España

Date of amendment: January 2023

	José Luis del Valle	Alec Emmott	Roger Cooke	Isabel Aguilera	Leticia Iglesias	Miguel Pereda
Office / Committees	Non-executive chairman / ACC Member*	Director / ARSC Member**	Director / ARSC chairman**	Director / ACC chairman*	Director / ACC Member*/ ARSC Member**	Director / ARSC Member**
Category	Independent	Independent	Independent	Independent	Independent	Propietary
Diversity						
Gender (Women 33.3%)				☑	☑	
Nationality Spanish (66.7%)	☑			☑	☑	☑
British (33.3%)		☑	☑			
Seniority at the board (First appointment)	05/02/2014	05/02/2014	05/02/2014	29/05/2017	16/10/2018	05/02/2014
< 5 years (33.3%)				☑	☑	
6-9 years (66.7%)	☑	☑	☑			☑
10-12 years (0%)						
> 12 years (0%)						
Academic background						
Engineering	☑					
Real Estate		☑	☑			
Architecture and Urban planning				☑		
Economics and Business Administration					☑	☑
Legal / Tax						☑
General Management Programs/ Senior Management/ MBA / Specialization	☑	☑	☑	☑	☑	☑
Competences and experience						
Sectorial: Real Estate / Retail / Valuations		☑	☑			☑
Sectorial-Technical: Architecture / Urban planning / Engineering	☑			☑		
IT / Digital / Cybersecurity				☑	☑	
Finance	☑			☑	☑	☑
Audit / Accounting / Internal Control / Risk Management	☑		☑	☑	☑	☑
International markets	☑	☑	☑	☑	☑	☑
Governance	☑	☑	☑	☑	☑	☑
Sustainability		☑	☑		☑	
Management experience						
Other listed boards	☑	☑		☑	☑	
Investor knowledge / Other stakeholders	☑	☑	☑		☑	☑
Team and talent management / Remunerations	☑	☑	☑	☑	☑	☑
First Executive Duties / CEO	☑	☑	☑	☑	☑	☑

**ACC: Audit and Control Committee*

***ARSC: Appointment, Remuneration and Sustainability Committee*

In terms of gender diversity, the Board, with the support of the Nomination, Remuneration and Sustainability Committee, has been actively working since 2022 to achieve 40% female representation on Lar España's Board. In 2022 (i) the Company's Board went from having a 29% female representation to the current 33.3%; and (ii) in line with this, the Board approved the implementation of an **orderly and staggered renewal plan for the Board, which will be carried out by coordinating the principles of representation with those of diversity and independence, and which will allow for 40% of the Board members to be women by 2024**. The Board aims to follow the recommendation 15 of the CBG in 2024, and all directors, who share this objective, have personally committed to the adoption of any necessary or convenient measures to facilitate it. This plan affects the tenure of two independent directors, Mr. Alec Emmott and Mr. Roger Maxwell Cooke. In particular, it is expected that in 2024 Mr. Alec Emmott will end his term as a director of the Company, thus facilitating the achievement of 40% female representation that year; and that Mr. Roger Cooke will do so in 2025, also facilitating the renewal of the Board. This orderly and staggered renewal plan for the Board, which will be carried out by coordinating the principles of representation with those of diversity and independence, will ensure stability in the composition of the Board of Directors and its Committees, and maintain the appropriateness of these bodies as a whole, preserving the experience and knowledge of those who have been serving as directors, and continue to adequately fulfill the functions and responsibilities they have been assigned.

In this context, and due to the expiration of the terms in 2023 of directors Mr. Miguel Pereda (proprietary director), Mr. José Luis del Valle (independent director), Mr. Roger Cooke (independent director), and Mr. Alec Emmott (independent director), the Nomination, Remuneration and Sustainability Committee analyzed, at its meeting on February 23, 2023, the professional and biographical profiles and the performance carried out by each of the aforementioned directors. As a result of this analysis, and within the framework of the aforementioned orderly board renewal plan, the Committee concluded that the directors had the competencies that the Company deems essential to its proper functioning and the proper functioning of the Board of Directors as a collegiate body and, accordingly, it presented its favorable report to the Board for the re-election of Mr. Miguel Pereda as proprietary director of the Company, as well as its proposals for the re-election of Mr. José Luis del Valle, Mr.

Roger Cooke, and Mr. Alec Emmott as directors. independent of the Company. The Board, at its meeting on February 24, 2023, after considering the conclusions reached by the Nomination, Remuneration and Sustainability Committee and evaluating the quality of work and dedication to the position during the previous term of the directors proposed for re-election, in compliance with Article 21 of the Company's Board of Directors Regulations, concluded the **advisability of maintaining the composition of the Board during 2023 given the relevance of the profiles and knowledge of its current members for the Company** (see previous section C.1.3), thus avoiding a loss of knowledge and competencies on the Board.
This analysis was included in the explanatory reports of the Board that were presented and submitted to the General Shareholders' Meeting, along with the re-election proposals for the four aforementioned directors for approval by said body.

The General Shareholders' Meeting, at its meeting on March 31, 2023, approved, on the basis of the Nomination, Remuneration and Sustainability Committee's proposals, and with a favorable report from the Board of Directors, the re-election of Mr. José Luis del Valle as a director of the Company with the classification of "independent director" for the statutory term of three years, of Mr. Roger Cooke as a director of the Company, with the classification of "independent director," for the statutory term of three years, and of Mr. Alex Emmott as a director of the Company, with the classification of "independent director," for the statutory term of three years. Likewise, the General Shareholders' Meeting approved, on the basis of the proposal of the Board of Directors, with a favorable report from the Nomination, Remuneration and Sustainability Committee, the re-election of Mr. Miguel Pereda as a director of the Company with the classification "proprietary director" for the statutory term of three years. These renewals were approved within the framework of the mentioned orderly and staggered Board renewal plan, and with the prospects expected under the same.

Both proxy advisors that issue voting recommendations in relation to the Company's meeting (ISS and Glass Lewis) as well as institutional investors and shareholders in general have shown their confidence in the Company and recognized its efforts to achieve a 40% representation of women on the Board. In this regard, the renewal of the four aforementioned directors had the "for" vote recommendation from both proxy advisors and the favorable vote of more than 98% of the shareholders.

C.1.6 Describe the measures, if any, that the nomination Committee has agreed to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of measures
The Selection policy, appointment, re-election and evaluation of the directors and diversity of the Board of Director of Lar España, approved by the Board, at the proposal of the Appointments, Remuneration and Sustainability Committee, establishes the requirements that shall be taken into account in the procedure for the selection of Directors, and establishes an objective procedure for the selection, appointment, re-election and evaluation of directors. Among the objectives pursued by the Policy for the promotion of an adequate selection of Lar España's directors is the objective of promoting the diversity of experience and knowledge, training, age, disability, as well as gender of the members of the Company's Board of Directors. In particular, in order to promote gender diversity, the objective is to adopt measures that encourage the Company to have a significant number of women senior managers. Section C.1.16 of this report describes these requirements in more detail, as well as the selection procedure. This policy is reviewed annually to update it if necessary. In 2023, although it has been reviewed, no update has been considered necessary.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

Explanation of reasons

C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

The Appointments, Remuneration and Sustainability Committee has verified compliance with the Selection policy, appointment, re-election and evaluation of the directors and diversity of the Board of Directors of Lar España.

In this regard, as explained in section C.1.5 above, the Appointments, Remuneration and Sustainability Committee, **periodically reviews its composition and size in order to ensure to ensure compliance with the Selection, Appointment, Re-election and Evaluation Policy and with the aim to guarantee (i) diversity** of viewpoints, experience and gender, and (ii) that its **composition is balanced and in line with the needs of the Company**. Particularly:

- The Committee reviewed the **Skills Matrix of the Board of Directors of Lar España** (drawn up for the first time in December 2020), which summarises in a synthetic manner the different skills that the Board considers most relevant for the management of the Company and points out the most relevant aspects of the profile of each of the directors As a result of these reviews, the Board's skills matrix was updated in January 2023 to redefine some of the competencies included (for example, IT/Digital/Cybersecurity; Team and Talent Management/Remuneration).The updated version of the skill matrix has been included in section C.1.5 above.

- **On the occasion of the expiration of the terms of four directors of the Company** in 2023, as explained in section C.1.5 above, the Committee analyzed in February 2023 the professional and biographical profiles and the performance of each of the directors in order to ensure the promotion of diversity among the members of the Company's Board of Directors, as required by the Policy of selection, appointment, re-election and evaluation of directors and diversity of the Board of Lar España. As a result of this analysis, the Committee concluded the convenience of maintaining the four directors on the Company's Board, given the relevance for the Company of the profiles and knowledge of its current members, thus avoiding a loss of knowledge and competencies on the Board. Likewise, the Committee reviewed that the directors subject to re-election complied with the limit provided in article 19.4 of the Board Regulations, under which the Company's directors can be part of up to a maximum of four Boards of Directors of other companies listed (different from the Company) in Spain or abroad. The Committee proposed the re-election of the three independent directors and favorably reported on the re-election of the proprietary director.

- Regarding **gender diversity**, as explained in section C.1.5 above, an **orderly and staggered Board renewal plan** has been adopted, which will be carried out by coordinating the principles of representation with those of diversity and independence, with the goal of achieving 40% female representation on the Board by 2024.

- Likewise, **the Committee and the Board reviewed on several occasions during the year the categories of directors** held by each of the members of the Board of

Directors, concluding that the current categories still fully correspond to their circumstances, and that non-executive directors have sufficient availability of time for the correct development of their functions.

- **In accordance with what was agreed upon in the Committee and Board meetings in December 2022, in order to provide greater flexibility and operability to the Company's Secretariat from an organizational and operational perspective,** considering, among other issues, the increasing number of meetings and responsibilities of both the Committees and the Board itself, after the necessary statutory amendments were approved by the 2023 General Shareholders' Meeting and registered in the Madrid Commercial Registry, the Board agreed, at its meeting on June 22, 2023, to appoint Ms. Susana Guerrero (Vice-Secretary of both Committees at that time) as the new Secretary of the Audit and Control Committee and the Nomination, Remuneration and Sustainability Committee, with Mr. Juan Gómez-Acebo becoming Deputy Secretary of these Committees. Both accepted their appointments and declared that they were not subject to any conflict of interest.

C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or company name of shareholder	Reason

Indicate whether the Board has declined any formal request for presence of the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes ☐ **No** X

Name or company name of shareholder	Explanation

C.1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option issuing or re-purchasing shares, to directors or board committees:

Name or company name of director or committee	Brief description
Mr. Miguel Pereda Espeso	Power of attorney of 2016 as broad and sufficient as is legally necessary in favor of Miguel Pereda Espeso and three other proxies (non- directors) so that any two of them, acting jointly, may sign a liquidity agreement. Power of attorney of 2018 as broad and sufficient as is legally necessary in favor of Miguel Pereda Espeso and three other proxies (non- directors) so that any two of them, jointly, can sign a share buyback program contract.

	Power of attorney of 2022 as broad and sufficient as is legally necessary in favor of Miguel Pereda Espeso and two other proxies (non-directors) so that any two of them, acting jointly and severally, may sign a new liquidity agreement.

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group entity	Position	Does the director have executive powers?
Mr. Miguel Pereda	LE RETAIL HIPER ALBACENTER, S.A.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL AS TERMAS, S.L.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL HIPER ONDARA, S.L.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL VIDANOVA PARC, S.L.U. (formerly LE RETAIL SAGUNTO, S.L.U.)	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL EL ROSAL, S.L.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL VISTAHERMOSA, S.L.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL LAGOH, S.L.U. (formerly LAR ESPAÑA SHOPPING CENTRES VIII, S.L.U.)	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL SAGUNTO II, S.L.U. (formerly LAR ESPAÑA OFFICES VI, S.L.U.)	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL ALBACENTER, S.L.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL LAS HUERTAS, S.L.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL TXINGUDI, S.L.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL ANEC BLAU, S.L.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL GRAN VIA DE VIGO, S.A.U.	Chair of the Board of Directors	No

Mr. Miguel Pereda	LE RETAIL ABADÍA, S. L.U. (formerly NPS EUROPEAN PROPERTY TOLEDO, S.L.U.)	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL RIVAS, S.L.U. (formerly LEGARO SPAIN, S.L.U.)	Chair of the Board of Directors	No
Mr. Miguel Pereda	INMOBILIARIA JUAN BRAVO 3, S.L.	Member of the Board of Directors	No
Mr. Roger M. Cooke	INMOBILIARIA JUAN BRAVO 3, S.L.	Chair of the Board of Directors	No

Observations
On December 26, it was agreed to dissolve and liquidate the following companies of the Lar Group in which Mr. Miguel Pereda held the position of Chairman of the Board of Directors: (i) LE LOGISTIC ALOVERA I Y II, S.A.U.; (ii) LE RETAIL ALISAL, S.A.U.; (iii) LE OFFICES ELOY GONZALO 27, S.A.U.; (iv) LE LOGISTIC ALOVERA III Y IV, S.L.U.; (v) LE OFFICES JOAN MIRO 21, S.L.U.; (vi) LE LOGISTIC ALMUSSAFES, S.L.U; (vii) LE RETAIL GALARIA, S.L.U.; (viii) LAR ESPAÑA INVERSIÓN LOGÍSTICA IV, S.L.U.; (ix) LE RETAIL VILLAVERDE, S.L.U.; (x) LE OFFICES MARCELO SPINOLA 42, S.L.U.; (xi) LE RETAIL CORDOBA SUR, S.L.U. As a result of the dissolution and liquidation agreements of the indicated companies and the opening of the liquidation period, Mr. Miguel Pereda ceased in his position as Chairman of the Board of Directors of these companies, which are all already dissolved.

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position
Mrs. Isabel Aguilera	Oryzon Genomics, S.A.	Independent director
	Cemex, S.A.B.	Independent director
	Clínica Baviera, S.A.	Independent director
	Making Science	Independent director
	Canal de Isabel II	Independent director
Mr. Alec Emmott	VITURA, S.A. (formerly known as CeGeREAL, S.A.) (on behalf of Europroperty Consulting)	Proprietary director
	Europroperty Consulting	Principal
Mrs. Leticia Iglesias	Abanca Corporación Bancaria, S.A.	Independent director
	AENA SME, S.A.	Independent director
	ACERINOX, S.A.	Independent director

	ICADE Business Club Board	Member
	PRODIS Special Employment Centre Foundation	Trustee
	Abanca Gestión de activos, SGIIC, S.A.	Independent director
Mr. José Luis del Valle	Ocaso, S.A. Insurance and reinsurance company	Director
	Institute of Directors-Administrators, IC-A	Vice-Chair of the Board
Mr. Miguel Pereda	Grupo Lar Inversiones Inmobiliarias, S.A.	Chairman and CEO
	Grupo Lar Europa del Este, S.L.U. and Acacia Inmuebles, S.L., Inmuebles (subsidiaries of Grupo Lar Inversiones Inmobiliarias S.A.)	Chairman of the Board
	Gentalia 2006, S.L. (subsidiary of Grupo Lar Inversiones Inmobiliarias S.A.)	Chairman and Representative of the sole administrator
	Grupo Lar Holding Iberia, S.A.U., and Grupo Lar Latam, S.L.U. (subsidiaries of Grupo Lar Inversiones Inmobiliarias S.A.)	Representative of the Board of Directors member
	Inmuebles Logísticos Iberia, S.L. (subsidiary of Grupo Lar Inversiones Inmobiliarias S.A.)	Member of the Board of Directors
	Global Caronte, S.L.U., Desarrollos Ibéricos Lar, S.L.U., Grupo Lar Desarrollo Suelo, S.L.U. (subsidiaries of Grupo Lar Inversiones Inmobiliarias, S.A.)	Joint and several director
	Grupo Lar Management Services Iberia, S.L.U., .L.U., Grupo Lar Oficinas Europeas, S.A.U., , GRUPO LAR TECH, S.L.U. (subsidiaries of Grupo Lar Inversiones Inmobiliarias, S.A.)	Sole director
	Lar Crea Residencial I Spain, S.L	Joint Administrator
	Fomento del Entorno Natural, S.L	Sole director
	Villamagna, S.A. (as representative of Fomento del Entono Natural, S.L.)	Chair of the Board of Directors
	Altamira Lar Foundation	Chair of the Board of Trustees
	Norte Joven Association	Chairman of the Board of Directors

Observations
For clarification purposes, it is hereby stated for the record that the position held by Mrs. Leticia Iglesias in the Foundation and in the ICADE Business Club Board are not remunerated. Likewise, it is hereby stated that the positions held by the director Mr. Miguel Pereda, in the Foundation and the Association

and as a member of the administrative bodies of the unlisted subsidiaries of Grupo Lar Inversiones Inmobiliarias, S.A. indicated in the above table, are not remunerated.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table

Identification of the director or representative	Other paid activities
Roger Maxwell Cooke	Editorial advisor at *Observatorio Inmobiliario*
Isabel Aguilera	Associate Professor at ESADE and Strategy and Innovation Consultant

Observations

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

Yes X **No**

Explanation of the rules and identification of the document where it is regulated.
Pursuant to Article 19.4 of the Regulations of the Board of Directors, directors of the Company may hold positions on up to a maximum of four boards of directors of other companies listed on official secondary markets (other than the Company) in Spain or abroad.

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accrued during the year to the Board of Directors (thousands of euros)	545
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	0
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	0
Pension rights accumulated by former directors (thousands of euros)	0

Observations

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position(s)

MR. JON ARMENTIA MENDAZA	CORPORATE DIRECTOR AND CFO
MRS. SUSANA GUERRERO TREVIJANO	GENERAL COUNSEL,VICE-SECRETARY OF THE BOARD AND SECRETARY OF THE COMMITTEES
MR. HERNAN SAN PEDRO LOPEZ DE URIBE	INVESTOR RELATIONS DIRECTOR
MR. JOSE IGNACIO DOMINGUEZ	INTERNAL AUDIT RESPONSIBLE

Number of women in senior management	1
Percentage of total senior management	25

Total remuneration of senior management (in thousands of euros)	735

Observations

C.1.15 Indicate whether the Regulations of the Board of Directors were amended during the year

Yes X **No**

Description of amendment (s)
The Audit and Control Committee (within the framework of its remit to periodically review the Company's internal corporate governance regulations and propose to the Board of Directors the modifications and updates that contribute to its development and continuous improvement) proposed to the Board, at its meeting of 23 February 2023, certain **modifications to the composition of the Board and the Committees provided for in their respective regulations in order to provide the Company Secretariat with greater flexibility from an organisational and operational perspective,** considering, among other issues, the increasing number of meetings and responsibilities of both the Committees and the Board itself. The purpose of these amendments was to: (i) allow that the persons who may hold the office of Secretary and Deputy Secretary of the Audit and Control Committee and of the Appointments, Remuneration and Sustainability Committee may be the Secretary of the Board, its Deputy Secretary or any other person, whether or not a member of the Board of Directors, with the aptitude to perform the duties inherent to the corresponding positions; (ii) expressly provide for the possibility that the aforementioned Committees may have a Deputy Secretary, when the Board deems it appropriate, a position that may be held by the same persons indicated above with respect to the Secretary; In accordance with the above, the Audit and Control Committee proposed to the Board the modification of: • **Articles 42** ("Audit and Control Committee. Composition, authority and functioning") **and 43** ("Nomination, Remuneration and Sustainability Committee") of the **Company's Articles of Association**; • **Article 14** ("Audit and Control Committee. Composition, competences and functioning") **and article 15** ("Nomination, Remuneration and Sustainability Committee. Composition, competences and functioning") of the **Board of Directors Regulations**; • **Article 4** ("Positions of the Committee") of the **Audit and Control Committee Regulations**; and • **Article 4** ("Positions of the Committee") of the **Nomination, Remuneration and Sustainability Committee Regulations**.

The Board of Directors of Lar España agreed at its subsequent meeting on February 24, 2023, unanimously, to approve the proposed modifications to these Regulations, conditioning these modifications on the approval by the General Shareholders' Meeting of the amendment of articles 42 and 43 of the Articles of Association. Accordingly, the Board of Directors proposed, with the favorable report of the Audit and Control Committee, to the Ordinary General Meeting of the Company held on March 31, 2023, the amendment of articles 42 ("Audit and Control Committee. Composition, authority and functioning") and 43 ("Nomination, Remuneration and Sustainability Committee") of the Articles of Association of the Company.

The General Shareholders' Meeting held on March 31, 2023, approved the aforementioned amendments to the Company's Articles of Association and took note of the consequent amendment of the Regulations.

The detail of the amendments made to articles 14 and 15 of the Board of Directors Regulations and article 4 of the Audit and Control Committee Regulations and article 4 of the Nomination, Remuneration and Sustainability Committee Regulations are indicated below:

- **Amendment to article 14 of the Board of Directors Regulations ("Audit and Control Committee. Composition, competences and functioning"):**

  It is proposed to replace the previously in force provision relating to the positions of Secretary and Vice Secretary of this Committee ("*The positions of Secretary and Vice Secretary of the Audit and Control Committee will be held by those who hold such positions on the Board of Directors*") with the following: *"The Board of Directors will appoint a Secretary of the Committee and, if applicable, a Vice-Secretary, who may be the Company Secretary, the Deputy Secretary, or any other person, whether or not a member of the Board of Directors, who is competent to perform the functions of these roles."*

- **Amendment to article 15 of the Board of Directors Regulations ("Nomination, Remuneration and Sustainability Committee. Composition, competences and functioning"):**

  It is proposed to replace the existing provision regarding the positions of Secretary and Vice-Secretary of this Committee ("*The positions of Secretary and Vice-Secretary of the Nomination, Remuneration and Sustainability Committee will be held by those who hold such positions on the Board of Directors*") with the following: "*The Board of Directors will appoint a Secretary to the Committee and, if appropriate, a Vice-Secretary, who may be the Secretary to the Board, their Vice-Secretary or any other person, whether or not they are a member of the Board of Directors, who is fit to perform the duties inherent to those roles*."

- **Amendment to article 4 ("Positions of the Committee") of the Audit and Control Committee Regulations:**

  It is proposed to replace the existing provision regarding the position of Secretary of this Committee ("*The Secretary and Vice-Secretary of the Audit and Control Committee will be held by the Secretary and Vice-Secretary of the Board of Directors*") with the following: "*The Board of Directors will appoint a Secretary of the Committee and, if applicable, a Vice-Secretary, who may be the Secretary of the Board, the Vice-Secretary or any other person, whether or not a member of the Board of Directors, who is fit to perform the own functions of these positions. If the Secretary and, where applicable, the Vice-Secretary of the Committee do not have the status of members of the Committee, they will have voice but no vote*."

- **Amendment to article 4 ("Positions of the Committee") of the Nomination, Remuneration and Sustainability Committee Regulations:**

  It is proposed to replace the existing provision regarding the position of Secretary of this Committee ("*The Secretary and Vice-Secretary of the Nomination, Remuneration and Sustainability Committee will be held by those who hold such positions on the Board of Directors*") with the following: "*The Board of Directors will appoint a Secretary of the Committee and, if applicable, a Vice-Secretary, who may be the Secretary of the Board, the Vice-Secretary or any other person, whether or not a Director, who is competent to perform the own functions of these roles. If the Secretary and, where applicable, the Vice-Secretary of the Committee do not have the status of members of the Committee, they will have a voice but no vote*."

The updated versions of the Board of Directors Regulations, the Audit and Control Committee Regulations, and the Nomination, Remuneration and Sustainability Committee Regulations are available on Lar España's corporate website, which can be accessed through the following link: Internal rules on governance | Lar España (larespana.com)

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

The Board of Lar España Real Estate SOCIMI, S.A. should ensure that the selection procedures of its members favour the diversity of gender, age, experience and knowledge and do not suffer from implicit biases that may entail any discrimination and, in particular, that they facilitate the selection of female directors in a number that allows achieving a balanced presence of women and men.

Within the context of this duty and considering Recommendation 14 of the Good Governance Code (GGC), the Board of Directors of Lar España approved, at its meeting held on January 20, 2016, a Selection policy, appointment, re-election and evaluation of the directors and diversity of the Board of Directors of Lar España. As stated in section C.1.5, said Policy is subject to periodic review and its last amendment is dated February 23, 2021. The Policy pursues the following objectives:

a. Provision of tangible and verifiable guidance.
b. Assurance that resolutions to appoint or re-elect directors are underpinned by prior
    a. analysis of the competences required by the Board of Directors.
c. Promote diversity of backgrounds and skills, training, age, disability and gender of the members of the Board of Directors of the Company.
d. A concerted effort to ensure that at least 40% of all members of the Board of Directors are female.

In the selection procedures for Directors, the Board of Directors, the Appointments, Remuneration and Sustainability Committee and the other bodies responsible for the selection of candidates will take into account at least the following requirements under the terms established in the Policy:

i. **Adequacy of the directors**
    - **Commercial and Professional Honorability**
    - **Adequate knowledge and experience**
    - **Willingness to practice good governance**
ii. **Commitment to fulfilling the duties and obligations of the directors**
iii. **Promotion of diversity**

The procedure for the selection and appointment of directors will be carried out through the following detailed stages:

1. <u>Proposal</u>:

The Appointments, Remuneration and Sustainability Committee will first analyze the competences required by Board of Director's, setting out its findings in the report or Committee proposal which it will publish on the occasion of the call to the Annual General Meeting at which the shareholders will be asked to ratify the appointment or re-election of each director, to which end:

i. **The prospective candidate's competencies, knowledge, and experience will be assessed. For this purpose, the necessary functions and abilities needed in the candidates who are to fill each vacancy will be defined, and an evaluation will be made of the time and dedication necessary for them to effectively perform their role, ensuring that non-executive directors have enough time available for the** appropriate **development of their functions. For these purposes, the Committee will prepare and periodically update a matrix with the necessary skills of the Board that defines the skills and knowledge of prospective directors, especially those of executive and independent.**

ii. It will establish a targeted level of representation for the gender in minority on the Board of Directors and will establish guidelines for how to achieve this target.

2. <u>Candidature presentation</u>:

The Appointments, Remuneration and Sustainability Committee will seek, for its assessment, the following information, among others it may consider appropriate, about the candidates:

i. Candidates' identification data: photocopy of their national identity card or passport and information about their effective place of residence; e-mail address and contact telephone numbers.

ii. Its knowledge of the Company's Articles of Association as well as other internal rules and regulations and acceptance of their terms and conditions.

iii. Its possession of adequate knowledge and experience for the performance of the position, evaluating their curriculum or other documentation that the candidate could provide.

iv. Its readiness and ability to govern the Company well.

v. Attendance of the reputation and professional standing in the candidate required in the Selection policy, appointment, re-election and evaluation of the directors and diversity of the Board of Directors of Lar España.

3. <u>Evaluation of the candidature</u>:

Having verified the information and documentation received and once the seven (7) working day period for correcting or clarifying the information furnished has elapsed, if required, the Appointments, Remuneration and Sustainability Committee shall issue its reasoned proposal, in the case of independent directors, or justification report in the case of directors of other categories, following the procedure described next:

i. In the event that the Appointments, Remuneration and Sustainability Committee believes that the candidate presents the required aptitudes, it will submit a proposal for his/her appointment/re-election accompanied by a copy of the information received to the Board of Directors.

ii. If the Appointments, Remuneration and Sustainability Committee: (a) has reasonable doubts about whether the proposed candidate meets all of the requirements; (b) feels that the appointment of the proposed candidate could imply substantial impairment of the expertise and experience of the members of the Board of Directors appraised as a whole; or (c) believes that the proposed candidate does not meet one or more of the requirements established in the policy or applicable legislation for qualification as apt for the post, it shall send the Board of Directors a report substantiating the circumstances which in its opinion cast doubt over the candidate's suitability or give rise to its negative assessment, accompanied by a copy of the information received.

4. Appointment:

The Board of Directors then has 30 working days to analyze the independent director appointment proposals, or the favorable reports in the case of directors of other categories, made by the Appointments, Remuneration and Sustainability Committee after which it must submit the corresponding resolutions to the shareholders for approval in general meeting.

In the event of the re-election of directors, before proposing the re-election of directors to the General Shareholders' Meeting and with the abstention of the directors concerned, the Board of Directors shall evaluate the quality of the work and dedication to the position of the directors proposed during the preceding mandate.

In the event of a new director’s appointment by means of co-option, the procedure to be followed is the one described in the previous sections, and the appointment approved by the Board of Directors must be ratified by the first General Shareholders' Meeting held after their appointment.

At the time of appointment of a new director, he must follow an orientation programme for new directors established by the Company, so that he may acquire a rapid and sufficient knowledge of the Company, as well as of its rules of corporate governance.

5. Ongoing assessment:

i. Annual assessment of director qualifications:

In the framework of the periodic evaluation of Board and its Committees, the Appointments, Remuneration and Sustainability Committee shall annually review the continuity of compliance with the suitability requirements of the directors, for which purpose it may send all the directors a evaluation questionnaire, the purpose of which is to verify that they continue to meet the aptitudes required of the post.
The Appointments, Remuneration and Sustainability Committee will then analyze the information received and proceed as follows in the event it detects an incident in this respect.

ii. Ad-hoc assessment in the event of special circumstances:

Each director is individually responsible for notifying the Appointments, Remuneration and Sustainability Committee immediately, in writing and in detail of any event or circumstances that could have a significant impact on the assessment of his or her suitability for the post in terms of the aptitude requirements defined in this policy and in prevailing legislation. In addition, the directors are liable for any damages to the Company caused by any failure to report or delay in reporting any circumstances affecting his or her suitability.

Whenever the Appointments, Remuneration and Sustainability Committee is notified of circumstances which adversely affect a director's suitability assessment or it learns of their existence as part of an annual review, it will decide whether or not it is necessary to temporarily or permanently suspend the affected party.

C.1.17 Explain to what extent the annual evaluation of the board has given rise to significant changes in its internal organization and in the procedures applicable to its activities:

Description of amendment (s)
As outlined in the following section of the Report, in accordance with Recommendation 36 of the Corporate Governance Code, the Nomination, Remuneration and Sustainability Committee promoted the hiring of an independent external consultant on November 2022 to carry out an evaluation of the performance of the Board of Directors, its members, and its

Committees for the fiscal years 2021 and 2022. The results of the evaluation showed that **the Board of the Company is balanced, cohesive and with all the necessary capacities for the best possible functioning of the Company, meeting very high standards of good governance**, therefore no relevant changes to the Board were necessary to implement in 2023 following the evaluation process. These results were reflected in the Evaluation Report of the Board and its Committees which, after being discussed by the Board, was approved by this body together with the action plan which was implemented by the Board during 2023 in order to further improve the functioning and effectiveness of the governance bodies.

The Board of Lar España will carry out in 2024 an annual self-evaluation of the Board and its Committees for the year 2023.

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and areas evaluated
Article 18 of the Regulations of the Board of Directors establishes that the Board will conduct a comprehensive annual evaluation, and where appropriate on a proposal from the Appointments, Remuneration and Sustainability Committee, will adopt an action plan to correct deficiencies detected in respect of: 1. The quality and efficiency of the operation of the Board of Directors 2. The operation and composition of its Committees 3. Diversity in the composition and remit of the Board of Directors 4. The performance of the Chair of the Board of Directors and of the chief executive officer of the company, if necessary 5. The performance and contribution of each director, paying special attention to the heads of the various Board Committees. In addition, Article 18.3 of the Regulations of the Board of Directors states that every three years the Board shall be assisted in carrying out this evaluation by an external consultant whose independence shall be verified by the Appointments, Remuneration and Sustainability Committee. In compliance with the provisions of the aforementioned provision, the Board was assisted by Georgeson in its evaluation process relating to the years 2021 and 2022 after verification of its independence by the Appointments, Remuneration and Sustainability Committee as explained in the following section of this report. In particular, and in line with Technical Guide 1/2019 on Appointments and Remuneration Committees of the CNMV, the Appointments, Remuneration and Sustainability Committee, led the evaluation process of the Board, its members and Committees, in coordination with the Chair of the Board and the Vice-Secretary and with the collaboration of the external consultant Georgeson. The evaluation carried out between November and December 2022, regarding the years 2021 and 2022, focused on the following **eleven areas**: (i) the structure of the corporate governance model, (ii) the functioning of the Board of Directors, (iii) Board effectiveness, (iv) corporate governance practices, (v) performance of the Board of Directors, (vi) performance of the Chair of the Board of Directors, (vii) performance of the Audit and Control Committee, (viii) performance of the Appointments, Remuneration and Sustainability Committee, (ix) the performance of the Board Secretariat, (x) relations with shareholders and investors, and (xi) challenges and areas for improvement of Lar España's governing bodies. Regarding the methodology used, first, the Appointments, Remuneration and Sustainability Committee, together with the Secretariat of the Board of Directors reviewed and validated a

questionnaire prepared by Georgeson with questions on the different areas mentioned above. This questionnaire was sent to all members of the Board of Lar España.

Secondly, **individual interviews** were conducted with Board members. The objective of these interviews was to know first-hand the perceptions and expectations of each of the six (6) members of the Board about the functioning and effectiveness of the Board and Committees of Lar España. The interviews lasted one hour and were conducted mainly through telematic means.

Thirdly, Georgeson reviewed the **documentation relating** to the meetings held during the financial years 2021 and2022, by the Board, the Audit and Control Committee and the Appointments, Remuneration and Sustainability Committee.

Fourth, Georgeson conducted an in-depth analysis of the **level of alignment of Lar España's Corporate Governance practices with international standards**. This analysis was based on a total of 27 indicators.

Finally, and based on the above, Georgeson prepared a **SWOT analysis** (weaknesses, threats, strengths and opportunities) and an **Action Plan** with several proposals for measures to improve the functioning of the Board and the Committees of Lar España.

The main conclusion of the process was very positive, obtaining higher scores than those obtained in the 2018 performance evaluation. The correct structure of the Board of Directors, its proper functioning and high level of compliance with the recommendations of the GGC have been verified. Specifically, the main conclusions of the process, divided according to the SWOT analysis carried out, were the following:

- In terms of **strengths**: (i) the Board is cohesive and has a high level of professionalization; (ii) the size of the Board is adequate and there is a high level of independence, highlighting the importance of it being chaired by an independent director; (iii) there is a diversity of skills, experiences and nationalities in the Council, which favours debate and the sharing of different points of view; it is a committed, participatory and well-prepared Board; (iv) adequate control is exercise over the Grupo Lar; (v) there is effective and fluid communication between the Board and senior management.

- Some of **the areas for improvement** identified were (i) continuing to develop and refine both the Board's orderly renewal plan and the longer-term succession plan, complementing existing plans; (ii) improving the knowledge of directors in ESG matters (Environmental, Social and Governance), mainly in the more technical environmental field; (iii) the desirability of formalizing more precisely the Board's formation plan, through the incorporation of specific topics and written documentation of the plan; and (iv) the continuous adaptation to the new recommendations and trends of good governance, especially in matters of gender diversity, marking a clear plan that guarantees compliance with all recommendations in the short term.

By virtue of the above, Georgeson prepared an Action Plan with proposals for measures to be adopted by Lar España in order to continue improving the functioning and effectiveness of its governing bodies. This Plan was prioritized taking into account the ease of application of the measures and the impact on society and the market. As mentioned in the previous section, the Board has worked during 2023on the implementation of the action plan proposed by Georgeson.

C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group

As detailed in the previous section, Georgeson assisted the Board of Directors in the evaluation process carried out between November and December 2022 corresponding to the years 2021 and 2022. Georgeson also advised the Company on the Board's external evaluation for 2018. The Appointments, Remuneration and Sustainability Committee verified Georgeson's independence at its meeting of October 18, 2022. Thus, prior to its hiring, it concluded that, without prejudice to the fact that Georgeson provided advisory services to the Investor Relations department of Lar España in matters of shareholder identification, proxy solicitation at the General Shareholder’s Meeting and organization of road shows in ESG matters, in any case the external advisor had ever been involved in selection or appointment processes of directors, in matters relating to remuneration or in any other matters related to the Board or the directors that could compromise their independence.

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

Pursuant to Article 23.2 of the Regulations of the Board of Directors, directors will place their position at the disposal of the Board of Directors and formalize their resignation in the following cases, provided the Board deems it appropiate:

a. When they are terminated from the executive positions associated with their appointment as director.
b. When they become involved in any case of incompatibility, or prohibition under the law or the Articles of Association.
c. When they are seriously reprimanded by the Board of Directors for having breached their obligations as directors.
d. When their remaining on the Board may jeopardise or damage the interests, credit, or reputation of the Company, or upon the ceasing of the reasons for which they were appointed (for example, when a proprietary director disposes of his ownership interest in the Company or reduces it in a significant manner, as indicated in point f) below.
e. When sitting on more than four boards of directors of other listed companies on official secondary markets (apart from the Company) in Spain or abroad.
f. In the case of proprietary directors (i) when the shareholder they represent sells its full shareholding or significantly reduces it, and (ii) when this shareholder reduces its shareholding in the corresponding number to a level that requires the reduction of the number of proprietary directors.

C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?

Yes ☐ **No** X

If so, describe the differences.

Description of differences

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

Yes ☐ **No** X

Description of requirements

C.1.22 Indicate whether the articles of incorporation or Regulations of the Board of Directors establish any limit to the age of directors:

Yes □ **No** X

	Age limit
Chairman	
Managing director	
Director	

Observations

C.1.23 Indicate whether the articles of incorporation or Regulations of the Board of Directors establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes □ **No** X

Additional requirements and/or maximum number of years of office	

C.1.24 Indicate whether the articles of incorporation or the Regulations of the Board of Directors establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of directors to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

Article 17.2 of the Regulations of the Board of Directors establishes that the representation shall be conferred in writing, necessarily in favor of another director, and in particular for each session, including the appropriate instructions and notifying the Chair of the Board by any means which provided proof of receipt.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of board meetings	13
Number of board meetings without the chairman's presence	0

Observations

It is hereby stated that, in addition to the meetings indicated above, on 25 June 2023, the Board of Lar España adopted resolutions in writing and without a meeting: no director objected thereto, and all board members voted in favour of adopting resolutions by this procedure.

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	

Observations

Indicate the number of meetings held by each Board committee during the year:

Number of meetings held by the executive committee	
Number of meetings held by the audit committee	10
Number of meetings held by the nomination and remuneration committee	8
Number of meetings held by the nomination committee	
Number of meetings held by the remuneration committee	
Number of meetings held by the ________ committee	

Observations
All directors personally attended, either physically or via telecommunications, 100% of the meetings of both Board Committees, with the exception of Ms. Leticia Iglesias who, at the Audit and Control Committee meeting held on May 17, 2023 delegated her representation to Mr. José Luis del Valle, with specific voting instructions. Thus, the percentage of personal attendance by the directors at the meetings of the Committees is 100% in the case of the Nomination, Remuneration and Sustainability Committee and 96.67% in the case of the Audit and Control Committee. The attendance of each director at the meetings held by the Board of Directors and its Committees during the 2023 financial year is detailed in the Annex to this Report.

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance date:

Number of meetings at which at least 80% of the directors were present in person	13
Attendance in person as a % total votes during the year	97.44%
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	13
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100%

Observations

All directors have personally attended all the Board of Directors meetings, with the exception of Mr. Alec Emmott who at the meeting held on September 21, 2023 delegated his representation to the Chairman, with specific voting instructions and Ms. Isabel Aguilera who, at the meeting held on April 27, 2023 delegated her representation to the Chairman, with specific voting instructions. Thus, the directors' attendance rate at Board meetings were 97.44%.

The attendance of each director at the meetings held by the Board of Directors and its Committees during the 2023 financial year is detailed in the Annex to this Report.

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes ☐ **No** X

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

Name	Position

Observations

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

The Audit and Control Committee Regulations, in its Article 5 relating to the *Functions of the Audit and Control Committee*, establishes that, without prejudice to any other duties that may be assigned at any time by the Board of Directors, the Audit and Control Committee shall exercise the following basic functions, including:

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

- 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, it may ask the external auditor to conduct a limited review of the half-yearly financial

reports. 2. With regard to internal control and reporting systems: - Supervise and evaluate the process of preparation and the integrity of the financial and non-financial information relating to the Company and, where applicable, the Group, checking the fulfilment of legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.

C.1.29 Is the secretary of the board a director?

Yes ☐ **No** X

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
Juan Gómez-Acebo Saénz de Heredia	

Observations

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, the mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

Article 5.1.c) of the Audit and Control Committee Regulations, notwithstanding any other tasks that may be assigned to it at any time by the Board, the Audit and Control Committee will perform, among others, the following core functions in relation to the external auditor: iv. 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 the provision of each and every one of the additional services mentioned in the letter 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. v. 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 Spanish National Stock Market Commission any change of auditor, accompanied by a statement of any possible disagreements arising with the outgoing auditor and, if any, of their 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. vii. Ensure that the remuneration of the external auditor does not compromise its quality or independence.

Specifically, the Company has adopted during the financial year 2023 the following **measures to ensure the independence of the external auditor:**

- The Audit and Control Committee has regularly monitored the compliance of both the Company and the external auditor with the current regulations on the provision of audit services and the other rules on the independence of the auditors.

- Pursuant to the Audit Law and section 4, function f), of Article 529 quaterdecies of the LSC require the Audit Committee to issue annually, prior to the audit report, a **report expressing an opinion on the independence of the auditors,** the Committee received the letter of independence from the external auditor (Deloitte) dated February 23, 2023 and the Committee concluded that had not existed no objective reasons to question the independence of the auditor in 2022.

- Likewise, based on the aforementioned legal requirement and the **confirmation of independence received from the auditors** through their letter dated February 26, 2024, the Audit and Control Committee has concluded that there are no objective reasons to question the independence of the auditors in year 2023. Likewise, the Audit and Control Committee has analyzed and approved the fee schedule submitted by the external auditor for fiscal year 2023.

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

i. While performing its duties during the fiscal year 2023, 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.
v. There are no aspects that could reasonably be considered to contravene audit regulations regarding auditor independence or the provision of non-audit services.

On the other hand, for the purposes of the 2024 audit, the Audit and Control Committee considered various options for selecting the Company's external auditor, agreeing on the desirability of convening an external contest to receive proposals from potential candidates. The Committee was advised externally by Écija Lawyers in relation to the requirements for a public contest in the selection process. Within the framework of this review of the selection process, the Audit and Control Committee agreed to report favorably on the update of the External Auditor Selection Policy - previously reviewed by the Legal Director, the Internal Audit Unit, as well as with the external advice of Écija Lawyers - and to forward it to the Board of Directors for final approval. Likewise, the Committee approved the Terms and Conditions of the external author selection process, agreeing to report this to the Board and start the selection process.

As regards **financial analysts, investment banks and rating agencies**, any contracting is subject to controls to avoid any problems of independence and/or conflicts of interest, and there is also a Policy of communication of information, contacts and involvement with shareholders, institutional investors, asset managers, proxy advisors and other stakeholders of Lar España, which was approved by the Board following a favourable report from the Audit and Control Committee of the Company and which has been reviewed and updated in December 2023. Particularly relevant is the **procedure followed for contracting the services of external appraisers** in relation to the valuation of the Company's assets, which requires the approval of these contracts by the Audit and

Control Committee and the Board (Article 5.g. of the Audit and Control Committee Regulations and Article 42.2.k. of the Company's Articles of Association).

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

Yes ☐ **No** X

Outgoing auditor	Incoming auditor

Observations

In the event of disagreements with the outgoing auditor, explain their content:

Yes ☐ **No** X

Explanation of disagreements

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes X **No** ☐

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand of euros)	27	0	27
Amount of non-audit work / Amount of audit work (in %)	11%	0%	7%

Observations

C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes ☐ **No** X

Explanation of the reasons and direct link to the document made available to shareholders at the time that the general meeting was called in relation to this matter

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	10	10

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	100%	100%

Observations

C.1. 35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meeting of the governing bodies with sufficient time; provide details if applicable:

Yes X **No** ☐

Detail of the procedure
Article 16 of the Regulations of the Board of Directors establishes in paragraphs 3 and 4: Meetings of the **Board of Directors** will be called by the Secretary of the Board of Directors, or whoever acts in such capacity, with the authorisation of the Board Chair, by any means that allow to proof the receipt of the call (*without prejudice to the provisions of the Regulations, the Company's usual practice is to issue notices at least six to ten days in advance*). The call will be issued at least three days in advance thereof. The call will always include the meeting agenda and will be accompanied by relevant information that is duly prepared and summarised. The Chair of the Board of Directors may call extraordinary meetings of the Board whenever the circumstances so justify in his judgement, to which the advance notice and other requirements specified in the previous section will not apply. Notwithstanding the foregoing, it will be ensured that any documentation that must be provided to the directors will be delivered sufficiently in advance thereof. In addition, Article 11, regarding the Secretary and Legal Advisor of the Board, specifies that the Secretary should be responsible, in particular, for providing the directors with the advice and information necessary for the performance of their duties sufficiently in advance and in the appropriate format.

Finally, Article 25, regarding the rights of information and inspection of the directors, establishes that: 1. Directors may request information on any matter within the authority of the Board of Directors, and in this regard may examine its books, records, documents, and other documentation. The right to information extends in all cases to the subsidiary Companies and, when possible, to the investees. 2. Requests for information will be addressed to the Secretary of the Board of Directors, who will forward them to the Chair of the Board of Directors and the appropriate contact person within the Company. 3. The Secretary will advise the director of the confidential nature of the information requested and received, and of his/her duty of confidentiality in accordance with the provisions of these Regulations. 4. The Chair may deny the information request if he/she deems: (i) that it is not necessary to the proper performance of the functions entrusted to the director, or (ii) that its cost is unreasonable in view of the importance of the problem and the assets and revenues of the Company. On the other hand, with regard to the **Board Committees**, Article 6.3 of the Audit and Control Committee Regulations and Article 6.2 of the Appointments, Remuneration and Sustainability Committee Regulations establish that meetings shall be called by the Secretary (or, as the case may be, the Vice- Secretary) thereof, by order of the Chairman, at least three days in advance (*without prejudice to the provisions of the regulations, as explained above, the* ***Company's usual practice is to issue notices of meetings at least six to ten days in advance***), except in cases of urgency that justify y calling a meeting immediately or within less time. The call notice will be sent by letter, fax, e-mail or by any other means that provide evidence of receipt. In accordance with the aforementioned Precepts, the notice shall always include the agenda of the meeting and shall be accompanied by the necessary information, without prejudice to the fact that in certain circumstances it may be justified that all or part of the information be provided at the meeting itself. Article 10 of the Audit and Control Committee Regulations and the same provision of the Appointments, Remuneration and Sustainability Committee Regulations, on access to information and advice, establish that **the Committees may access in an appropriate, timely and sufficient manner to any information or documentation** that the Company has relating to matters of its competence, provided it is deemed necessary to carry out its functions. Likewise, **the Committees may engage, at the expense of the Company, the collaboration with or advisory services of external professionals** when deemed necessary or appropriate to better perform its functions.

C.1. 36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details.

Yes X **No**

Explain the rules
Article 36 of the Regulations of the Board of Directors establishes that: 1. Directors will disclose to the Board of Directors any shares thereof directly or indirectly held by persons linked to him specified in article 31 of the Regulations of the Board of Directors, all in accordance with the provisions of the Company's Internal Code of Conduct in the Stock Markets.

2. Directors will also disclose to the Board of Directors any positions he/she holds on the Boards of Directors of other listed or not companies, as well as on other paid activities of whatever nature and generally the facts, circumstances, or situations that may be relevant to his/her service as manager of the Company in accordance with the provisions of the Regulations of the Board of Directors.
3. Likewise, directors will also disclose to the Board of Directors when situations arise that affect them, related or not to their actions within the Company, that may damage the credit and reputation of the Company, and they will particularly inform the Board of any criminal case in which they appear as investigated as well as of the procedural developments thereof.

   The Board of Directors, having been informed of or otherwise become aware of the situations mentioned in the previous paragraph, will examine the case as soon as possible and, attending to the particular circumstances, will decide, based on a report from the Appointments, Remunerations and Sustainability Committee, whether or not to adopt any measures such as opening an internal investigation, requesting the resignation of the director or proposing his removal to the General Shareholders´ Meeting. This will be reported on in the annual corporate governance report, unless special circumstances justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the Company should disseminate, if appropriate, when the corresponding measures are adopted.

Likewise, Article 23.2.d. of the aforementioned Regulations establishes that the directors must place their position at the disposal of the Board of Directors and formalize, if the Board deems it appropriate, the corresponding resignation when their remaining on the Board may jeopardize or damage the interests, credit or reputation of the Company or when the reasons for which they were appointed cease to exist.

C.1. 37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, The Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company’s standing and reputation:

Yes ☐ **No** X

Director’s name	Nature of the situation	Observations

Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director’s resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the nomination committee.

Yes ☐ **No** X

Decision/action taken	Reasoned explanation

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

C.1. 39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries	4
Type of beneficiary	Executives of the Company
Description of the agreement	Certain executives of the Company are entitled in some cases of dismissal or termination of the labor relationship in the event of change of control the right to receive compensation equivalent to the maximum amount of their variable remuneration for that year, plus an amount equivalent to the maximum amount provided for in the three-year long-term incentive system, until the end of the year in which the employment relationship is terminated. The maximum amount of this indemnity in 2023 shall in no case exceed one year's remuneration.

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	**General shareholders' meeting**
Body authorizing the clauses	**X**	

	YES	**NO**
Are these clauses notified to the General Shareholders' Meeting?		**X**

Observations

C.2 **Committees of the Board of Directors**

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

EXECUTIVE COMMITTEE

Name	Position	Current

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external	

Observations

Explain the functions delegated or attributed to this committee other than those already described in section C.19, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, whether by law, in the Company's Articles of Association or in other corporate resolutions.

To date, Lar España has not formed any Executive Committee.

AUDIT COMMITTEE

Name	Position	Current
Mrs. Isabel Aguilera Navarro	Chair	Independent
Mrs. Leticia Iglesias Herráiz	Vocal	Independent
Mr. José Luis del Valle Doblado	Vocal	Independent
Mrs. Susana Guerrero	Secretary	Non-director

% of proprietary directors	0
% of independent directors	100
% of other external	0

Observations
Article 42.1 of the Company's Articles of Association, in its article 42.1, as well as article 14 of the Board of Directors' Regulations, and article 3 of the Audit and Control Committee's Regulations, establish that the majority of the members of this Committee must be independent in accordance with current good governance recommendations. The Audit and Control Committee is enterely composed of independent directors.

Likewise, on 22 June 2023, the Board of Lar España agreed to appoint Ms. Susana Guerrero, who was Deputy Secretary of the Audit and Control Committee at that time, as Secretary of said Committee (as well as of the Appointments, Remuneration and Sustainability Committee), becoming Mr. Juan Gómez-Acebo, Deputy Secretary of both Committees.

Explain the functions, including, if applicable, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either by law or in the articles of association or in other corporate resolutions.

<u>Functions</u>:

In accordance with Article 42.2 of the Company's Articles of Association, Article 14.3 of the Regulations of the Board of Directors and Article 5.1 of the Audit and Control Committee Regulations, and without prejudice to any other duties that may be assigned to it from time to time by the Board of Directors, the Audit and Control Committee shall perform the following basic functions:

1. **With regard to the supervision of financial and non-financial (sustainability) information:**

   i. Report to the General Shareholders' Meeting on issues raised by shareholders on matters within its competence and, in particular, on the result of the audit, explaining how the audit has contributed to the integrity of the financial information and the role that the Committee has played in this process.

   ii. Supervise the process of preparation and presentation of the mandatory financial information and submit recommendations or proposals to the Board of Directors, aimed at safeguarding its integrity.

   iii. Ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

   iv. Report to the Board of Directors, in advance, on the financial information and the management report, which shall include, where appropriate, the mandatory non-financial **(sustainability)** information that the Company must periodically make public.

2. **With regard to the supervision of information and internal control systems:**

   i. To supervise and evaluate the preparation process and the integrity of the financial and non-financial (sustainability) information relating to the Company and, where appropriate, to the Group, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria and, in particular, to know, understand and supervise the effectiveness of the internal control over financial reporting system (ICFR).

   ii. Periodically supervise the effectiveness of the internal control of the Company and its Group, as well as the activity of the Company's internal audit, discussing, together with the statutory auditors, the significant weaknesses of the internal control system detected in the course of the audit, concluding on the level of confidence and reliability of the system, all without infringing its independence.

iii. To ensure in general that the policies and systems established in the area of internal control are effectively applied in practice.

iv. To supervise the unit that assumes the internal audit function, which shall ensure the proper functioning of the information and internal control systems and shall report functionally to the Chair of the Audit and Control Committee.

v. Establish and supervise a mechanism that allows employees and other persons related to the Company, such as boards, shareholders, suppliers, contractors or subcontractors to report any irregularities of potential importance, including financial and accounting irregularities, or of any other nature, related to the Company that they notice within the Company or its Group, receiving periodic information on its operation and being able to propose the appropriate actions for its improvement and the reduction of the risk of irregularities in the future.

3. With regard to the external auditor:

i. Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, being responsible for the selection process, in accordance with the provisions of the applicable regulations, as well as the terms and conditions of its engagement.

ii. Receive regular information from the external auditor on the audit plan and the results of its execution and verify that senior management takes its recommendations into account.

iii. Establish the appropriate relationships with the auditors to receive information on those matters that may pose a threat to 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 others related to the process of auditing the accounts and, where appropriate, the authorization of services other than those prohibited, under the terms provided in the applicable regulations, as well as those other communications provided in the legislation on auditing the accounts and in the remaining auditing standards.

iv. To issue annually, prior to the audit report, a report expressing an opinion on whether the independence of the auditors or audit firms is compromised, which shall be made available to shareholders and investors through the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.

v. To preserve the independence of the external auditor in the performance of its duties.

vi. In the case of groups, to encourage the group auditor to assume responsibility for the audits of the companies that make up the group.

vii. Ensure that the external auditor's remuneration for its work does not compromise its quality or independence.

viii. Ensure that the external auditor holds an annual meeting with the full Board of Directors to report to it on the work performed and on the evolution of the Company's accounting and risk situation.

ix. Make a final assessment of the auditor's performance and how it has contributed to the quality of the audit and the integrity of the financial information.

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

i. Supervise and evaluate the effectiveness of the financial and non-financial risk control and management systems relating to the Company and, if applicable, to the Group.

ii. Oversee the internal risk management and control function.

iii. In relation to the risk control and management policy, identify or determine, at least: (i) the different types of risk (operational, technological, financial, legal, reputational, including corruption-related, sustainability, climate, environmental, etc.) faced by the Company; (ii) a risk control and management model based on different levels; (iii) the level of risk that the Company considers acceptable; (iv) the measures planned to mitigate the impact of the identified risks, should they materialize; and (v) the information and internal control systems to be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

iv. Re-evaluate, at least annually, the list of the most significant financial and non-financial risks and assess their tolerance level, proposing their adjustment to the Board of Directors, if necessary.

v. Hold, at least annually, a meeting with the senior managers of the business units in which they explain the business trends and associated risks.

5. With regard to the obligations of listed companies:

i. To report to the Board of Directors, prior to the Board adopting the corresponding decisions, on: (a) The creation or acquisition of shareholdings in special purpose entities or entities domiciled in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could undermine the transparency of the Group. (b) The economic conditions and the accounting impact and, if applicable, on the exchange ratio, of the structural and corporate modification operations that the Company plans to carry out. (c) The modification of the internal rules of conduct.

ii. To report and issue the mandatory reports on the Related-Party Transactions to be approved by the General Shareholders' Meeting or the Board of Directors and to supervise the internal procedure established by the Company for those whose approval has been delegated by the Board of Directors in accordance with the applicable regulations. In addition, issue the report, if any, prepared by the Audit and Control Committee on Related-Party Transactions on an annual basis, which shall be made available to shareholders and investors through the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.

6. With regard to the supervision of compliance with the Company's policies and rules on corporate governance, as well as internal codes of conduct:

i. Supervise compliance with legal requirements, as well as with the Company's internal corporate governance regulations and internal codes of conduct, ensuring that the corporate culture is aligned with its purpose and values.

ii. Periodically review the Company's internal corporate governance regulations and propose to the Board of Directors, for its approval or submission to the General Shareholders' Meeting, as appropriate, the amendments and updates that contribute to its development and continuous improvement.

iii. Promote the Company's corporate governance strategy, as well as evaluate and periodically review the Company's corporate governance system, so that it fulfills its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the remaining stakeholders.

iv. Supervise the application of the general policy regarding the communication of economic-financial, non-financial (sustainability) and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders.

v. To be aware of, promote, guide and supervise the Company's actions in matters of corporate reputation and report thereon to the Board of Directors or, as the case may be, to the Executive Committee.

vi. Report, prior to its approval, on the Company's annual corporate governance report, requesting reports from the Appointments, Remuneration and Sustainability Committee in relation to the sections of said report that fall within its competencies.

7. Other functions of the Committee:

i. Supervise the calculation of the commissions received by the Management Company in the performance of its duties.

ii. Appoint and supervise the services of external appraisers in connection with the valuation of the Company's assets.

iii. Any other reporting and proposal function that may be entrusted to it by the Board of Directors, in general or in particular.

iv. Any other competence or function attributed to it by law, the Company's Articles of Association or the Regulations of the Board of Directors.

Operation:

In accordance with article 42 of the Articles of Association and article 14 of the Board of Directors' Regulations, which are further detailed in the Audit and Control Committee's Regulations, the rules of organisation and operation of the Committee are described below.

The Audit and Control Committee shall be composed 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 whom must be independent directors. The members of the Audit and Control Committee as a whole, and especially its Chairman, shall be appointed taking into account their knowledge and experience in accounting, auditing or risk management, both financial and non-financial. In addition, they shall (i) have knowledge and experience in other areas that may be appropriate for the performance of their duties, such as finance, internal control and information technology, as well as sectoral expertise; (ii) encourage gender diversity and geographical origin; all of the above taking into account the dedication necessary for the performance of their duties. They shall hold office for a maximum term of three years and may be re-elected one or more times for periods of the same maximum duration. In any case, the members of the Committee shall cease to hold office when they cease to be directors of the Company or when so agreed by the Board of Directors.

The Board shall appoint the Chair of the Committee from among the independent directors forming part of the Committee. The Board shall also appoint a Secretary of the Committee and, where appropriate, a Deputy Secretary. The Secretary of the Board, its Deputy Secretary or any other person, whether or not a member of the Board of Directors, who is qualified to perform the duties inherent to such positions may be appointed to these positions.

The Audit and Control Committee shall ordinarily meet 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 in its annual public documentation. It shall also meet at the request of any of its members and whenever convened by its Chair, who must do so whenever the Board or its Chair requests the issuance of a report or the adoption of proposals and, in any case, whenever it is convenient for the proper performance of its duties.

The Committee’s meetings shall be convened at least three days in advance, except for reasons of urgency that justify immediate convening or with less notice. The Committee’s meetings shall encourage constructive dialogue among its members, promoting free expression and the supervisory and analytical attitude of its members, and the Chair of the Committee shall ensure that its members participate freely in the deliberations.

The Audit and Control Committee shall be validly constituted when the majority of its members are present or represented and its resolutions shall be adopted by an absolute majority of votes of the members present or represented at the meeting. In the event of a tie, the Chair of the Audit and Control Committee shall have the casting vote.

The Committee shall prepare minutes of its meetings, a copy of which shall be sent to all members of the Board of Directors.

The Audit and Control Committee shall prepare an annual plan of action that will cover its main activities during the fiscal year.

The Audit and Control Committee shall prepare an annual report on its operation, which shall serve as the basis for the evaluation to be carried out by the Board of Directors, highlighting the main incidents arising, if any, in relation to its functions.

In addition, when the Audit and Control Committee deems it appropriate, it shall include in said report proposals to improve the Company's governance rules. The report of the Audit and Control Committee shall be made available to shareholders and investors through the website sufficiently in advance of the Ordinary General Shareholders' Meeting.

The Audit and Control Committee may summon any of the members of the Company's management team or personnel and may even order them to appear without the presence of any other executive. Those summoned shall be obliged to attend the meetings of the Audit and Control Committee and to cooperate with it and provide it with access to the information available to them.

The Committee may also request the attendance at its meetings of the auditors or other persons at the invitation of the Chair of the Committee.

For the best performance of its duties, the Audit and Control shall have sufficient resources and may seek the advice of external experts when it deems necessary for the proper performance of its duties.

As evidenced in the previous section C.1.25, the Audit and Control Committee met, with sufficient advance notice to the Board of Directors' meetings, on ten occasions during 2023 (and all meetings were held physically at the Company's registered office). Consequently, the Committee has met with the necessary frequency for the proper performance of its functions. All Committee meetings have been duly called by its Secretary following instructions from the Chair of the Committee, by individual communication to each of its members, in accordance with the method and deadlines established in the Board of Directors' Regulations and the Committee Regulations. Likewise, the documents relating to the various points on the agenda have been made available to the members of the Committee prior to each meeting.

In addition to its members, the Audit and Control Committee meetings have been occasionally attended, upon invitation from the Chair of the Committee and to discuss certain points on the agenda: Board member Mr. Miguel Pereda Espeso (also Chairman of the Manager), the Corporate Director and CFO, the external auditor (Deloitte) and the Internal Audit Responsible. In particular, the latter has partially attended eight meetings of the Committee and the external auditor has attended three meetings. In any case, the minutes of the Committee meetings have recorded the entries and exits of various guests, who have not attended the deliberation and voting phases of the Committee.

Activities:

The Audit and Control Committee has prepared the mandatory report on its performance for the financial year 2023. This report will be made available to shareholders at the next Ordinary General Shareholders' Meeting, which is scheduled to be held in April 2024.

The main activities carried out by the Committee during the financial year 2023 are set out below.

1. **In relation to the supervision of financial and non-financial (sustainability) information:**

•Supervision of the process of preparation and presentation of periodic financial and non-financial (sustainability) information:

In the financial period of2023 the Committee has supervised the preparation process and the integrity of the financial and non-financial (sustainability) information, including, if necessary, the adjustments it 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 has reviewed compliance with the regulatory requirements, the appropriate definition of the scope of consolidation and the proper application of the accounting criteria in the periodic financial reporting, all within the terms legally established for this purpose, approving the financial information prior to its submission to the Board of Directors for its approval before making it public.

Within the framework of this review, the Committee has 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.

•Supervision of the process of preparation and presentation of the annual accounts and the management report:

The Audit and Control Committee, in order to prevent the individual and consolidated financial statements prepared by the Board of Directors from being submitted to the General Shareholders' Meeting with reservations and qualifications in the auditors' report, performed, among others, 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 draft of the audit report with the external auditor, the Audit and Control Committee approved prior to the drawing up of the Company’s individual and consolidated annual accounts by the Board of Directors corresponding to the financial year ended 31 December 2022, including the management report that incorporates the Annual Corporate Governance Report and the Annual Directors Remuneration Report, as well as the result for the financial year and the proposal of its application. Likewise, it has agreed to propose to the Board the proposal for the application of the profit for the year ended December 31, 2022.

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 2022 had no reservations or qualifications.

Likewise, no reservations or qualifications are expected to be included in the audit reports on the individual and consolidated accounts of Lar España corresponding to the financial year ended 31 December 2023; highlighted as relevant aspects of 2023 by the external auditor, among others: (i) the repurchase of bonds issued in 2021, for a total of 98 million euros for the bonds issued on 22 July 2021 and 12 million euros for the bonds issued on 3 November 2021; (ii) the sale of the Rivas Futura (Madrid) and Vistahermosa (Alicante) retail parks for 129.1 million euros; (iii) the liquidation of certain Group companies that have no activity; and (iv) the implementation and adaptation to the normative and regulatory changes, especially derived from the CSRD (Corporate Sustainability Reporting Directive), the Sustainability Reporting Standards and the EU Taxonomy Regulation.

With regards to the IFRIC's consultation on linearizations, the Committee followed up on the interpretative criteria in this regard, evaluating the opinions issued by KPMG and Deloitte.

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 and without any limitation.

2. **<u>With regard to the supervision of internal control and reporting systems:</u>**

•Monitoring the effectiveness of the Internal Control over Financial Reporting System (ICFR):

During financial year 2023, and in relation to the Company's ICFR, the Audit and Control Committee has analysed and supervised the **effectiveness of the internal control systems**, being informed by the Internal Audit Responsible at various meetings on 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 2023 financial year, the ICFR Manual itself, the ICFR scoping matrix, the narrative and flow chart corresponding to the closing and consolidation of financial statements processes 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.

Likewise, the Audit and Control Committee analyzed and agreed to report favorably, and submit to the Board for approval, a new updated version of the Money Laundering Prevention Manual, prepared by the Legal Department and the Internal Audit Unit, with the assistance of the external consultant Core BC, and which incorporates the recommendations for improvement indicated by Apreblanc Asesores in its external expert report of June 2022, and which allows the action plan approved by the Committee in July 2022 to be considered fully compliant with the action plan approved by the Committee in July 2022.

• Supervision of the internal audit:

The Audit and Control Committee of Lar España performed during 2023 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 2023, the Committee approved the **internal Audit Plan for financial year 2023**, and the internal audit unit's budget for the financial year. Likewise, the Committee **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 received information on the preliminary draft of the Internal Audit Plan for financial year 2024 and its differences with respect to the Plan for financial year 2023.

During 2023, **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 the external auditor selection process; review of asset valuation reports; supervision of the internal control over financial reporting system (ICFR), as well as the financial and non-financial risk management and control systems; the process of preparation, review and approval of the business plan; the calculation of the Manager's fees; the financial covenants; the process of generating non-financial ESG information; the review of the Company's treasury the review of the ICFR; the monitoring of the communication with the markets; the CNMV and relations with analysts, investors and other stakeholders and the associated risks; the review of the divestment procedure and the post-sale closing of assets; the visits made to the centers; the analysis of the tenants' income process and clients' solvency; the review of the risk map; the monitoring of the functioning of the whistleblower channel; the update of crime prevention model; the review of regulatory compliance in the area of data protection model and the money laundering and terrorism financing prevention model; the monitoring of the whistleblowing channel and the monitoring of the process of implementing a new Internal Information System, of a procedure for the management of the information received and of a new Ethics and Complaints Channel; the analysis of the possible implementation of a GRC (Governance, Risk and Compliance) tool; the analysis of the obligations imposed by the Corporate Sustainability Reporting Directive (CSRD); analysis and proposal of a new policy and procedure for purchasing and outsourcing services; review of the cybersecurity action plans; 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 report prepared by the Internal Audit Responsible, **assessed the functioning of the internal audit unit and the performance of its responsible**, declaring its agreement thereon and agreeing to report to the Board. In relation to the performance of his duties by the Internal Audit Responsible, the Committee agreed on the amount of his corresponding variable compensation, as well as the increase of his fixed salary in line with the increase proposed by the Nominating, Compensation and Sustainability Committee for the rest of the Company's executives, also setting the objectives of the Internal Audit Responsible for the 2023 financial year.

•Supervision of the Ethics and Whistleblowing channel:

During the 2023 fiscal year, the Committee analyzed issues related to the operation of the complaints channel and its activity. The Internal Audit Responsible confirmed that **no complaints had been received through this channel**, despite having carried out activities to promote the channel and having periodically reviewed its operation (additional information is provided in section F.1.2. below).

Likewise, within the framework of the development of a new Internal Information System, in accordance with the provisions of Law 2/2023 of 20 February, regulating the protection of persons who report regulatory violations and the fight against corruption, to ensure that any employee or third party professionally related to the Company may report possible violations, the Audit and Control Committee reported favorably, for submission to the Board of Directors, on the Policy of the internal information system, as well as the new Internal System; and approved the Procedure for the management of information received, and the new Ethics and Whistleblowing Channel.

3. <u>With regard to the external auditor</u>:

•Proposal for reelection of the external auditor and review of the selection process:

Pursuant to the Company's External Auditor Selection Policy, the purpose of which is to regulate the procedure for the selection, appointment and, if applicable, re-election of the external auditor of Lar España and its group of companies, the Audit and Control Committee analysed the advisability of proposing to the Board of Directors, for subsequent submission to the General Shareholders' Meeting, the re-election of the Company's external auditor for the 2023 financial year, agreeing to propose to the Board of Directors the renewal of the external auditor (Deloitte) for a period of one year. The Ordinary General Meeting of Shareholders held on March 31, 2023 approved the re-election of Deloitte as external auditor for the financial year 2023.

On the other hand, and with respect to financial year 2024, the Audit and Control Committee analyzed the different options within the framework of the selection of the Company's external auditor, agreeing on the convenience of calling an external competition to receive proposals from potential candidates, for the purpose of selecting the candidate for the call of the Ordinary General Meeting of 2024, having had the external advice of Ecija Abogados in relation to compliance with the requirements of a public competition in the selection process. Within the framework of this review of the selection process, the Audit and Control Committee agreed to report favorably on the update of the External Auditor Selection Policy - previously reviewed by the Legal Director, the Internal Audit Unit, as well as with the external advice of Ecija Abogados - and to submit it to the Board of Directors for its final approval. Likewise, the Committee approved the Terms and Conditions of the external auditor selection process, and agreed to inform the Board of Directors and start the selection process.

•Oversight of external audit relationships and activities:

The Audit and Control Committee supervised the relationships with the external auditors and its fees for the financial year 2023, as well as the compliance with the current auditing services contract, periodically receiving information, among other matters, of the audit plan for 2023, ensuring that the opinion on the annual accounts and principal content of the audit report were drafted clearly and precisely. In this regard, the Chair 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.

•Oversight of the independence of the external audit:

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 Corporate Act require the Audit Committee to annually issue, prior to the audit report, a report stating an opinion regarding the independence of the auditors.

In accordance with the above, the Committee received the letter of independence of the external auditor dated 23 February 2023, **concluding the Committee that there were no objective reasons to question the independence of the auditor in the 2022 financial year.**

Furthermore, on the basis of the aforementioned legal requirement and the confirmation of independence received from the auditors, the **Audit and Control Committee has concluded that there are no objective reasons to question the independence of the auditors in the financial year 2023.**

The Audit and Control Committee verified the fees paid by the various Group companies to the external auditor in financial year 2023 (details of which are provided in the Operating Report of this Committee for financial year 2023) and analysed and approved the proposed fees of the external auditor for financial year 2023. Accordingly, this Committee concluded that:

(i) While performing its duties during the fiscal year 2023, 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.

4. <u>With regard to the supervision of risk management and control</u>:

•Monitoring and evaluation of the effectiveness of financial and non-financial risk management and control systems:

The Audit and Control Committee generally included in the agenda of its meetings the supervision of significant financial and non-financial risks affecting the Company and submitted such information to the Board of Directors.

In this regard, the Audit and Control Committee received periodic reports on the conclusions of the Internal Audit Responsible regarding **the operation of control and risk management within the organization.** In particular, the Committee reviewed and approved the new risk map, both financial and non-financial, 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.

The Committee also reported favorably on the Company's new Risk Management Policy, developed from the previously existing risk management manual and procedures, agreeing to submit it to the Board of Directors for final approval, and approved an updated version of the manual that develops the risk management system.

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

The Committee was duly informed by the Cybersecurity Committee of the review carried out on the **status of the action plans in cybersecurity**, mainly monitoring the audits conducted by the external expert hired for the review of the information security models implemented in the main suppliers, in accordance with the third-party cybersecurity risk management model that was approved in 2022. Likewise, the main cybersecurity risks included in Lar España's risk map were reviewed, additional tools and measures that can further mitigate the cybersecurity risk in the organization were analyzed, and the specialized annual training on cybersecurity risks imparted this year was monitored.

Finally, as reported below in section E.2, throughout 2023 **compliance and risks on Data Protection** were periodically reviewed, together with an external expert, to mitigate the risks in this matter.

5. <u>With regard to the obligations of listed companies</u>:

•Related-party transactions:

Within the framework of this competence, during 2023, the Committee, analysed for the purpose of determining if a related party transaction has occurred and the applicable legal regime, on the basis of the minutes and certificates issued by different internal bodies of the Company (the minutes of the Operating Group and the certificate issued by the Internal Audit Responsible), the transaction for the provision of asset management services in Megapark and certain marketing services (leasing) by Gentalia from 1 April 2023 until the end of Gentalia 's framework agreements (30 June 2025), for an annual amount of approximately 298,000 euros (and a total of approximately 670,000 euros). This transaction was reported by the Committee and submitted to the Board of Directors for its assessment and final approval.

Finally, the Committee noted and reviewed the activity for the financial year 2023 report issued by the Operating Group on the correct application of the Company's Related-Party Transactions Protocol.

6. **<u>With regard to the supervision of compliance with the policies and rules of the Company´s corporate governance obligations, and the internal rules of conduct</u>:**

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

In compliance with the functions attributed to the Committee in relation to the corporate governance system, the Committee reviewed and accepted the **Annual Corporate Governance Report** for the financial year 2022 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 financial year 2022, 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 31 March 2023, the Chair of the Committee informed the shareholders of the main activities carried out by the Committee during the financial year 2022.

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 a presentation by the Company's Legal Director, the Audit and Control Committee agreed to report favorably, submitting the corresponding proposals and justification report, on the **amendment of the Regulations of the Board of Directors, the Regulations of the Audit and Control Committee and the Appointments, Remuneration and Sustainability Committee Regulations**, to modify the current rules regarding the persons who may hold the position of Secretary and Vice-Secretary of the Audit and Control Committee and of the Appointments, Remuneration and Sustainability Committee, providing the Company's Secretariat with greater flexibility from an organizational and operational point of view. In any case, these amendments were conditioned to the approval by the General Shareholders' Meeting of 2023 of the amendment of Articles 42 ("Audit and Control Committee. Composition, competencies and functioning") and 43 ("Nominating, Compensation and Sustainability Committee") of the Company's Articles of Association.

Finally, the Committee favorably reported on the proposal of the **Procurement and Outsourcing Services Policy**, as well as on the proposal to amend the **Information, Communication, Contacts and Involvement Policy with shareholders, institutional investors, proxy advisors and other stakeholder groups of Lar España** for alignment with the Good Practices Code of institutional investors, asset managers and proxy advisors in relation to their duties regarding the assets conferred or the services provided, approved by the CNMV in February 2023.

In addition, as part of the ongoing process of reviewing, updating and improving corporate texts, the Committee reported favourably to the Board of Directors on the proposed amendment of the Crime Prevention Policy; and was informed of the activities carried out by the Company's Ethics Committee during the 2023 financial year.

7. **<u>Other activities of the Committee</u>:**

•Valuation of the Company's assets:

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 on December 31, 2022 and June 30, 2023 elaborated by external valuators appointed by the Company for that purpose (Jones Lang LaSalle y Cushman & Wakefield), which were also reviewed by the Internal Audit Responsible and subsequently by the external auditor as part of its audit work. .

Likewise, the Committee was periodically informed of different issues related to the valuation of the Company's assets and the evolution and expectations of the market in general in terms of asset valuation Also, the Committee was informed of the forecasts for the closing of the asset valuations as of 31 December 2023, analyzing in detail the valuation processes and methodologies followed by both valuators, as well as the distribution of assets among the independent valuators.

•Others:

The Committee reviewed - with the assistance of the Internal Audit Responsible and the Corporate and CFO 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 was 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 analyzed the fulfilment of the requirements to be able to apply the SOCIMI regime, based on the reports prepared by KPMG, which were reviewed by the Internal Audit Responsible, who agreed with the conclusions set forth in the aforementioned reports. Likewise, the external auditor subsequently reviewed said analyses as part of its audit work. As the income ratio is not expected to be met in 2023, the Committee has agreed to monitor this issue more intensively during the financial year 2024 to ensure compliance.

Moreover, the members of the Committee reviewed the actions carried out by the Committee during the financial year 2023, 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, followed up on the procedures related to a tax inspection of the AEAT open to the Company.

Lastly, the Committee **reviewed the actions carried out during 2023, confirming that all those actions entrusted to the Committee by the Law, the Regulations and the recommendations on Corporate Governance and the CNMV had been complied with and carried out,** and approved the annual plan of activities of the Committee for the financial year 2024, 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 2024. In this regard, among other issues, the Committee agreed to continue working in the same vein of 2023 financial year in order to remain a benchmark for compliance and good governance.

Identify the members of the Audit Committee who have been appointed on the basis of their knowledge and experience in accounting, auditing or both, and report the date of appointment of the Chairman of the Audit Committee.

Names of experienced board members	Mrs. Leticia Iglesias Herráiz Mr. José Luis del Valle Mrs. Isabel Aguilera
Date of appointment of the president in office	20/10/2022

Observations
Mrs. Leticia Iglesias was appointed for her expertise in auditing, accounting and risks among others. Mr. José Luis del Valle was re-elected for his expertise in finance, audit and risk, among others. Mrs. Isabel Aguilera was appointed for her expertise in risk management. Likewise, with the appointment of Ms Aguilera's as Chair of the Committee, the Board of Directors approved a specific training plan to support the Director in her new role, which has significantly strengthened her knowledge and skills in auditing and accounting, having consolidated such skills notably in 2023.

APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE

Name	Position	Current
Mr. Roger Maxwell Cooke	Chair	Independent
Mr. Alec Emmott	Vocal	Independent
Mr. Miguel Pereda Espeso	Vocal	Proprietary
Mrs. Leticia Iglesias Herráiz	Vocal	Independent
Mrs. Susana Guerrero	Secretary	Non Director

% of proprietary directors	25
% of independent directors	75
% of other external	0

Observations
The Regulations of the Appointments, Remuneration and Sustainability Committee in its article 3, establishes that the members of this Committee will be external directors and the majority of them must be independent in accordance with current good governance recommendations. Thus, the Appointments, Remuneration and Sustainability Committee of Lar España is composed of a majority of independent directors. Likewise, it should be noted that the Board of Lar España, in its meeting on June 22, 2023, agreed to appoint Ms. Susana Guerrero, who was Deputy Secretary of the Appointments, Remunerations and Sustainability Committee at that time, as Secretary of said Committee (as well as the Audit and Control Committee), with Mr. Juan Gómez-Acebo becoming Deputy Secretary of both Committees.

Explain the functions, including, if applicable, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either by law or in the articles of association or in other corporate resolutions.

<u>Functions</u>:

In line with Article 43.2 of the Company's Articles of Association, Article 15.4 of the Regulations of the Board of Directors and Article 5.1 of the Appointments, Remuneration and Sustainability Committee Regulations, notwithstanding other functions that may be assigned to it by the Board, the Appointments, Remuneration and Sustainability Committee will have the following basic responsibilities:

1. **With regard to the composition of the Board of Directors and its Committees:**

   i. Advise and review the criteria to be followed for the composition of the Board of Directors and the selection of candidates, in particular, evaluate the necessary competences, knowledge and experience in the Board of Directors. To this end, the Board will define the necessary functions and skills of candidates who will cover each vacancy and will evaluate the time and dedication needed for to properly perform their duties, ensuring that non-executive Directors have sufficient time available for the proper performance of their duties.

      To this end, the Committee shall draw up and regularly update a matrix of the competencies necessary for the board that will define the skills and knowledge of the candidates to become Director, particularly those of executive Directors and those of independent Directors.

   ii. Shall ensure that in the promotion of new vacancies or the nomination of new Directors, the selection procedures do not include implicit processes that might imply any discrimination and, in particular, that might impede the selection of women. In particular, will be established a representation goal for the less represented sex on the Board of Directors and will be provided guidelines on how to achieve such goal.

   iii. Propose to the Board of Directors' diversity policy and member selection. Likewise, will be drawn up the report referred to article 5.6 of the Regulations of the Board of Directors and will be verified, annually, compliance with the policy of diversity Board of Directors and selection of Directors, reporting on this in the Annual Corporate Governance Report.

   iv. To ensure, annually, compliance with the criteria for promoting diversity in the composition of the Board of Directors established by the Company, which will be reported in the Annual Corporate Governance Report.

   v. Advise the Board of Directors about the most appropriate configuration of the Board of Directors and of its committees, both in size and balance between the different classes of members at all times. To this end, the Committee will regularly review the structure of the Board of Directors and of its committees, particularly when vacancies occur in these bodies.

   vi. Verify periodically the Directors´ category.

   vii. Inform of or draw up proposals with regard to nomination or removal of the members who should form part of each of the committees.

2. **With regard to the selection of candidates to become board members and senior managers:**

i. Select the possible candidates to be, as applicable, nominated as board members of the Company and presenting its proposals or reports, as applicable, to the Board of Directors via its Chairman.

ii. Bring to the Board of Directors the nomination proposals (for its decision or for submission to the decision of the General Shareholders Meeting) for the non-executive members, and the re-election proposals for such Directors by the General Shareholders Meeting.

iii. Inform the Chairman of the Board of Directors of the nomination proposals (for approval or for submission for decision of the General Shareholders Meeting) of the remaining members, and the re-election proposals for such Directors by the General Shareholders Meeting.

iv. Inform of the proposals of the Chairman of the Board of Directors or from the CEO, if any, for the appointment and removal of senior managers.

3. With regard to and to the process for appointing internal positions of the Board of Directors:

i. Inform of the proposals with regard to the appointment or removal of the Chairman of the Board of Directors.
ii. Advise of proposals of the Chairman of the Board of Directors regarding the appointment or removal of the CEO.
iii. Examine or organize the succession of the Chairman of the Board of Directors and of the CEO of the Company, if any, and, as applicable, making proposals to the Board of Directors such that this succession occurs in an orderly and planned way, drawing up a succession plan for that purpose.
iv. Advise of the proposals of the Chairman of the Board of Directors related to nomination or removal of the Deputy Chairman or Deputy Chairmen of the Board of Directors.
v. Bring to the Board of Directors the proposal of nomination of a lead non-executive Director especially allowed in the event that the Chairman of the Board of Directors exercises executive functions and inform of proposals for his/her removal.
vi. Advise of the proposals of the Chairman of the Board of Directors related to nomination or removal of the Secretary and, as applicable, of the Vice- Secretary or Vice- Secretaries of the Board of Directors, of the Secretary General and of the Legal Counsel.

4. With regard to the evaluation of board members:

i. Establish and oversee an annual programme of continuous evaluation and review of the qualification, education and, as applicable, independence, as well as maintenance of the terms needed to exercise the role of board member and committee member, and proposing to the Board of Directors those measures it considers appropriate in this regard.
In particular, will periodically design and organize knowledge update programs for Directors.

ii. Conduct in collaboration with the Chairman of the Board and with the support of the coordinating Director, where appropriate, the annual evaluation of its own functioning and that of its committees including the evaluation of the performance of the Chairman of the Board of Directors and of the Chief Executive Officer, if any, and submit to the board the results of its evaluation together with a draft action plan and recommendations to correct any deficiencies identified or to improve the functioning.

5. With regard to the withdrawal and termination of board members:

i. Inform the Board of Directors about proposals for removal of non-independent Directors due to breach of the duties inherent in the role of member or where the circumstances of mandatory dismissal or termination according to applicable law and to the Company´s regulations have been incurred.

ii. Propose to the Board of Directors the removal of independent Directors due to breach of the duties inherent in the role of member or where the circumstances of mandatory dismissal or termination according to applicable law and to the Company´s regulations have been incurred.

6. With regard to the remuneration of directors and senior managers:

i. Propose to the Board of Directors the remuneration policy applicable to Directors and senior managers.

ii. Regularly review the members reward policy and senior managers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior managers in the company, ensuring its compliance and proposing modifications and updates to the Board of Directors.

iii. Propose the basic terms of the contracts to be entered into by the Company with the executive Directors for approval by the Board of Directors, including their remuneration and any compensation that may be fixed for early termination in their functions and the amounts to be spent by the Company on insurance premiums or savings system contributions, always in compliance with the Company's internal standards and, in particular, in accordance with the remuneration polity approved by the General Shareholders Meeting.

iv. Propose to the Board of Directors the individual determination of the remuneration of each Director in that capacity, in accordance with the Articles of Association and the Directors' remuneration policy, as well as the individual determination of the remuneration of each Director who hold executive functions within the Directors' remuneration policy's framework and in accordance with the provisions of his contract.

v. Inform of and submit to Board of Directors the proposals of the Chairman of the Board of Directors or the Chief Executive Officer, if any, related to the senior managers' reward structure and the basic terms of their contracts, including any compensation that may be fixed for departure.

vi. Review the terms and conditions of the contracts of executive Directors and senior management and verify that they are consistent with current remuneration policies.

vii. Oversee observance of the Company's remuneration programmes and advising on the documents to be approved by the Board of Directors for general disclosure about remuneration information, including the annual report on members' remuneration and the corresponding part of the Company's corporate governance annual report.

viii. Inform, in advance and prior to approval by the competent company body, the remuneration established for the non-executive members of other companies in the group.

7. With regard to sustainability in environmental and social aspects:

i. Supervise the Company's action in environmental and social matters are in accordance with the established strategy and policy, and report on them to the Board of Directors or, as applicable, to the Executive Committee.

ii. Evaluate and review periodically the Company's sustainability in environmental and social areas policy, in order to fulfil its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of different stakeholders, and supervising its degree of compliance.

iii. Supervise and evaluate processes for different interest groups.

8. Report on the matters of Title IX of the Board of Directors Regulations, under the terms envisaged therein.

9. **Ensure that any conflicts of interest do not prejudice the independence of the external consultancy supplied to the Committee in relation with the performance of its duties.**

In the performance and exercise of its functions, the Appointments, Remuneration and Sustainability Committee shall take into account the principles and criteria established in Technical Guide 1/2019 on Nomination and Remuneration Committees of the National Securities Market Committee, of 20 February 2019, without prejudice to their adaptation to the particular circumstances and characteristics of the Company and its Group always attending to the proportionality principle.

Operation:

In accordance with Article 43 of the Articles of Association and Article 15 of the Board of Directors' Regulations, as developed by the Regulations of the Appointments, Remuneration, and Sustainability Committee, the rules for the organisation and operation of the Committee are described below.

The Appointments, Remuneration and Sustainability Committee, which will consist of a minimum of three and a maximum of five Directors, appointed by the Board from among the external Directors, on a proposal from the Chair of the Board, ensuring that the majority of them are independent Directors. The members of the Committee will have knowledge, skills and experience appropriate to the functions they are called to perform and, whenever possible on the basis of the principle of proportionality, it will be ensured (i) that the members of the Committee, as a whole, are appointed taking into account their knowledge and experience in areas such as human resources, selection of Directors and Executives and design of remuneration policies and plans; and (ii) to promote diversity in terms of gender, professional experience, skills, personal skills, sectoral knowledge or international experience; all of this will take into account the limitations deriving from the smaller size of the Committee as compared to the Board. They will hold office while their appointment as Directors of the Company remains in force, unless the Board resolves otherwise.

The Board will appoint the Chair of the Committee from among the independent directors who are part of it. Likewise, it will appoint a Secretary of the Committee and, if applicable, a Deputy Secretary, who may be the Secretary of the Board, its Deputy Secretary, or any other person, whether or not they are a member of the Board of Directors, with the ability to perform the functions inherent to these positions.

The Appointments, Remuneration and Sustainability Committee will normally meet at least three times per year. It will also meet at the request of any of its members and whenever it is convened by its Chair, who will do so whenever the Board or its Chair requests the issuance of a report or the passing of proposals and, in any case, whenever it is appropriate for the proper conduct of its functions.

Where possible, efforts will be made to ensure that Committee meetings take place sufficiently in advance of Board meetings.

The meetings of the Committee will be convened with a minimum notice of three days, except for urgent reasons that justify an immediate summoning or with a lesser notice. Attendance at the meetings of the Committee will be preceded by the sufficient dedication of its members to analyse and evaluate the information received and will promote constructive dialogue among its members, promoting free expression and supervisory and analytical attitude, and the Chair of the Committee must ensure that everyone participates freely in the deliberations.

The Appointments, Remuneration and Sustainability Committee will be validly constituted when the majority of its members are present or represented, and its resolutions will be adopted by an absolute majority of votes of the members present or represented at the meeting. In case of a tie, the President of the Committee will have a casting vote.

The Committee must keep minutes of its meetings, a copy of which will be sent to all members of the Board of Directors.

The Appointments, Remuneration and Sustainability Committee will annually prepare a plan of action that contemplates the main activities of it during the year.

The Appointments, Remuneration and Sustainability Committee will prepare an annual report on its operations, which will serve as the basis of the evaluation that the Board of Directors will carry out, highlighting the main incidents arisen, if any, in relation to its own functions. This report will be available to shareholders and investors on the website sufficiently in advance of the Ordinary General Shareholder's Meeting.

For the better performance of its functions, the Committee will have sufficient resources and may seek the advice of external experts when it deems it necessary for the proper performance of its functions.

As highlighted in the previous section C.1.25, the Appointments, Remuneration and Sustainability Committee met, with sufficient notice prior to the meetings of the Board of Directors, on eight occasions during the 2023 financial year (seven of the meetings were held physically at the registered office and one meeting was held exclusively by telematic means) after being convened by the Secretary through individual communication (email) to each of its members, including the agenda of the meetings. Furthermore, the documents relating to the different items on the agenda have been made available to the members of the Committee prior to the meeting.

In addition to its members, the meetings of the Appointments, Remuneration and Sustainability Committee have been attended by various non-members, following the invitation of the Chairman of the Committee to deal with certain items on the agenda; the Corporate Director and CFO of the Company or Ms. Isabel Aguilera Navarro, member of the Board of Directors and Chairman of the Audit and Control Committee, who attended as a guest of the Chairman only one meeting of the Committee, held on 22 June 2023, in order to facilitate coordination between the Committees and the Board in relation to the Company's ESG matters. In any case, non-members entries and exits were properly recorded in the Committee minutes, not having participated in the discussion and voting phases.

Activities:

The Appointments, Remuneration and Sustainability Committee has prepared the mandatory report on its performance in 2023 fiscal year. This report will be made available to shareholders at the next General Shareholder´s Meeting, which is scheduled to be held in March 2024.

The main activities performed by the Committee during the fiscal year 2023are set out below.

1. **With regard to the composition of the Board of Directors and its Committees:**

In relation to these responsibilities, during 2023 the Appointments, Remuneration and Sustainability Committee periodically reviewed the composition of the Board n accordance with the plan for the orderly and phased renewal of the Board, approved in 2022 and published at the beginning of 2023, which affects, among others, the tenure of independent directors Mr. Alec Emmott, and Mr. Roger Maxwell Cooke, whose departures are planned for 2024 and 2025, respectively. In this regard, the Committee has evaluated and studied the different possible alternatives and structures of the Board for the purposes of complying with recommendation 15 of the CBG. In particular, in light of the skills matrix of the Board, it has considered the convenience of reducing the size of the Board or incorporating a new director and, if appropriate, the possible initiation of the search for candidates.

On the other hand, the Committee analyzed the proposal to update the **Board's skills matrix** prepared by an external advisor (Georgeson) based on the information collected during the assessment process of the Board of Directors; agreeing to propose the approval of said update to the Board. This skills matrix was reviewed again at the end of the year as part of the annual review of good governance issues carried out by both the Committees and the Board.

The Committee reviewed the **diversity policy of the Board of Directors and selection of directors** during the exercise, concluding that no modification was necessary and that it had been complied with in everything that could apply during the exercise.

On the other hand, as indicated above, **the Committee reviewed the categories of director** that each member of the Board of Directors holds, concluding that the current categories remain fully in line with their circumstances and ensured, through a review in the framework of the evaluation procedure of the Board, that the non-executive directors and the process of proposing the renewal of directors at the 2023 shareholders' meeting have sufficient availability of time for the proper performance of their duties.

2. **In regard to the selection of candidates for Board members and senior managers:**

The Appointments, Remuneration and Sustainability Committee reviewed and approved the reports that included the proposals for the re-election of the independent directors Mr. José Luis del Valle Doblado, Mr. Roger Maxwell Cooke, and Mr. Alec Emmot, also agreeing to send them to the Board for the issuance by it of the corresponding explanatory report on these proposals.

Likewise, the Committee favorably reported to the Board of Directors on the proposal of the Board for the re-election of the proprietary director, Mr. Miguel Pereda Espeso, the Board having subsequently issued its corresponding explanatory report on this proposal.

These reports were made available to the shareholders at the time of calling the Ordinary General Shareholder's Meeting.

On the other hand, with regard to the functions of the executives, the Committee analyzed in detail the competencies and functions attributed to the Corporate Director and CFO and the possible changes in this regard.

3. **Competences related to and to the process for appointing internal positions of the Board of Directors:**

In 2023, the Appointments, Remuneration and Sustainability Committee analysed in several meetings alternative formulas in relation to the succession of the Chairman of the Board and resolved that, for the time being, it is not convenient to modify the existing provisions regarding the aforementioned succession.

On the other hand, the Committee analyzed the existing possibilities for replacing the Chairmen of the Committees if necessary, confirming that there are reasonable alternatives that would be easy to implement if circumstances so require.

Likewise, the Committee took notice of the changes in the Secretaries of the Board of Directors' Committees, assumed by Ms. Susana Guerrero Trevijano, after the 2023 Ordinary General Shareholders Meeting.

4. **With regard the evaluation of Directors:**

Within the scope of the annual evaluation of the functioning of the Board and its Committees, as a continuation of the work carried out in December 2022, at its meeting held on 23 February 2023, the Appointments, Remuneration and Sustainability Committee approved the Committee's Report on its functioning for the 2022 financial year, which served as the basis for the evaluation of the Committee by the Board of Directors, in accordance with the provisions of the aforementioned article of the Spanish Companies Act and the Company's internal regulations.

Likewise, during financial year 2023, the Committee designed and organised various training programmes for the Board members to ensure the continuous updating of Board’s knowledge and skills. In particular, during the month of October 2023, a training session on innovation was organized, where both general and specific aspects related to the real estate sector were covered, with a significant focus on the latest technologies, advances and trends, as well as everything related to the tokenization of real estate assets. Furthermore, throughout the year, through direct communications to the directors or during the Board meetings themselves, the directors have been informed of all the relevant developments that were occurring, especially from a legal or regulatory perspective, sharing analyses and summaries with them.

5. <u>In regard to the withdrawal and termination of Board members</u>:

In 2023, the Appointments, Remuneration and Sustainability Committee has not been required to exercise the aforementioned functions.

6. <u>In relation to the remuneration of directors and senior managers</u>:

During financial year 2023, the Committee continued with the Directors remuneration review process initiated during financial year 2022, agreeing to propose to the Board of Directors certain adjustments to the remuneration of the Company’s independent Directors to be proposed to the Ordinary General Shareholders' Meeting in 2024. The Committee also reviewed and updated the remuneration of the Secretary of the Board of Directors as a result of the change of the Secretary in the two Board Committees.

Regarding the remuneration of senior executives, in relation to the objectives of the management team, the Committee reviewed and monitored the level of compliance with the corporate and personal objectives for the year 2022, determining the amount of variable remuneration recognized to the executives as a result of compliance with the objectives; and also analyzed and made the proposal to the Board of objectives for 2023, also distinguishing between corporate and personal, and agreed on the salary review of the executives for the year 2023.

In addition, with respect to the Long-Term Incentive Plan (LTIP), which was renewed in 2022, the Committee considered the concepts corresponding to 2022 to be accrued, and agreed to include the Internal Audit Responsible in the plan, at the proposal of the Company's Audit and Control Committee.

On the other hand, the Committee reviewed the Annual Report on Directors' Remuneration for the financial year 2022 in accordance with the provisions of article 541 of the Spanish Companies Act, agreeing to approve it and send it to the Board for its final approval and subsequent submission to the General Shareholders' Meeting.

On the other hand, with the advice of an independent external consultant (Uría Menéndez), the Committee analyzed different issues affecting the Company's executives in the event of a change of control of the Company, clarifying the notice periods that would be applicable in the event of dismissal due to a change of control, as well as, if applicable, the accrual formula and calculation of the LTIP.

7. <u>In relation to Sustainability in environmental and social matters</u>:

Regarding these competencies, the Committee has followed up and supervised all sustainability actions carried out by the Company during the year, as well as the achievements obtained and the projects in progress, driving the constant improvement in these areas.

In this regard, based on the presentations previously provided to the members of the Committee, the following were analyzed and discussed on several occasions:

- the main achievements obtained during 2022 and the objectives for the 2023 fiscal year;

- the strategy in relation to water consumption and water footprint, with the aim of optimizing its use and improving its recycling depending on the different types of water and assets;

- the various projects related to photovoltaic energy, and in particular, the possibilities of installing solar panels in different spaces;

- the promotion of the inclusion of green clauses in the new contracts that are signed and the review of old contracts to progressively include this clause;

- the review of the decarbonization plan, including the proposal of the plan and the associated costs to submit to the approval of the Board; and

- the impact the Company's asset rotation plan could have on the decarbonization and sustainability strategy in general, confirming that a very detailed sustainability due diligence is carried out in the analysis processes prior to any purchase, including all sustainability-related capex in the acquisition business plan, with the aim to minimize the impacts that asset rotation processes could have on the strategy and commitments assumed.

Likewise, in view of the regulatory changes in ESG matters, the Committee discussed the need or advisability of creating an independent sustainability committee, which was ruled out due to the size and composition of the Board and the solvency with which the Committee has managed these matters up to now.

On the other hand, within the framework of the growing regulatory pressure on corporate reporting on sustainability, the Committee discussed the need to comply with the new sustainability reporting standards, as well as to coordinate with the Audit and Control Committee the adaptation of risk management systems with respect to non-financial information.

These efforts have been positively reflected, among others (i) in the rating obtained by the Company in 2023 from GRESB, where the Company has improved its score and consolidates its position as the top-ranked company in Europe in the "Management" section. The Company´s rating was 15% higher than that of the average of the participants (GRESB Benchmark); (ii) the improvement of the ESG rating to A by the international Company MSCI; or (iii) obtaining in 2023, the EPRA Gold Award for the quality of the Company's financial reporting for the ninth consecutive year and the EPRA Gold Award for ESG disclosure for the sixth consecutive year.

8. Other competences:

During 2023, the Appointments, Remuneration and Sustainability Committee **reviewed the actions carried out during 2023, confirming that all those actions entrusted to the Committee by the Law, the Regulations and the recommendations on Corporate Governance and the CNMV have been complied with and carried out, and approved the Committee's action plan for 2024**, assuming the commitment to continue working in the same line so that the Company continues to be a reference in terms of compliance and good governance.

NOMINATION COMMITTEE

Name	Position	Current

% of proprietary directors	
% of independent directors	
% of other external	

Observations

Explain the functions, including, if applicable, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either by law or in the articles of association or in other corporate resolutions.

REMUNERATION COMMITTEE

Name	Position	Current

% of proprietary directors	
% of independent directors	
% of other external	

Observations

Explain the functions, including, if applicable, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it either by law or in the articles of association or in other corporate resolutions.

______ COMMITTEE

Name	Position	Current

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external	

Observations

Explain the functions attributed to this committee, and describe its procedures and rules of organization and operation. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it either by law or in the articles of association or in other corporate resolutions.

C.2.2 Complete the following table with the information related to the number of female Board Members that are members of the Board of Directors' Committees at the end of the last four fiscal years:

	Number of female directors			
	Exercise 2023 **% Number**	**Exercise 2022** **% Number**	**Exercise 2021** **% Number**	**Fiscal year 2020** **% Number**
Executive committee	NA	NA	NA	NA
Audit Committee	2-67%	2-67%	2-67%	2-67%
Nomination and Compensation Committee	1-25%	1-25%	0	0
nomination committee	NA	NA	NA	NA
remuneration committee	NA	NA	NA	NA
Executive committee				
Audit Committee				
Nomination and Compensation Committee				

nomination committee				
remuneration committee				

Observations

C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

Articles 42 and 43 of the Articles of Association regulate the functioning of the Audit and Control Committee and the Appointments, Remuneration and Sustainability Committee, respectively. Likewise, the Regulations of the Board of Directors regulate these committees, in Article 14, on the Audit and Control Committee, and Article 15, on the Appointments, Remuneration and Sustainability Committee. In addition, these two Committees each have their own operating regulations, approved on 27 December 2017 and 12 December 2019, respectively, and both last amended, on 24 February2023 In particular, **Article 4 of the Regulations of the Audit and Control Committee and article 4 of the Appointments, Remuneration and Sustainability Committee have been amended** with the aim of modifying the current rules on the persons who may hold the office of Secretary and Deputy Secretary of the Committees of the Board of Directors of the Company. . These Regulations are available on the following corporate website link: Internal rules on governance | Lar España (larespana.com)

Lar España **prepares annual basis reports on the functioning, composition and activities of the Company's Committees of the Board of Directors** and makes them available to shareholders at the General Shareholders' Meeting. In particular, it is established in Article 7.4 of the Audit and Control Committee Regulations and Article 7.3 of the Appointments, Remunerations and Sustainability Committee Regulations, that these Committees will prepare an annual report on their operation during the year, which will serve as the basis for the evaluation to be carried out by the Board, highlighting the main events that have arisen, if any, in relation to their functions. The report will include, among other matters, the significant activities carried out during the period, reporting on those that have been carried out with the collaboration of external experts. In addition, with respect to the Audit and Control Committee, when the Committee deems it appropriate, it will include in the report proposals to improve the Company's governing rules. The reports will be available to shareholders and investors through the Company website well in advance of the convening of the Ordinary General Shareholders' Meeting.

D RELATED PARTY AND INTRAGROUP TRANSACTIONS

D.1 Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of director

In accordance with Article 37 of the Regulations of the Board of Directors, the Board of Directors is competent of the knowledge and approval, following a report from the Audit and Control Committee, of the transactions that the Company or companies of its Group carry out with directors, or with shareholders holding ten percent (10%) or more of the voting rights or represented on the Board of Directors of the Company, or with any other persons who must be considered related parties under the terms set forth in the LSC, unless their approval corresponds to the General Shareholders' Meeting. Pursuant to said article, the transactions carried out between the Company and its wholly-owned companies, directly or indirectly, the approval by the Board of Directors of the terms and conditions of the contracts to be signed with any directors with executive functions, including, if applicable, the Chief Executive Officer, or Senior Officers, including the determination by the Board of the specific amounts or remuneration to be paid under such contracts, shall not be considered related-party transactions. Transactions between the Company and its subsidiaries or investees, provided that no other related party has interest in those subsidiaries or investees, shall also not be considered as related-party transactions.

The General Shareholders' Meeting is responsible for approving related-party transactions with a value or amount equal to or greater than ten percent (10%) of the total balance sheet assets, according to the latest annual balance sheet approved by the Company. The approval of the remaining related-party transactions shall correspond to the Board of Directors, which may not delegate this competence except for related-party transactions between companies forming part of the Group that are conducted within the scope of ordinary management activities and under market conditions, as well as related-party transactions approved under contracts whose standardized terms are applied globally to a large number of customers, concluded at prices or rates generally established by whoever acts as supplier of the good or service in question, and for an amount not exceeding 0.5% of the Company's net turnover.

The Audit and Control Committee shall issue a report prior to the approval of a related-party transaction by the General Meeting or the Board of Directors. In this report, the Committee shall assess the fairness and reasonability of the transaction from the Company's point of view and, if applicable, from the point of view of the shareholders other than the related party and explain the assumptions on which its assessment is based on and the methods used. The members of the Audit and Control Committee affected by the related-party transaction may not participate in the preparation of the report. This report shall not be mandatory in relation to the execution of related-party transactions whose approval has been delegated by the Board of Directors in the cases legally permitted and provided for in the Regulations of the Board of Directors of the Company.

In those cases, where, in accordance with the provisions of the Regulations of the Board of Directors of the Company, the Board of Directors delegates the approval of related-party transactions, the Board of Directors itself shall establish an internal reporting and periodic control procedure to verify the fairness and transparency of these transactions and, if applicable, compliance with the applicable legal criteria.

The Board of Directors shall ensure the public disclosure of the execution of related-party transactions entered by the Company or companies of its Group and whose amount reaches or exceeds five percent (5%) of the total amount of the asset heading or 2.5% of the annual amount of the Company's turnover. For such purposes, a communication with the legally stipulated content must be published in an easily accessible part of the Company's website, which shall be likewise notified to the National Securities Market Commission. The announcement shall be published and notified, at the latest, at the time the related-party transaction is executed and must be accompanied by the report issued by the Audit and Control Committee, when applicable.

In order to determine the amount of a related-party transaction, the transactions entered into with the same counterparty in the previous twelve months shall be recorded on an aggregate basis.

For this purpose, the Board of Directors, at the proposal of the Audit and Control Committee, approved at its meeting held in November 2021, a Related-Party Transactions Protocol in order to develop, based on the provisions established in the LSC and in the Articles of Association, in the Regulations of the General Shareholders' Meeting and in the Regulations of the Board of Directors of Lar España, the criteria for the application of the approval regime of related-party transactions affecting the Company, as well as for the publication of information regarding such transactions, also establishing the internal procedure for the identification, analysis, approval, monitoring, reporting and control of related-party transactions.

Said Protocol foresee the creation of an operating group (the “Operating Group”) -comprised of the Chief Financial and Corporate Officer and the General Counsel, who will act as Secretary of the Operating Group- in charge of reviewing transactions in the second line of defense, which shall issue a report on each potential transaction linked to the analysis and conclusions of the transaction from a legal, financial and market perspective, which will in turn be reviewed by the internal audit, which will also issue a report as the third line of defense, all of which will be submitted to the Audit and Control Committee so that the Committee can adopt an informed decision and issue its mandatory report to the Board of Directors in accordance with the applicable legislation. In the exercise of its functions, when necessary, the Operational Group has had external advice on particularly relevant legal or technical issues.

In the event that, the approval of the related-party transaction corresponds to the Board of Directors or the General Shareholders' Meeting, the Audit and Control Committee shall submit to the Board of Directors the proposal for the Related-Party Transaction and the report prepared by the Committee for its processing in accordance with the rules set forth in the Articles of Association and in the Regulations of the General Shareholders' Meeting and of the Board of Directors. When the approval of a related-party transaction corresponds to the General Shareholders' Meeting, the affected shareholder shall be deprived of the right to vote, except in those cases in which the proposed resolution has been approved by the Board of Directors without the vote against of the majority of the independent directors, without prejudice to the application, where applicable, of the rule of the inversion of the burden of proof provided for in Article 190.3 of the LSC. Likewise, when the competence to approve a related-party transaction corresponds to the Board of Directors, the director affected by a related-party transaction -or the director representing or related to the affected shareholder- shall abstain from participating in the deliberation and voting of the corresponding resolution in accordance with the LSC.

The Board of Directors may delegate, under the terms set forth in Article 529 duovicies of the LSC and in the Protocol: (i) the approval of related-party transactions between companies which belong to Lar España Group that are carried out within the scope of ordinary management and under market conditions, such delegation may be articulated through a framework agreement entered into between Lar España and companies of the Group; and (ii) the approval of related-party transactions entered into by virtue of contracts whose standardized terms are applied indiscriminately to a large number of clients, are performed at prices or rates generally established by the party acting as supplier of the good or service in question, and whose amount does not exceed 0.5% of the Company's net turnover. In these cases of delegation, following the communication made by the Secretary of the Operating Group in accordance with the provisions of the Protocol, the competent body or person, according to the delegation resolution adopted by the Board of Directors, shall decide on the approval of the related-party transaction and shall immediately report its decision to the Secretary of the Operating Group and to the Secretary of the Board of Directors. In those cases, in which the aforementioned framework agreement exists, the area responsible for its execution shall immediately report each operation carried out in execution of said framework agreement to the Secretary of the Operating Group and to the Secretary of the Board of Directors.

On December 14, 2023, the Operating Group's Activity Report was prepared to record the activities carried out by the Operating Group and to verify the correct application of the Related-Party Transactions Protocol. By virtue of this Report, it was concluded that the Operating Group had complied with the rules provided for in the Protocol and that it satisfactorily dealt with the matters within its competence during the year 2023.

During 2023, the Operational Group analyzed a related party transaction, concluding that it constituted a related party transaction. The operation consisted of the formalization of a contract between Gentalia 2006, S.L. (fully-owned subsidiary of Lar Group) and LE Retail Hiper Ondara S.L.U. (fully-owned subsidiary of Lar España) to provide the services of (i) asset management for the Megapark retail park, the factory outlet area and the leisure area and (ii) marketing only for the retail park area, from April 1, 2023, and until the termination of the Gentalia framework contracts (June 30, 2025), with the estimated total amount of the consideration being 298,000 € annually, considering that it also has a variable component (approximately 670,000 € for the total agreement).

In relation to this operation, the Operational Group analyzed, on the one hand, the legal aspects related to the consideration of the operation as a related party transaction, concluding that it constituted a related party transaction, the competent authority for its approval and the applicable advertising regime; and on the other hand, the financial and market terms of the operation, in order to evaluate its fairness and reasonableness from the point of view of the Company and shareholders other than the linked party in order to raise such evaluation to the competent bodies for the approval of the operation. Likewise, the Minutes of the Operational Group were shared with the Internal Audit Responsible, in order to facilitate information on the compliance with the necessary procedures for analyzing and evaluating the operation, in accordance with the Law and the Protocol. After the appropriate reviews, the Internal Audit Director issued a certificate concluding that there were no areas of concern.

In compliance with the applicable regulations and the Related Party Transactions Protocol of Lar España, this related party transaction was reviewed by the Audit Committee in its meeting dated March 22, 2023, and it was agreed to report favorably on the transaction and submit its report to the Board of Directors for consideration. Based on all the reports received, the Board of Directors approved the transaction in its meeting of March 22, 2023. In this regard, since the transaction did not involve an amount or value equal to or greater than 10% of the total items of the assets according to the last annual balance sheet approved by the Company, no approval from the General Shareholders’ Meeting was required. Likewise, in accordance with the provisions of the applicable regulations, since the transaction did not exceed 2.5 percent of the annual turnover figure, this transaction did not have to be communicated to the market.

D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the shareholder or any of its subsidiaries	**% Shareholding**	**Name or company name of the company or entity within its group**	**Nature of the relationship**	**Type of operation and other information required for its evaluation**	**Amount (thousands of euros)**	**Approving body**	**Identity of the significant shareholder or director who has abstained**	**The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents**
Grupo Lar Inversiones Inmobiliarias, S.A.		Grupo Lar Inversiones Inmobiliarias, S.A.	Contractual	Asset management agreement	8,937	Board of Directors, prior favorable report from the Audit and Control Committee	Mr. Miguel Pereda, on behalf of Grupo Lar	
Grupo Lar Inversiones Inmobiliarias, S.A.		Gentalia 2006, S.L.	Contractual	Framework agreement for asset management and commercialization of shopping centers and parks	3,196	Board of Directors, prior favorable report from the Audit and Control Committee	Mr. Miguel Pereda, on behalf of Grupo Lar	

Observations

D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or entity within its group	Relationship	Nature of the operation and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identity of the shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents

Observations

D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the operation and other information necessary for its evaluation.	Amount (thousands of euros)

Observations

D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Company name of the related party	Brief description of the operation and other information necessary for its evaluation.	Amount (thousands of euros)

Observations

D.6 Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.

Pursuant to Article 31 of the Regulations of the Board of Directors of the Company, a conflict of interest will be deemed to exist in those situations wherein the interest of the Company or of the companies forming part to its group and the personal interest of the director directly or indirectly conflict. The director has a personal interest when the matter affects him/her or a person related to him/her. For these purposes, in accordance with the provisions of the Regulations of the Board of Directors, related persons to the director shall be understood to be:

i. A spouse or other person related by a like relationship of affection.
ii. The ascendants, descendants, or siblings of the director or of the spouse (or person related by a like relationship of affection) of the director.
iii. The spouses of the ascendants, descendants, and siblings of the director.
iv. The companies or entities in which the director holds directly or indirectly, even through an intermediary, a shareholding that gives significant influence or plays a position in the administrative body or senior management in them or in their parent company. For these purposes, it is presumed that significant influence is conferred by any shareholding equal to or greater than 10% of the share capital or of the voting rights or by virtue of which it has been possible to obtain, de jure or de facto, a representation on the administrative body of the company.
v. The companies or entities in which the director or any related person, acting personally or through a nominee, exercises a managerial or leadership position or from which he/she receives remuneration for any reason. In the case of proprietary directors, this includes the shareholders at whose proposal their appointment was made.

In particular, the directors should refrain from carrying out transactions with the Company except for those that are subject to waiver in accordance with the provisions of the Law and these Regulations or those that are approved in accordance with the provisions of the Law and Article 37 of these Regulations in connection with related party transactions, as appropriate.

In any case, Directors will disclose to the Board of Directors of the Company, any conflict, direct or indirect, that he or persons linked to him may have with the interest of the Company.

Situations of conflict of interest incurred by directors shall be disclosed in the notes to the annual accounts.

Pursuant to Article 2.3 of the Company's Rules of Conduct, a conflict of interest shall be deemed to exist when any person subject to the Code (this is all the members of the Board of Directors of the Company, Senior Executives of the Company, the members of management team of Grupo Lar (management company of Lar España), senior management and employees of the Company and its investee companies, and any other person who may be related to Lar España even when the person does not have the condition of employee) who should decide, execute or omit an action, according to their functions, has the option to choose between the interest of the Company, its own interest or on the interest of a third party, in such a way that choosing one of these last two, the third one would be benefited, obtaining a benefit otherwise would not receive.

In order to avoid such situations, persons subject to the Code should act with integrity and confidentiality without allowing themselves to be manipulated or influenced by third parties. They shall abstain from voting or expressing an opinion when they are in a conflict that may harm the corporate interest and shall always act independently with freedom of judgment and loyalty to the Company.

Employees, senior management or directors who are in doubt about a suspected conflict of interest should contact the Audit and Control Committee.

D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them**.**

Yes □ **No** X

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes □ **No** □

Report covering the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported

Identify the mechanisms in place to resolve potential conflicts of interest between the parent company of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's financial and non-financial risk management and control system, including tax risk.

Lar España Real Estate SOCIMI, S.A. and subsidiaries (hereinafter, Lar España) have in place an **Integrated Risk Management System (IRMS)** implemented at corporate level and designed to mitigate the risks (including tax risks) to which the organization is exposed due to its activity.

This System establishes a methodology to identify, evaluate, prioritize and manage risks in an effective manner, taking into consideration the Company's circumstances and the economic and regulatory environment in which it operates. Likewise, its ultimate purpose is to ensure that a reasonable degree of assurance is obtained regarding the achievement of strategic and operational objectives, the reliability of information and compliance with legislation.

The IRMS is periodically reviewed by the Audit and Control Committee to ensure that the information in the IRMS is up to date and can be used as a agile tool to assist management and the Board of Directors. For these purposes, a review of the elements that make up the IRMS is carried out periodically, at least once a year, and in particular, an update of the Risk Maps, proceeding to incorporate, modify or discard the risks that are necessary due to changes in the strategic objectives, organizational structure, current regulations, etc.

Lar España has an Integrated **Risk Management System Manual** that develops the key elements that make up the IRMS, as well as a **Risk Control and Management Policy**, developed from said Manual and previously existing procedures, as a framework document in which the basic principles and regulations for the control and management of the organization's risks and the maintenance of adequate internal control systems are identified, as well as to carry out the periodic monitoring of these systems. The Audit and Control Committee, with the support of Corporate Management and the CFO of Lar España, reviewed the Manual for the purpose of developing the key elements for managing the organization's IRMS defined in the new Risk Control and Management Policy and in May 2023 approved a new version of the Manual and, based on the proposal made by the Audit and Control Committee, the Board of Lar España approved an update of the Policy.

The methodology applied in the IRMS is aligned with the main standards in Risk Management, in particular with the guidelines included in the document "*Enterprise Risk Management-Integrating with Strategy and Performance (ERM 2017)*" published by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

As established in the "Integrated Risk Management System", Lar España considers Risk Management as a continuous and dynamic process that encompasses the following stages:

- Identification and evaluation of risks that may affect the Organization, assessing the probability of occurrence and their potential impact.
- Identification of existing controls to mitigate such risks.
- Identification of the processes in which risks are generated and controls are performed, determining the relationship between the key risks and the organisation's processes.
- Assessment of the effectiveness of the controls implemented to mitigate such risks.
- Design of action plans to be carried out in response to risks.
- Periodic monitoring and control of risks.
- Continuous assessment of the adequacy and efficiency of the system's implementation and of best practices and risk recommendations.

Thus, the IRMS establishes a methodology to identify, assess, prioritize and manage risks effectively, taking into account the company’s circumstances and the economic and regulatory environment in which it operates. It also aims to ensure a reasonable degree of assurance about the achievement of strategic and operational objectives, the reliability of information, and compliance with regulations.

The result of identifying and evaluating the risks to which the organization is exposed is reflected in a Corporate Risk Map, a tool that allows to put valued risks in context, identifying and prioritizing the most relevant and critical risks, and enabling decisions to be made about the actions to be carried out.

Moreover, the IRMS Manual includes templates and documents to be used for carrying out different activities, and it defines other relevant practical aspects of the Risk Management System.Ultimately, after identifying the risks and analyzing the suitability and effectiveness of the decisions adopted to mitigate them, Management, together with the supervision of Internal Audit unit, establishes its priorities for action in risk matters and determines the measures to be implemented, ensuring compliance and the proper functioning of the Company's processes.

E.2 Identify the bodies within the company responsible for preparing and executing the financial and non-financial risk management and control system, including tax risk.

The Integrated Risk Management System (IRMS) affects and involves all the staff of the organization. In addition, due to the specific characteristics of Lar España, some of the activities are carried out by certain specialised suppliers that collaborate in significant processes such as:

- Investment and asset management, mainly carried out by Grupo Lar
- Preparation of financial, accounting and tax information
- Periodic valuation of the assets
- Cibersecurity and Information Security

However, Lar España conducts detailed monitoring processes for the third parties responsible for these outsourcing contracts, ensuring that the suppliers perform the activities envisaged in the Risk Management System.

The main participants in the model are as follows: Responsible person for the Process, the Risk Manager/ Officer, the Internal Audit Unit, the Audit and Control Committee and the Board of Directors:

Responsible for the Process

The Responsible for the Process are one of the key elements of the IRMS. They are responsible for direct risk management in the day-to-day operations, which includes the tasks of identifying, assessment, evaluating and treating risks, essential to achieving the objectives envisaged in each area within the context of the strategic planning in force at any time.

Risk Manager / Officer

This is the person with executive functions within the company, responsible for receiving, analyzing, and consolidating the risk information prepared by the Responsible people for the Process. This person is responsible for identifying new events, collecting and evaluating information about Key Risk Indicators (KRI's) and controls provided by the Responsible people for the Process, and proposing, where appropiate, the necessary action plans; as well as for informing the Internal Audit Unit so that it updates the Risk Files in accordance with the information obtained.

Internal Audit Unit

The Internal Audit Unit assists the Audit and Control Committee in the fulfillment of its functions and responsibilities in relation to the monitoring and evaluation of the Group's ERMS. The IAD ensures the proper functioning of the Company's internal control and risk management systems, through the following activities:

- Identification and evaluation of risks, including tax risks, that may affect the achievement of the Organization's objectives, updating the Group's Risk Map on an annual basis;
- Identification of controls;
- Identification of the processes in which these risks and controls arise (critical processes);
- Design of action plans in response to risk; and
- Evaluation of the effectiveness of controls and response activities on the risks affecting the organization.

The Internal Audit Responsible, based on the information provided by the risk managers/officers, and additionally based on the tasks performed as a part of their duties in risk control and management, will periodically report, at least annually, to the Audit and Control Committee on the development of the Risk Management model and on the progress made in Risk Management (degree of development of the Risk Fact, result of controls carried out or measured KRI's, etc.).

Audit and Control Committee

Pursuant to Article 14 of the Rules of Procedure of the Board of Directors and Article 5 of the Audit and Control Committee Regulations, the Audit and Control Committee has, among others, the following functions:

- Oversee 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, financial, legal, social, environmental, climate, sustainability, political and reputational or those related to corruption) and, in particular, review these systems in order for the main risks to be properly identified, managed and disclosed.
- Oversee the internal risk management and control function.
- In relation to the risk control and management policy, identify or determinate at least: (i) the different types of risk (operating, technological, financial, legal, reputational, including those related to corruption, climate, environmental, etc.) 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 Chair of the Audit and Control Committee is responsible for reporting to the Board its activities throughout the year.

Board of Directors

The Board of Directors is responsible for approving the Risk Control and Management Policy in accordance with Article 529 *ter* of the LSC.

Likewise, and among other competences, it assumes responsibility for identifying the Company's main risks and supervising internal control systems, being informed through the Audit and Control Committee.

E.3 Indicate the main financial and non-financial risks, including tax risks, as well as those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant and may affect the achievement of business objectives.

Lar España has carried out a process to identify those risks that may affect its ability to achieve its objectives and execute its strategies successfully. The experiences of the Company's executives in each of their areas of responsibility, the particularities of the Company, considering also strategic initiatives foreseen by the organization in the medium term in its strategic plan, as well as the risks of the market, social and economic environment where the Company operates have been taken into account in order to identify the risks.

As indicated in the previous section E.1, Lar España has an updated corporate Risk Map, which includes the risks that could potentially affect the organization, and which is reviewed at least annually. Lar España's Risk Model is structured around four main areas: Operational, Financial, Strategic and Regulations.

During 2023 the Company's Risk Universe has been reviewed, and as a result of this review, it has been observed that the criticality of financial risks has increased, mainly due to the rise in interest rates and the difficulty of accessing financing/refinancing, and the criticality of strategic risks has decreased, due to greater stability in operations and customer solvency, as well as the disappearance of uncertainty about health crises in the centers.

The risks considered as "priority" by Lar España as a result of the corresponding annual update of the Risk Map, and upon which, during 2024 and subsequent years, the appropriate management and monitoring activities on these risks will be carried out are detailed below.

The main risks that that has been identified could affect the achievement of business objectives, according to the classification of risk dimensions, are the following risks: strategic, operational, financial and regulatory.

Strategic:

- Political situation and socio-economic factors.
- Regulatory changes/legal uncertainty.
- Inadequate resilience to climate change and environmental sustainability.

Operational:

- Value of the properties.
- Cyber security and information security.
- Loss of internal talent.

Financial:

- Market risk.
- Interest rates.
- Difficulty of access to finance/refinancing.

Regulatory:

- SOCIMI regime requirements.

These risks have been defined by Lar España in accordance with the risk tolerance criteria and based on criticality for the business, i.e., Impact by Probability, and all of them have been included in the update of the Risk Map for 2024.

The risk monitoring process consists of the constant monitoring of those variables, both internal and external, that can help anticipate or foresee the materialization of these or other relevant risks for Lar España.

Likewise, the following risk monitoring actions have been carried out during 2023 financial year:

- Approval of an updated version of the **Risk Control and Management Policy** and approval of an update of the **IRMS Manual** in May 2023 for the purposes indicated in section E.1 above.

- Updating of the **Money Laundering Prevention Manual**: within the framework of the continuous process of reviewing, updating, and improving corporate texts, the Legal Unit and the Internal Audit Unit, with the assistance of an external advisor regularly involved with the Company in this matter, prepared a new version of the Manual in which all the improvement recommendations indicated in the 2022 external expert's report were incorporated after the external examination of the internal control measures established by the Company to prevent money laundering and terrorist financing.

- Approval by the Board of Directors in July 2023 of a new **Internal Information System and update and reinforcement of the Ethics and Whistleblower Channel**, in accordance with Law 2/2023, of February 20, regulating the protection of persons reporting breaches of regulations and combating corruption, to ensure that every employee or third party professionally linked with the Company can report possible breaches. Also, an update of the **Crime Prevention Policy** was made in December 2023 to align it with the latest legal developments, and to always maintain the highest standards of compliance. More detailed information on these implemented changes is included in section F.1.2 below.

- Review of the **Code of Conduct** to update it and always keep it aligned with legal developments, updated versions of corporate regulations and policies, and best practices.

- Approval by the Board of Directors of a **Procurement and Service Outsourcing Policy** in December 2023, which forms part of the Group's control and risk management environment, in order to establish the general framework of action and guiding principles that govern the procurement and service outsourcing process, which the Company's employees, directors, representatives, and administrators and those of Group companies must observe to identify, control, manage, and minimize the relevant risks associated with these processes.

- **Review and update of the IRMS**: The IRMS Manual itself, the General Controls Matrix at the entity level, and the Narrative and flowchart corresponding to the processes of closing and consolidating financial statements have been updated, as well as an update of the treasury.

- Regular review throughout 2023 of **regulatory compliance and risks in terms of data protection (DP)**, carried out together with an external expert specialized in the field, where the documents related to the RAT (record of Lar España's processing activities) were reviewed, as well as the review of contracts and appendices of DP clauses with third parties.

- In April 2023, the Cybersecurity Committee conducted a **review of the status of action plans in cybersecurity matters**, mainly following up on the audits carried out by the external expert hired to review the information security models implemented in the main suppliers, in accordance with the third-party cybersecurity risk management model that was approved in 2022. Likewise, the main cybersecurity risks included in Lar España's risk map were reviewed, and additional tools and measures were analyzed to mitigate cybersecurity risk within the organization and monitoring was done on the specialized annual training on cybersecurity risks delivered in this exercise. All the conclusions were presented to the Audit and Control Committee and forwarded to the Company's Board of Directors.

E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.

The Risk Map is the risk identification and measurement tool of Lar España. All the risks envisaged, including the tax payables, are assessed by considering various impact and probability indicators.

In this way, the risk assessment is conducted taking into account the level of inherent risk, this is, the level to which the Company is exposed to in the absence of mitigation measures and the level of residual risk, understood as the resulting risk once the corresponding prevention and control measures are applied.

Once this exercise has been completed, priority is given to those risks considered most critical to the business and a list of priority risks is prepared that are subject to regular monitoring and reporting to the Audit and Control Committee.

In addition, Lar España's Risk Management System defines tolerance as "*the acceptable level of variation in the Company's results or actions relating to the achievement or attainment of its objectives*". The proposed risk tolerance criteria are used to prioritize and detail the management and monitoring to be carried out for each type of risk. Thus, the more critical the objective to which an identified risk is associated, the lower the degree of tolerance is accepted by Lar España.

In this regard, there are three levels of tolerance: high, medium or low, based on the criticality of the objective to which the risk is associated. The tolerance determination system is reviewed at least once per year, by the Audit and Control Committee.

E.5 Indicate which financial and non-financial risks, including tax risks, have materialised during the year.

The risk factors inherent to Lar España's business model may materialize over each year.

The socio-economic and geopolitical context in which we find ourselves, with the prolongation of the Russia-Ukraine conflict and the recent outbreak of the conflict in the Israel-Gaza area with its impact on world trade, and in particular on raw materials transiting through the Red Sea, means that the risk of political and socio-economic factors continues to be a high risk, due to the impact it has had and continues to have on the markets.

The risk of rising interest rates and inflation, as market risk conditions, has increased the difficulty of access to financing/refinancing; although the latter has not affected the Company directly due to its debt structure, it has had an impact on the possibility of closing asset purchase and sale transactions and thus on our asset investment/disinvestment strategy. On the other hand, this rise in interest rates has also affected the valuation of the Company's asset portfolio, with a slight decompression of yields, affecting its value.

Also noteworthy is the economic impact of the efforts and use of economic and human resources in the organisation to comply with European regulations on adaptation to climate change and sustainability, following the new European directives on the subject and applicable standards (CSRD, TCFD).

The risk of non-compliance with the SOCIMI Regime is a risk to which the organisation is always exposed due to the fiscal and economic implications for the Company's activity.

Therefore, the risks of rising interest rates, difficulty in accessing financing/refinancing, the political and socio-economic situation, the value of the assets and the SOCIMI regime requirements are the main materialized risks in 2023, and the company maintains and has reinforced the necessary action plans to mitigate them.

E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise

The specific characteristics of Lar España, as well as those of the sector of activity in which it operates, confer greater importance to the proper monitoring and updating of the various risks, including tax payables, that may affect the Organisation.

The level and frequency of monitoring of the risks identified is carried out in accordance with the Company's Risk Control and Management Policy and the SIGR of the Company and varies according to their criticality and the level of effectiveness of the controls currently implemented. Thus, Lar España has defined different options for carrying out risk management: a) comprehensive analysis of risks that have high criticality, to pursue an appropriate level of control; b) risk assessment and monitoring with average criticality levels to maintain proper control based on the actual level of risk; and c) streamlining and optimisation of the applicable controls for risks with lower criticality.

Based on the above levels and the risk management model implemented, Lar España has established response and monitoring plans for the main risks, as well as four types of strategies to be considered in relation to the level of risk assumed in each case:

1- Reduction: implies carrying out response activities to reduce the likelihood or impact of the risk, or both aspects simultaneously. It may involve implementing new controls or improving the existing ones.

2- Sharing: the probability or impact of the risk can be adjusted by transferring or sharing a portion of the risk, for example, obtaining insurance.

3- Prevention: implies the exit from activities that generate risks. In this case, the risk response is to dispense with a business unit or activity and/or decide not to engage in new activities related to those risks.

4- Acceptance: in this case no action is taken that affects the likelihood or impact of the risk. The risk is assumed at its inherent level because it is considered appropriate to the established activity and objectives.

Lar España prioritises the action plans to be carried out, in accordance with the criticality of the risks, the cost/benefit ratio of the type of action to be taken and the resources available. To this end, the most representative risks of the Organisation have been identified, for which individual risk sheets have been set up to better document and monitor them. These financial statements incorporate the existing controls and the key indicators that make it possible to anticipate or monitor the associated risks. In this regard, in the coming years, it is planned to continue with this ongoing process of risk management and monitoring.

Additionally, the tolerance level must be reviewed at least annually and validated by the Audit and Control Committee. Once the tolerance level has been approved, it is communicated to the Risk Manager/Officer and, through it, to the Process Managers and the Internal Audit Unit. The owners of each of the risks, together with the support of internal audit, are responsible for preparing the corresponding risk sheets, with the objective of reporting the treatment established to mitigate and/or maintain the level of risk under the tolerance threshold accepted by Lar España.

It should be noted that, at least once per year, as indicated in section E.3 above, and in accordance with its internal Regulations, Lar España's Audit and Control Committee, which additionally reports to the Board of Directors, assess the validity of the organization's Risk Map and proceeds to incorporate, modify or rule out the risks that may be needed due to changes in strategic objectives, organizational structure, new risks, current regulations, etc.

On the occasion of the review of the annual risk map, and due to the market, geopolitical (war in Ukraine and outbreak of the conflict in the Israel-Gaza area), social and macroeconomic context, Lar España continues to include the following specific response plans against the possible materialization of the main risks related to the indicated context:

1- Specific agreement amendments with each of the lessee parties according to each special need.

2- Update of cash forecasts, sensitivity analysis, generation of scenarios, and development of liquidity protection measures for the company.

3- Update of the Business Plan to the new economic and market context.

4- Specific analysis of the solvency and credit risk of each new tenant.

5- Search for stable agreements of better energy and raw materials, prices in our assets for future years.

In relation to the strategic risk of regulatory changes/legal uncertainty, as well as the regulatory risk associated with compliance with the SOCIMI regime, in addition to the internal review controls in this area by the Legal Advisory Department, the Company relies on specialized tax advisory services and other accounting, data protection and money laundering prevention regulations, etc., in order to mitigate this risk and always be alert to any regulatory changes that may affect its business.

In addition, based on the criticality for its business and in reference to the other priority risks identified in previous sections, Lar España has implemented the following response plans for other risks:

- In relation to **real estate value risk**, the controls and action plans carried out by Lar España are: the existence of a Real Estate Asset Valuation Policy; the hiring of at least two external valuers (alternating the portfolio to be examined) to value its portfolio; a selection process for valuers supervised and approved by the Audit and Control Committee; the review of valuations by the Investment/Asset Manager, as well as by the Audit and Control Committee.

- In relation to **cybersecurity and information security risk**, the Company has and keeps up to date a third-party cybersecurity risk management model, which includes the assessment of information security controls on third parties that provide services, as well as on-site biannual audits of the main suppliers that manage the infrastructure of, its information and the website of the Company. Finally, contracts are reviewed, including cybersecurity clauses that provide coverage and comfort on these risks. Lar España has an active cybersecurity committee formed by several expert managers with responsibilities in this area, which meets periodically and monitors the action plans on the proposed recommendations on cybersecurity and information security and receive specialized training.

- In terms of **financial risks**, following the increase in the criticality of these risks, due to the situation of the markets, the context of rises on interest rate and inflation and the difficulty of access to financing/refinancing, Lar España has the following mitigating measures:

    1. A solid debt structure with 100% of the debt financed in the medium/long term with fixed interest rates and at values much lower than the recent rises.

    2. All lease contracts with our tenants have rents indexed annually to CPI variations, giving continuity to the flow of rents.

    3. More than 70% of the leases of our asset tenants have a renewal term of more than three years, with average stress rates of less than 10%, which provides robustness and stability to the commercial relationship.

4. Prudent debt policy with a current level of leverage, moderate LTV (loan to value).

5. Solid liquidity position that enables it to tackle its investment and financing strategy with solvency.

- In relation to **tax risks**, the Company continuously monitors these risks and has contracted the permanent advice of tax experts who guide the Company in this area and assist it in the preparation of the pleadings and appeals necessary to respond to any requirement or assessment by the Tax Authority.

- In relation to **climate change and environmental sustainability risks**, Lar España pays special attention to the optimization of environmental management, urban biodiversity for the cities of the future, promotion of the establishment of measures to support the fight against climate change, and the incorporation of energy efficiency and optimal air quality in its facilities, responsible water consumption, rational use of natural resources and certification of its assets according to sustainability criteria, contributing to the wellbeing of customers, users, collaborators and employees. With all this, Lar España aims to responsible management of assets and the reduction of their impact on the environment.

  The report on the functioning of the Appointments, Remuneration and Sustainability Committee, and section C.2. of this Report on the most important actions carried out by the Committee, describe in detail the progress made in ESG matters during the current financial year 2023. Likewise, in the CSR/ESG section of the Company's website, all relevant information on this matter is available for consultation through the following link: CSR/ESG | Lar España. CSR/ESG | Lar España.

  In addition, from November 2022 through 2023, Lar España is working on the analysis of risks and opportunities arising from climate change in accordance with the international standard TCFD (Task Force on Climate-related Financial Disclosures), drawing up specific climate change and transition risk maps, integrating them with the Company's Risk Management model, described in point E.1 above. In this way, the Company continues to adapt to the European directives on the subject, and will have information on the possible impacts of climate change on the portfolio of its assets and will be able to define adaptation plans to mitigate these effects. In this way, it will also be able to include the results obtained in the reports published to stakeholders following the guidelines set out in this standard.

- Finally, Lar España **maintains the highest standards in terms of transparency, ethics and regulatory compliance, guaranteeing good governance of both the Company and its governing bodies.** The Company has an active ESG Committee with the aim of promoting sustainability from the main governing bodies. Lar España is a member of the European Public Real Estate Association (EPRA) and has been awarded again in 2023 with the *EPRA* Gold Award for the quality of financial information and information published on ESG.

The oversight of the response plans detailed above is carried out by the Lar España's Internal Audit Unit.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF ISSUANCE FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

F.1 The Entity's control environment

Report on at least the following, describing their principal features:

F.1.1. The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The Lar España consolidated Group's model of responsibilities of Internal Control over Financial Reporting System (ICFR) (the "Group") is articulated through the following bodies and/or functions that develop, maintain and monitor the process of preparing the Group's financial information.

Board of Directors

The Board of Directors, as established in its Regulations, is ultimately responsible for the existence and maintenance of an adequate and effective ICFR.

Specifically, Article 5 of the Regulations of the Board of Directors ("Competences of the Board") establishes, among others, the following functions:

The Board of Directors is ultimately responsible for the existence and maintenance of an appropriate and effective ICFR.

To this end, as indicated in Article 5 of the Regulations of the Board of Directors, the full Board reserves the competence to:

- "The supervision of the process of preparation and presentation of the financial information and of the management report, including, where appropriate, the required non-financial information, and the approval of any financial information that the Company, as a listed company, must make public on a regular basis."
- "The determination of the risk control and management policy, including tax risks as well as the supervision of the internal reporting and control systems."

To meet these objectives, the Board of Directors, as established in Article 14 of its Regulations: "*will create, on a permanent basis, an Audit and Control Committee* " to which it delegates, the supervision of the ICFR (with the support of Internal Audit).

Audit and Control Committee

Lar España establishes in Article 14 of the Regulations of the Board of Directors and in Article 5 of the Audit and Control Committee Regulations, that the Audit and Control Committee has among its functions:

- *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 unit, 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.*

The ICFR Manual, which has been reviewed and updated in May 2023, establishes: "*Within this framework, the oversight activity of the Audit and Control Committee consists on ensuring its* *effectiveness, obtaining sufficient evidence of its proper design and operation, which requires assessing the process of identifying the risks that may affect the true image of the financial information, verifying that controls exist to mitigate them and verify that they function effectively.*

Oversight also consists of reviewing, analyzing and discussing on the financial and ICFR information with Management and with internal and external auditors, to ensure that the accounting criteria applied are correct and the information provided is complete and consistent with operations, and that the ICFR is adequate for the achievement of its objectives and has worked efficiently throughout the fiscal year.

The monitoring of the system must be a ongoing process in order to be effective over time. However, the assessment can be carried out on an ad hoc basis to form an opinion on the whole or one of the control devices, at a specific date.

The Audit and Control Committee has entrusted the development of this function to the Internal Audit Unit ."

The oversight activity of the Audit and Control Committee consists on ensuring the effectiveness of the ICFR, obtaining sufficient evidence of its proper design and functioning, which requires evaluating the process of identifying the risks that may affect the true image of the financial information, verifying that controls exist to mitigate them and verifying that they function effectively.

Corporate and Financial Management

The Corporate and Financial Management is responsible for the design, implementation and operation of the ICFR, which includes:

- *"Defining, proposing and implementing a model for generating financial information."*
- *"Defining, implementing and documenting the ICFR".*
- *"Support the Audit and Control Committee regarding the preparation of the financial statements and other financial information, as well as the criteria applied in said process"*
- *"Verify, at least once per year, the integrity and suitability of the documentation and the functioning of the ICFR, as well as updating the Group's processes and controls in the event of relevant modifications to them or changes in scope*
- *"Inform the Audit and Control Committee and the Internal Audit Unit of new developments in the area of ICFR documentation, for their knowledge and validation".*

In relation to the assessment and supervision of the ICFR, the Corporate and Financial Management is responsible for:

- Initiate and manage the annual review process.
- Consolidate the individual review documents for the final report on the Group's ICFR.
- Report to the Audit and Control Committee and the Internal Audit Unit the conclusions of the ICFR review and any associated deficiencies.
- Analyze the amendments of the Group's processes or operations in order to determine the need to update the associated documentation.
- Collaborate with the Internal Audit Unit in the ICFR Oversight process.

Internal Audit Unit

As established in the ICFR Manual, the Audit and Control Committee has entrusted Internal Audit Unit with the supporting role of supervising the ICFR, which includes:

- *"To monitor the sufficiency and effectiveness of the ICFR and of the general and process controls."*
- *"Collaborate in the definition and categorization of the incidents and in the design of the necessary action plans and monitor them."*
- *" Inform to the Audit and Control Committee regarding the incidents identified during the assessment and monitoring process."*
- *"Support the Corporate and Financial Management in preparing reports on the status and description of the ICFR".*

Service Providers involved in the generation of financial information

Some of the activities relevant for the preparation of Lar España's financial information are outsourced to specialized third parties (including investment and asset management, the preparation of financial, accounting and tax information, and regular valuation of assets). In this sense, and in relation to the ICFR, the Corporate and Financial Management ensures that these suppliers perform those controls have been defined as essential within the ICFR. The aforementioned model is supervised by the Internal Audit Unit, at the request of the Audit and Control Committee.

Its functions include:

- *"Collaborate with the Corporate and Financial Management in defining, documenting and updating internal processes and procedures."*
- *"Executing the control activities as designed and retain evidence of such execution that allows its traceability."*
- *"Informing the Corporate and Financial Management of any changes in its operations or transactions that may make it necessary to update the documentation of its processes and the controls defined therein, as well as any weaknesses of control that they may detect."*
- *"Define and implement the action plans on the incidents observed within the scope of their responsibility."*

F.1.2. Indicate whether the following exist, especially in relation to the drawing up of financial information:

- Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.

The Corporate and Financial Management, along the lines and guidelines established by the Board of Directors, is responsible for the existence of an appropriate organizational structure, the distribution of the various functions and that, progressively, sufficient procedures are available and distributed among the different parties involved in the processes.

The Corporate Director & CFO has the collaboration and advice of the internal or external resources needed to manage different aspects of the Company's activity. Thus, Lar España has formalised a Management Agreement with Grupo Lar, which has been renewed in 2022, by virtue of which, the Manager undertakes to dedicate the personnel and resources necessary for the performance of its functions, including those related to financial information.

The ICFR Manual of the Lar España Real Estate SOCIMI Consolidated Group provides that, when the services provided by a "Service Provider Organisation" are part of the Company's information system, they must be included in the evaluation process of the ICFR, either through a specific and direct evaluation of the controls applied by that Organisation, or through obtaining an internationally recognised SSAE certificate (Statement on Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organisation), or through the performance of alternative procedures. The second option is currently being followed through a annual confirmation from the third-partyproviding accounting services.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and the preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

The **Code of Conduct** of Lar España Real Estate SOCIMI, S.A. (hereinafter, Lar España), approved by the Board of Directors at the proposal of the Audit and Control Committee of Lar España, is intended to establish the guidelines of conduct that will regulate the behaviour of all those who act on behalf of Lar España and its subsidiaries. The scope of application of this Code includes all members of the Board of Directors of the Company, the senior executives of the Company, the members of the management team of the Lar Group (Lar España's management company), the executives and employees of both the Company and its subsidiaries, and any other person belonging to the other stakeholders that make up the Community (customers, suppliers, shareholders, public administrations, business partners, among others) who may be related to Lar España, even if they do not have the status of employee.

The Audit and Control Committee is responsible for ensuring compliance, updating and dissemination of the Code. This is supported by the Ethics Committee, as the internal body responsible for analysing non-compliance and proposing corrective actions and sanctions. This Committee periodically reports its supervisory actions in this area to the Audit and Control Committee. During financial year 2023, the composition of the Ethics Committee has changed as a result of the approval of the new Internal Reporting System of the Company and the implementation of the Ethics and Whistleblowing Channel, changes which are explained in the following section. As of July 2023, the Committee is composed of the Internal Audit Responsible, the Company's General Counsel and the Secretary of the Board of Directors, with the new Committee replacing the body that was constituted under the former Whistleblower Channel Regulations. The main difference is that the Chair of the Audit Committee is no longer a member of the Committee in order to make it more independent from the Company's Board.

Principle 4, on book-keeping and financial and non-financial, information preparation, states that Lar España pledges to ensure that the company's financial and sustainability information, most particularly its annual financial statements, reflects the company's financial reality, in keeping with applicable generally accepted accounting principles and international financial and sustainability reporting standards. To this end, no professional may conceal or distort the information contained in the company's accounting registers and reports, which must be complete, accurate and precise.

The failure to honestly report the company's financial information, whether internally - to employees, subsidiaries, departments, internal bodies, governing bodies, etc. - or externally -to auditors, shareholders/investors, regulatory bodies, media, etc. - beaches this Code. The delivery of incorrect information, its incorrect configuration or any attempt to confuse its recipients are similarly deemed to constitute financial reporting misconduct.

Likewise, regarding the Internal Control over Financial Reporting System (ICFR), Principle 5 on the Internal Control Code , prevention of money laundering and prevention of crimes, establishes thatLar España undertakes to establish and maintain an adequate control environment for the purpose of assessing and managing the risks faced by the company, particularly those related to the internal control over financial reporting (ICFR) system, with the aim of ensuring that all Lar España transactions are clearly and accurately reflected in the company's accounting archives and registries and fed into the financial reporting process.

The revision of the Code of Conduct has been initiated in 2023 in order to update it and keep it always aligned with new legal developments, updated versions of regulations and corporate policies and best practices.

It should also be noted that all employees of Lar España and Grupo Lar (tertiary) have received a training course on ICFR, risks and crime prevention.

- Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.

According to Article 14.3.b.v of the Regulations of the Board of Directors, the Audit and Control Committee shall be responsible for " *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. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party".*

As indicated in section E.3 above, in accordance with the new requirements introduced by Law 2/2023, of 20 February, regulating the protection of persons who report regulatory infringements and the fight against corruption, a new Company **Internal Reporting System** has been established in July 2023, with the subsequent approval of a Company Internal Reporting System Policy by the Board of Directors and the implementation of a new **Ethics and Whistleblowing Channel and its corresponding Management Procedure**,. Also, in accordance with the changes that have been implemented in the channel, a new compliance mailbox (*https://larespana.buzoncompliance.com/*) managed by an external provider has been created. This new system guarantees the confidentiality of the informant at all times, allowing both anonymous and identified communications to be made, both in writing and verbally.

Consequently, the Internal Reporting System Policy and the Ethical Channel Management Procedure indicated above have replaced the former Whistleblowing Channel Operating Regulations.

Throughout 2023, employees were trained and encouraged to participate in the new Ethics and Whistleblowing Channel, informing them of the new internal reporting system.

As reported by the Ethics Committee to the Audit and Control Committee and submitted to the Board, no complaints have been received through the Channel nor have any relevant issues been detected that have had to be analyzed or monitored by the Committee or the Committee.

- Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

The Corporate and Financial Management, as responsible, among other functions, for the design, implementation and operation of the ICFR, must ensure that all personnel involved in preparing the Group's financial statements have the appropriate and up-to-date training in International Financial Reporting Standards and in principles of internal control over financial reporting. The Corporate and Financial Management validates directly with the accounting expert, subcontracted for the preparation of the financial and accounting information, the training and knowledge of the teams assigned to these activities in relation to the required standards in order to ensure the reliability of the financial information.

The Corporate Director & CFO, as head of ICFR, has an extensive background in accounting and financial reporting as a result of his experience in accounting audit and financial management.

During 2023, the Corporate and Financial Management is informed of any changes affecting the preparation and monitoring of financial information, both through subscriptions to information releases and newsletters from external sources, and through attendance at seminars and workshops on specific matters and technical updating organized by expert companies in financial regulation, accounting and auditing, and sustainability/ESG as well as data protection, anti-money laundering or crime prevention. In addition, employees of Lar España and the Lar Group received training on ICFR, risks and crime prevention.

Lar España has a small workforce, which, however, is complemented by collaboration with external advisors in some activities and, in particular, as indicated in previous sections, in those related to the preparation of the financial statements and the implementation and operation of the ICFR.

Lar España conducts a rigorous selection process for subcontracted advisors to have specialized firms of recognized standing that are selected under quality and specialization criteria. The Corporate and Financial Management ensures that these advisors have sufficient expertise and that they have continuous training policies in these areas.

Additionally, the Internal Audit Plan, prepared by the Internal Audit Unit and submitted for approval by the Audit and Control Committee of Lar España, contemplates as one of its aspects, the training that the resources involved in these matters must have.

F.2 Assessment of risks in financial information

Report at least:

F.2.1. The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- Whether the process exists and is documented.

The process of identifying risks, including the risks of error or fraud in financial reporting, is one of the most important points within the methodology of developing the internal control over financial information of Lar España. This process is documented in an internal methodological guide explaining the ICFR Management and Evaluation process: "Manual of the Internal Control System over Financial Reporting (ICFR) of the Lar España Real Estate SOCIMI Consolidated Group".

Lar España prepares and regularly updates an assessment of the risk associated with its accounts. Once the level of risk associated with each account has been obtained, the most significant risks are identified with the Company's processes in which the corresponding financial information is generated and monitored. The objective of this partnership is to identify the processes, or business units of the Group that have greater relevance in the generation of financial information.

Likewise, Lar España has documented the most significant processes through a narrative, a flow chart and a matrix of risks and controls. In this documentation it is identified and analyzed, among others, transaction flows, possible risks of error or fraud in financial information, as well as those key controls established in the Company, that adequately mitigate and anticipate the risks associated with the process.

Section F.3 below indicates the changes made in the ICFR during the year 2023.

- Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

The process set at Lar España covers all the objectives of the financial reporting:

- Integrity: there are no unregistered assets, liabilities, transactions or events, or undeclared hidden items.
- Existence and occurrence: a registered transaction or event (corresponding to the Entity) effectively took place during the period (occurrence); or an asset or liability effectively exists at a given date (existence).
- Rights and obligations: an asset or liability belongs to the Entity at a given date.
- Measurement and valuation: a transaction or event is recognised for the correct amount and in the appropriate account (measurement), or an asset or liability is recognised at its fair carrying amount (valuation).
- Presentation: an item is classified, described and presented in accordance with applicable regulatory framework.
- Transactions cut-off: the transactions and events have been recorded in the correct period.

The documentation prepared for each of the significant processes includes, among other elements, a risk and control matrix. This document links financial risks at the process level with the control(s) mitigating them. These matrices are designed to detail the relationships between risks and controls at the process level and to facilitate the evaluation of the effectiveness of the design of the implemented system, verifying that all risks have been mitigated by the controls associated with them. The information used in the matrices includes specific statements or control objectives related to the identified risk.

- The existence of a process for identifying the scope of consolidation, taking into account, among others factors, the possible existence of complex corporate structures, or special purpose vehicles.

Article 5 of the Regulations of the Board of Directors states that the Board of Directors reserves the competence to "define the structure of the Company Group".

In this regard, each year, the Corporate and Financial Management, together with the collaboration of the Legal Function, is responsible for continuously assessing the companies that enter into the scope of consolidation and notifying, where appropriate, the Audit and Control Committee, which makes it possible to know the companies that are part of it at any time.

The Audit and Control Committee has among its main functions, the supervision of the process of preparing and presenting the regulated financial information. In this regard, the Audit and Control Committee reviews consolidated financial information in each of the quarterly/half year financial statements and reports to the Board of Directors for approval.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

The process of identifying risk of error in the financial information which is carried out by the organisation takes into account the effects of any type of operational, technological, financial, legal, reputational, environmental, etc. risks, including tax risks, to the extent that they may affect the quality and reliability of the financial information.

The Company has a Risk Control and Management Policy, which has been updated in May 2023, and an Integrated Risk Management System (IRMS) Manual which develops this Policy and in which:

– The components and activities of the risk management process itself are described and analyzed.

– The organizational approach and list of roles and responsibilities required in an integrated risk management system are defined.

– The Monitoring Model (information and reporting) of risk management activities is defined.

– The criteria for updating the Risk Management System are defined.

- The governing body within the company that supervises the process.

As established in internal regulations (Article 42 of Lar España's Articles of Association, Article 14 of the Regulations of the Board of Directors and Article 5 of the Audit and Control Committee Regulations), the Audit and Control Committee is responsible for supervising the effectiveness of the Company's internal control and risk management systems, including tax risks, and specifically the Financial Information Internal Control System.

F.3 Control activities

Report on whether the company has at least the following, describing their main characteristics:

F.3.1. Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

In accordance with Article 40.3 of the Regulations of the Board of Directors, " *the necessary measures to ensure that the biannual and any other financial disclosures Law required to be made available to the markets are prepared in accordance with the same principles, standards, and professional practices used to prepare the annual accounts, and that they carry the same reliability as the latter*" are adopted.

The Board of Directors is ultimately responsible for the existence and maintenance of an adequate and effective ICFR. Likewise, approves the Risk Control and Management Policy and regularly monitors the internal information and control systems established by Lar España. To perform these functions, it is supported by the Audit and Control Committee, which, together with the support of the Internal Audit Unit, has the task of supervising and evaluating the Group's ICFR and as well as the support of the Corporate and Financial Management.

Lar España publishes financial information every six months. Said information is prepared by a specialized external company and is reviewed by the Corporate and Financial Management. Subsequently, the information prepared is sent to the Audit and Control Committee for its supervision and finally this information is approved by the Board.

The process of generating reliable and quality financial information is documented in an internal methodological guide explaining the management and evaluation process of the ICFR: "Manual of the Internal Control System over Financial Reporting (ICFR) of Lar España Real Estate SOCIMI Consolidated Group" (ICFR Manual).

The principles and criteria for defining and managing the ICFR are documented in the ICFR Manual.

In recent years, Lar España has documented the General Controls of the Organization and the most significant processes indicated below:

- Closing Financial Statements and Consolidation
- Asset valuations
- Revenue from rent
- Investments
- Cash
- Financing
- Management of Accounts payables - promotion projects
- Management of Accounts payable - Management fees
- Disinvestments

In addition to the monitoring process of the ICFR (entrusted to the Audit and Control Committee with the support of the Internal Audit Unit), Lar España's ICFR Manual foresee an internal annual evaluation process to verify that the ICFR controls are in force, well designed and effective for the objectives pursued.

The ICFR Manual of Lar España established that: "*at least annually, the Corporate Director & CFO must review and update, if necessary, the documentation of processes and controls of the Group and will verify its integrity in accordance with the scope of the ICFR of the Group.*

Likewise, in the event that there are relevant modifications to significant processes or that changes in scope include new processes, the documentation of the same must be updated at the time this occurs. "

In 2023, **the ICFR system was reviewed and updated**, specifically the ICFR Manual, the entity-wide General Controls Matrix, the scope of the ICFR system to identify the most significant accounts and processes, and the narrative and flowchart for the processes of closing and consolidating financial statements and updating the treasury procedure. The following actions were carried out in 2023: (i) update of the ICFR Scope Determination Matrix; (ii) update of the ICFR Manual; (iii) update of the Accounting Policies Manual; (iv) update and testing of the ICFR Controls Matrix, with reinforcement of the controls in the areas of closing and consolidation of financial statements; and (v) update of the Risk Fact Sheets and testing of controls for high criticality risks.

In this context, Lar España has implemented a **Supplier Cybersecurity Risk Management Procedure** (hereinafter, the Procedure) that describes the guidelines to establish a common understanding of a coherent governance model considered in the IT security management process of Lar España's Suppliers, as part of its effort to comply with corporate security objectives and current regulations.

In addition, with regard to the **control of non-financial or sustainability information**, Lar España carries out an annual voluntary review of the non-financial information to verify the main KPIs and their adaptation to the new regulations (European Taxonomy, CSRD directive, etc.), requirements and standards demanded by regulators, etc. or demanded by third parties. In October 2023, and in accordance with the internal audit plan for this year, the Internal Audit Unit reviewed and assured the non-financial information (ESG) published to third parties, verifying the main KPIs and their adaptation to the new regulations, as well as the requirements and standards demanded by regulators in this area or demanded by third parties. The process of capturing the following parameters was also reviewed: (i) water and energy; (ii) air quality; (iii) emissions; and (iv) waste. During 2023, the development and implementation of the platform for the analysis and dynamic visualization of data relating to the use of resources at the assets (water and energy) and the mitigation of their environmental impact (waste and GHG emissions) has continued.

F.3.2. Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

The accounting services of Lar España are outsourced to a specialised entity. For this reason, the Company does not have its own information systems that are relevant to preparing and publishing the financial information to be considered. However, the Corporate and Financial Management ensures that the contracted entity has a security management system for the information certified in accordance with ISO 27001, in addition to constantly monitoring and supervising both the compliance of the outsourcing agreement and the financial information reported by the third party to prevent errors.

Also, as described in section F.1.2 above, Lar España requires an annual certification from its financial reporting service provider that the controls are designed and functioning properly.

F.3.3. Internal control policies and procedures for overseeing the management of the activities subcontracted to third parties, as well as those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

Due to the outsourcing of certain activities related to the generation of financial information in a third party other than Lar España, the Company has identified all those organisations that provide services in the various business processes, determining the impact of their activities on the financial reporting system.

Specifically, the Company has identified certain services provided by third parties that are considered as part of the Company's financial information system. These services are included in the analysis performed for the documentation and evaluation of the ICFR, highlighting mainly the management of investments and assets, the accounting outsourcing process and the half-yearly valuation of assets by accredited and independent entities.

In December 2023, the Board of Directors approved a Procurement and Outsourcing Services Policy, which forms part of the Group's risk control and management environment, for the purpose of establishing the general framework of action and the guiding principles governing the process of procurement and outsourcing of services, which the employees, officers, representatives and directors of the Company and of the companies of the Group must observe in order to identify, control, manage and minimize the relevant risks associated with these processes. Pursuant to this Policy, the Company is in the process of drafting a procedure for procurement and outsourcing of services that will regulate in greater detail the functions and responsibilities in the procurement of products and services from suppliers and service providers, and which will be based on the basic principles of this Policy. Particularly, pursuant to the Policy, such process shall be in accordance with criteria of objectivity, impartiality and equal opportunities, reconciling the interest of the LRE Group in obtaining the best conditions with the convenience of maintaining stable and fair commercial relations with ethical and responsible suppliers and service providers. In addition, the Company periodically evaluates the key controls carried out by third-party service providers to verify that they are functioning correctly.

In order to manage and reduce to a reasonable level the risks derived from information security, which come from third parties outside the Company, and to ensure operational continuity in relation to the preparation and publication of financial information, Lar España implemented a Cybersecurity Risk Management Framework of third parties in 2022. This model aims to review the processes to which the preparation of financial information is subject to in order to maintain at all times the principles of integrity, confidentiality and availability of this information, in accordance with the standards and best practices in cybersecurity. This model also applies to the procedure for preparing and publishing the financial information mentioned in the previous section. Likewise, regular audits of third party IT and information security service providers are carried out, with the help of a specialized technical company hired, in order to cover both the self-assessment of selected suppliers and onsite audits. During 2023, new supplier profiles have been updated, IT controls have been tested and a new information security scheme has been developed.

Likewise, all information prepared by independent experts that is significant for the financial statements is reviewed and validated by the Corporate and Financial Management of Lar España and also by the Internal Audit Unit, before being presented to the Audit and Control Committee.

F.4 Information and communication

Report on whether the company has at least the following, describing their main characteristics:

F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The Corporate and Financial Management is responsible for the reporting process and the internal and external communication of the main applicable accounting policies, as well as the resolution of doubts regarding their application.

Lar España has a Manual of Accounting Policies, which has been reviewed and up to date during 2023 in order to introduce minor drafting adjustments that have been approved by the Audit and Control Committee in May 2023. The Manual includes, in a structured manner, accounting standards, policies and criteria that apply, generally, to all entities of the Organisation.

The accounting services are currently outsourced with a specialised firm, of recognised standing, who collaborates with Lar España in defining and applying practical accounting criteria in accordance with current law. This process is monitored at all times by the Company's Corporate and Financial Management and regularly passed to the Audit and Control Committee. In addition, and where necessary, the criteria adopted are confirmed with accounting experts as the external auditor or other advisers to resolve any doubt or potential conflict arising from the interpretation of any rule.

Finally, the Board approves the mandatory financial information that, given that it is a listed company, the Company must periodically make public.

F.4.2. Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

As mentioned in section F.4.1, both the work of accounting records of the transactions and of preparing the Company's individual and consolidated financial statements has been outsourced to a specialized firm of recognized standing.

In any event, Lar España and the external firm providing the accounting services have mechanisms to capture and prepare the financial information, with appropriate formats and applications, which are used homogeneously for all the Group's units and companies. Likewise, the Company has the necessary controls over the preparation of the financial information to be published, as detailed in section F.3 above. Likewise, the Corporate and Financial Management checks and revises the financial information before submitting it to the Audit and Control Committee.

F.5 Supervision of the functioning of the system

Report on at least the following, describing their principal features:

F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

The Audit and Control Committee is the advisory body through which the Board supervises the ICFR. Within this framework, and in accordance with article 14 of the Regulations of the Board of Directors, the Audit and Control Committee is entrusted with various functions, including:

- Oversee 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, strategic, technological, legal, social, environmental, political and reputational or those related to corruption) and, in particular, review these systems in order for the main risks to be properly identified, managed and disclosed.

- Oversee the internal risk management and control function.

- In relation to the risk control and management 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.

The Audit and Control Committee is supported by the Internal Audit Unit for the supervision of the ICFR. In particular, the Internal Audit Unit Statute, assigns to the Internal Audit Unit, among others, the following functions:

- Monitor the quality and reliability of the financial and management information, in particular the regulated information that the Group is required to provide to the markets.

- Ensure the proper functioning of the internal control over financial reporting system (ICFR) established in the Group, proposing any recommendations for improvement it considers appropriate.

- Check the implementation of the corrective measures approved to remedy the weaknesses of the risk management and internal control system that have been revealed.

During year 2023 and in relation to the Company's ICFR that, as previously described, the Audit and Control Committee has analyzed 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. Likewise, in the course of the audit, the external auditor informed the Committee that its procedures are not aimed at expressing an opinion on the effectiveness of the internal control of the Company and of the Group; however, they are required to report on any significant internal control deficiencies detected during the course of its audit and has not identified any aspect to be reported.

The Internal Audit Plan is approved annually by the Audit and Control Committee at the end of each year, or in the months immediately following months of the following fiscal year. This Plan defines a work program by processes including, as a matter of course, the supervision of the proper implementation of the ICFR, the review of the documentation forming part of it, and the review of the effectiveness of the controls defined. Periodically, at least quarterly, the Internal Audit Unit reports directly to the Audit and Control Committee on the level of compliance with the Plan and the results of its work. The ICFR Manual foresees the annual assessment and monitoring of the various components of the Manual. In this sense, throughout the 2023 financial year, the documentation corresponding to some significant processes, as indicated in section F.3.1 above.

Likewise, verification work has been conducted regarding the functioning of the controls, among others, in the processes of asset valuation, management and recording of the Manager's fees, in relation to compliance with the SOCIMI regime, with the treasury processes of accounts payable and receivable, monitoring of investments and with the cycle of rental Income, without finding any significant incidents. A review of the related party transactions has been executed too. Management and the Audit and Control Committee have received the information corresponding to the development of the aforementioned activities.

Additionally, the Corporate and Financial Management and the Audit and Control Committee conduct a process of reviewing the half-yearly financial information reported to CNMV, based on the established calendars.

F.5.2. Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

The Corporate Director & CFO holds regular meetings to discuss the criteria with the Internal Audit Unit and other advisers as the external auditor for preparing the financial information, as well as the review and updating activities related to the ICFR. As part of its duties, the Internal Audit Unit communicates to senior management and the Audit and Control Committee internal control weaknesses identified during its ICFR review processes.

Additionally, all the necessary actions in relation to the Regulations of the Board of Directors were carried out, which establish that the Audit and Control Committee must:

- Analyse, together with the auditors, the significant weaknesses of the internal control system identified in the conduct of the audit and, where appropriate, to take appropriate actions to remedy them.
- Establish appropriate relations with the auditors to receive information on matters that may pose a threat to their independence, for its assessment by the Audit and Control Committee, and any other matters related to the process of developing the audit of the financial statements and, where applicable, the authorisation of services other than those prohibited, in accordance with applicable legislation, as well as any other communications foreseen in the audit legislation and other auditing standards.

F.6 Other relevant information

F.7 External auditor's report

Report:

F.7.1. Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.

The external auditor's review report on the descriptive information of Lar España's ICFR reported to the markets has been included as an annex to this document.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. **That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.**

Complies X Explain ☐

2. **That, when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:**

   a) **The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.**

   b) **The mechanisms in place to resolve any conflicts of interest that may arise.**

Complies ☐ Complies partially☐ Explain ☐ Not applicable X

3. **That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:**

   a) **Changes that have occurred since the last General Shareholders' Meeting.**

   b) **Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.**

Complies X Complies partially☐ Explain ☐

4. **That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.**

   And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels)

that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies X Complies partially Explain

5. **That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.**

   And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies X Complies partially Explain

6. **That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:**

   a) **Report on the auditor's independence.**

   b) **Reports on the workings of the audit and nomination and remuneration committees.**

   c) **Report by the audit committee on related party transactions.**

Complies X Complies partially Explain

7. **That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.**

   And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies X Complies partially Explain

8. **That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.**

Complies X Complies partially Explain

9. **That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.**

   And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies X Complies partially Explain

10. **That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:**

    a) **Should immediately distribute such complementary points and new proposals for resolutions.**

    b) **Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.**

    c) **Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.**

    d) **That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.**

Complies Complies partially Explain Not applicable X

11. **That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.**

Complies Complies partially Explain Not applicable X

12. **That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.**

    And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies X Complies partially Explain

13. **That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.**

Complies X Explain

14. **That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:**

    a) **Is concrete and verifiable;**

    b) **Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and**

    c) **Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to**

have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies X Complies partially ☐ Explain ☐

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies ☐ Complies partially X Explain ☐

With regard to the number of female directors, the presence of female directors on the Board of Lar España increased in 2022 from 29% to the current 33.33%. In a company of the size of Lar España, with a relatively small Board, composed mostly of independent directors, this is a great advance in terms of gender diversity, taking into account the principle of proportionality that should generally guide the follow-up of good governance recommendations. Notwithstanding the foregoing, and as explained in section C.1.5, the Board in plenary and unanimity agreed to implement an orderly and phased renewal plan of the Board that ensures that, in the short term, the goal representation of 40% of women in the Board is fully met. The aforementioned phased renewal of the Board of Directors will be carried out coordinating the principles of representativeness with those of diversity and independence, guaranteeing in any case the appropriate stability in the composition of the Board of Directors and its Committees in order to maintain its suitability as a whole, preserving the experience and knowledge of those who have been exercising the role of director. Thus, the Board aims to fully comply with this recommendation 15 by 2024.

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

a) In large-cap companies where very few shareholdings are legally considered significant.

b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies ☐ Explain X

The Board of Lar España is currently composed of 6 directors, all of whom are independent, with the exception of Mr. Miguel Pereda, who is a proprietary director representing Grupo Lar (holder of 10% of the share capital and external Investment Manager of the Company).

The proportion between the share capital of the Company represented by said proprietary director and the rest of the share capital (a 10 per cent stake in the share capital of Lar España) is lower than the percentage that the proprietary director, Mr. Miguel Pereda Espeso, represents of the total of non-executive directors (16.67 per cent). This been the case, it has been considered, however, that in accordance with Principle 11 of the Good Governance Code of Listed Companies, the Board of Lar España has a balanced composition and an adequate proportion between proprietary and independent, representing the latter more than half of the directors (five independent directors compared to one proprietary director). It is therefore considered that independent directors have sufficient weight in the Board of Directors of Lar España, without the circumstance described implying that the shareholder, whom the proprietary director represents, may in exercise in practice disproportionate influence in relation to his participation in the share capital.

Likewise, it should be noted that under the Investment Manager Agreement or IMA entered into between the Company and its Investment Manager (Grupo Lar Inversiones Inmobiliarias, S.A.), the latter has the right to request the Board of Directors to propose to the General Shareholders' Meeting the appointment of a non-executive director of the Company appointed by the Investment Manager, subject to compliance with the applicable regulations and to the proposed candidate being duly qualified. The Investment Manager exercised this right in respect of Mr. Miguel Pereda, whose appointment has been validated by the General Shareholders' Meeting, following his first appointment in 2014 and reelection in 2017, 2020 and 2023, with a support of more than 98% of the votes.

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies X Explain

18. That companies should publish the following information on its directors on their website, and keep it up to date:

a) Professional profile and biography.

b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.

e) Company shares and share options that they own.

Complies X Complies partially Explain

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies Complies partially Explain Not applicable X

20. **That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors. Complies partially**

Complies X Complies partially Explain Not applicable

21. **That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.**

    The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies X Explain

22. **That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.**

    And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies X Complies partially Explain

23. **That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.**

    Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the

appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies Complies partially Explain Not applicable X

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies X Complies partially Explain Not applicable

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Regulations of the Board of Directors establish the maximum number of company Boards on which directors may sit.

Complies X Complies partially Explain

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies X Complies partially Explain

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies X Complies partially Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies X Complies partially Explain Not applicable

29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies X Complies partially Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable

Complies X Explain Not applicable

31. **That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.**

    When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies X Explain ☐ Not applicable ☐

32. **That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.**

Complies X Complies partially ☐ Explain ☐

33. **That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.**

Complies X Complies partially ☐ Explain ☐

34. **That when there is a coordinating director, the articles of incorporation or Regulations of the Board of Directors should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.**

Complies ☐ Complies partially ☐ Explain ☐ Not applicable X

35. **That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.**

Complies X Explain ☐

36. **That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:**

    a. **The quality and efficiency of the Board of Directors' work.**

    b. **The workings and composition of its committees.**

    c. **Diversity in the composition and skills of the Board of Directors.**

    d. **Performance of the chairman of the Board of Directors and of the chief executive officer of the company.**

e. **Performance and input of each director, paying special attention to those in charge of the various Board committees.**

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report. The process and the areas evaluated must be described in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies X Complies partially Explain

37. **That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.**

Complies Complies partially Explain Not applicable X

38. **That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.**

Complies Complies partially Explain Not applicable X

39. **That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.**

Complies X Complies partially Explain

40. **That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.**

Complies X Complies partially Explain

41. **That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.**

Complies X Complies partially Explain Not applicable

42. **That in addition to the provisions of applicable law, the audit committee should be responsible for the following:**

1. With regard to information systems and internal control:

a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group -including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption -reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service ; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.

d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.

b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.

e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies X Complies partially Explain

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management

Complies X Complies partially Explain

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies Complies partially Explain Not applicable X

45. That risk management and control policy identify or determine, as a minimum:

a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.

e) Internal control and information systems to be used in order tocontrol and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies X Complies partially Explain

46. That under the direct supervision of the audit committee or, if applicable, of a specialized committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.

b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.

c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies X Complies partially Explain

47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate –care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies X Complies partially Explain

48. That large-cap companies have separate nomination and remuneration committees.

Complies Explain Not applicable X

49. **That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.**

    And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies X Complies partially Explain

50. **That remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:**

    a) **Proposing the basic conditions of employment for senior management to the Board of Directors.**

    b) **Verifying compliance with the company's remuneration policy.**

    c) **Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.**

    d) **Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.**

    e) **Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.**

Complies X Complies partially Explain

51. **That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.**

Complies X Complies partially Explain

52. **That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:**

    a) **That they be composed exclusively of non-executive directors, with a majority of independent directors.**

    b) **That their chairpersons be independent directors.**

    c) **That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.**

    d) **That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.**

e) **That their meetings be recorded and their minutes be made available to all directors.**

Complies X Complies partially Explain Not applicable

53. **That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.**

Complies X Complies partially Explain

54. **The minimum functions referred to in the foregoing recommendation are the following:**

a) **Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.**

b) **Monitoring the application of thegeneral policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.**

c) **The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.**

d) **Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategyand policy.**

e) **Supervision and evaluation of the way in which relations with the various stakeholders are handled.**

Complies X Complies partially Explain

55. **That environmental and social sustainability policies identify and include at least the following:**

a) **The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct.**

b) **Means or systems for monitoring compliance with these policies, their associated risks, and management.**

c) **Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.**

d) **Channels of communication, participation and dialogue with stakeholders.**

e) **Responsible communication practices that impede the manipulation of data and protect integrity and honour.**

Complies X Complies partially Explain

56. **That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.**

Complies X Explain

57. **That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.**

    Consideration may be given to delivering shares tonon-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies X Complies partially Explain

58. **That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances. And, in particular, that variable remuneration components:**

    And in particular, that variable remuneration components:

    a) **Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.**

    b) **Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.**

    c) **Are based on balancing the attainment of short-, medium-and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.**

Complies Complies partially Explain Not applicable X

59. **That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.**

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies Complies partially Explain Not applicable X

60. **That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.**

Complies Complies partially Explain Not applicable X

61. **That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.**

Complies Complies partially Explain Not applicable X

62. **That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.**

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies Complies partially Explain Not applicable X

63. **That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.**

Complies Complies partially Explain Not applicable X

64. **That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.**

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements

Complies Complies partially Explain Not applicable X

H FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

   Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

   The detail of the direct and indirect holders of significant shareholdings in Lar España reported in section A.2. corresponds to those registered in the CNMV Registry at the time of the corresponding declarations.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010.

This Annual Corporate Governance Report was approved by the Board of Directors of the company in its meeting held on February 27, 2024.

Indicate whether any director voted against or abstained from approving this report.

Yes ☐ **No** X

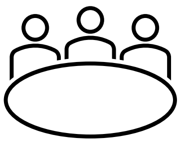
Name or company name of the member of the Board of Directors who did not vote in favor of the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons
Observations		

Annex to sections C.1.25 and C.1.26 - Attendance data

The attendance of each director at the meetings held by the Board of Directors and its Committees during the financial year 2023 is detailed below.

Directors	Board of Directors	Committees of the Board of Directors	
		Audit and Control Committee	Appointments, Remuneration and Sustainability Committee
Mr. José Luis del Valle Doblado	13/13	10/10	NA
Mr. Alec Emmott	12/13(1)	NA	8/8
Mr. Roger Maxwell Cooke	13/13	NA	8/8
Mrs. Isabel Aguilera Navarro	12/13(2)	10/10	NA
Mrs. Leticia Iglesias Herraiz	13/13	9/10(3)	8/8
Mr. Miguel Pereda Espeso	13/13	NA	8/8

(1) Mr. Alec Emmott attended the meeting of the Board of Directors held on 21 September 2023, represented by the Chairman of the Board, Mr. José Luis del Valle, by means of a special power of attorney granted on his favor, with specific voting instructions.
(2) Mrs. Isabel Aguilera attended the meeting of the Board of Directors held on 27 April- 2023 represented by the Chairman of the Board, Mr. Jose Luis del Valle by means of a special power of attorney granted in her favor, with specific voting instructions.
(3) Mrs. Leticia Iglesias attended the meeting of the Audit and Control Committee held on 17 May 2023, represented by Mr. José Luis del Valle, by means of a special power of attorney granted in her favour, with specific voting instructions.



Board of Directors	Audit and Control Committee	Appointments, Remuneration and Sustainability Committee
100%	**100%**	**100%**
Attendance present or represented	Attendance present or represented	Attendance present or represented

Lar España Real Estate SOCIMI, S.A.

Auditor's report on the 2023 "Information relating to the System of Internal Control over Financial Reporting (ICFR)"

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit assurance regulations in force in Spain and prepared in accordance with the regulatory reporting framework applicable to the Group in Spain. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte, S.L.
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España

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

AUDITOR'S REPORT ON THE ON THE 2023 "INFORMATION RELATING TO THE SYSTEM OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

To the Directors of Lar España Real Estate SOCIMI, S.A.,

As requested by the Board of Directors of LAR España Real Estate SOCIMI, S.A. ("the Entity") and in accordance with our proposal-letter of 21 February 2024, we have applied certain procedures to the accompanying "Information relating to the ICFR", included in section F) of the Annual Corporate Governance Report (ACGR) of Lar España Real Estate SOCIMI, S.A. for fiscal year 2023, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Directors are responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying Information relating to the ICFR system.

It should be noted in this regard, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Standards on Auditing, the sole purpose of our evaluation of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our evaluation of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the *Guidance on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Entities*, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2023 described in the accompanying Information relating to the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidance or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system -disclosure information included in the Directors' report- and evaluation of whether that information includes all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular 5/2013, of 12 June 2013, and subsequent amendments, the most recent being CNMV Circular 3/2021, of 28 September ("the CNMV Circulars").

2. Inquiries of personnel responsible for preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process followed in its preparation; (ii) obtaining information that makes it possible to evaluate whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Entity.

3. Review of the explanatory documentation supporting the information detailed in point 1 above, including mainly the documentation furnished directly to those responsible for preparing the information describing the ICFR system. In this respect, the aforementioned documentation includes reports prepared by the internal audit function, senior executives and other internal or external experts providing support functions to the Audit and Control Committee.

4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR system obtained through the procedures applied during the financial statement audit work.

5. Perusal of the minutes taken at meetings of the Board of Directors, the Audit and Control Committee and other committees of the Entity in order to assess the consistency of the ICFR system issues addressed at those meetings with the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Article 540 of the Consolidated Spanish Limited Liability Companies Law, and of the CNMV Circulars, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Carmen Barrasa Ruiz

28 February 2024

ANNUAL REPORT ON DIRECTOR REMUNERATION AT LISTED COMPANIES

DATA IDENTIFYING THE ISSUER

FINANCIAL YEAR END:	31/12/2023
TAX ID NUMBER (C.I.F.)	A-86918307

Registered Business name:

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

Registered Business office:

MARÍA DE MOLINA 39, PLANTA 10 MADRID

(Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail).

ANNUAL REPORT ON DIRECTOR REMUNERATION AT LISTED COMPANIES

A REMUNERATION POLICY OF THE COMPANY FOR THE YEAR IN PROGRESS

A.1.1 **Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.**

The specific determinations for the year in progress should be described, both the remuneration of directors in their status as such and as a result of their executive functions carried out for the Board pursuant to the contracts signed with executive directors and to the remuneration policy approved by the General Shareholders' Meeting.

In any event, the following aspects should be reported:

- **Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.**

- **Indicate and, where applicable, explain whether comparable companies have been taken into account to establish the company's remuneration policy.**

- **Information on whether any external advisors took part in this process and, if so, their identity.**

- **Procedures contemplated in the current directors' compensation policy for applying temporary exceptions to the policy, conditions under which such exceptions may be used, and components that may be subject to exception under the policy.**

The remuneration of the directors of LAR ESPAÑA SOCIMI, S.A. (hereinafter, "Lar España" or the "Company") is regulated in the Remuneration Policy of the Board of Directors currently in force (hereinafter, the "Remuneration Policy" or the "Policy"), which was approved by the General Shareholders' Meeting held on April 27, 2022, as a separate item on the agenda, with 95.43% of the votes in favor.

As a consequence of the publication of Law 5/2021, of April 12, amending the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of July 2, and other financial regulations, with respect to the promotion of long-term shareholder involvement in listed companies (hereinafter, the "Law 5/2021"); the Board of Directors of Lar España agreed, at its meeting held on March 22, 2022, to propose to the General Shareholders' Meeting, at the proposal of the Appointments, Remuneration and Sustainability Committee, the aforementioned Policy for its application in financial years 2022, 2023 and 2024, with the content established in the current Capital Companies Act.

Policy of Lar España has been configured on article 40 of the Company's Articles of Association and article 27 of the Board of Directors' Regulations of the Company, which regulate the remuneration of the directors of Lar España, and which differentiate, as the policy does, between executive and non-executive directors, as described below.

Principles and criteria guiding the Remuneration Policy

The Remuneration Policy for the Board of Directors of Lar España is based on the following principles:

- Independent judgment.
- Attraction and retention of the best professionals.
- Long-term sustainability.
- Transparency.
- Simplicity and individualization.
- Fairness and proportionality of compensation.
- Relationship of the Policy to the conditions of remuneration and employment of the Company's employees.

Criteria used to determine the Remuneration Policy

The remuneration regime established by the current Policy is designed to promote the long-term profitability and sustainability of the Company, injecting the safeguards needed to prevent the assumption of too much risk or the reward of adverse results and ensuring the alignment of the interests of the directors with those of the Company and its shareholders, without compromising the independence of the directors.

The guiding principles of the Remuneration Policy are approved and updated by the Appointments, Remuneration and Sustainability Committee and the Board of Directors, in order to keep the Policy in line with the evolution of the market and the best practices of competitors in remuneration matters.

Procedures and bodies involved in determining and approving the Remuneration Policy

According to article 15.4.f.ii of the Board Regulations, the Appointments, Remuneration and Sustainability Committee shall periodically review the remuneration policy for the directors and senior managers, including share-based remuneration systems and their application, ensure that their individual remuneration is proportionate to others directors and senior managers of the Company, and shall ensure compliance therewith and may propose amendments and updates to the Board of Directors.

Composition of the Appointments, Remuneration and Sustainability Committee

As stipulated in article 15 of the Board Regulations, the Appointments, Remuneration and Sustainability Committee must comprise a minimum of three and maximum of five directors, appointed by the Board of Directors itself, from among its external directors, at the proposal of the Board's Chairman. The majority of the members of the Appointments, Remuneration and Sustainability Committee must be independent directors. The Board of Directors must also appoint a committee chair from among the independent directors comprising the Committee. The Board of Directors shall appoint a Secretary of the Committee and, if applicable, a Vice-Secretary, and the Secretary of the Board, its Vice-Secretary or any other person, whether or not a member of the Board of Directors, with the aptitude to perform the duties inherent to such positions may be appointed for such positions.

At 31 December 2023, Appointments, Remuneration and Sustainability Committee was configured as follows:

Name	Position	Type
Roger Maxwell Cooke	Chairman	Independent
Alec Emmott	Member	Independent
Miguel Pereda	Member	Proprietary
Dª. Leticia Iglesias	Member	Independent
Dª. Susana Guerrero	Secretary	Non-director

In accordance with the foregoing, during the financial year 2023 the composition of the Committee has been consistent with the provisions of Article 529 quindecies.1 of the Capital Companies Act, with all the members of the aforementioned Committee being non-executive directors and, for the most part, independent director, thus complying with the recommendation 47 of the Good Governance Code of listed companies.

<u>Functions of the Appointments, Remuneration and Sustainability Committee</u>

The Appointments, Remuneration and Sustainability Committee will have the following basic responsibilities, without prejudice to other functions that may be assigned to it by the Board:

- Competencies relating to the composition of the Board of Directors and its Committees.

- Competencies relating to the selection of candidates for directors and senior management.

- Competencies relating to the process of appointing internal positions on the Board of Directors.

- Competencies relating to the evaluation of directors.

- Competencies relating to the removal and dismissal of directors.

- Competencies relating to the remuneration of directors and senior management.

- Competencies relating to sustainability in environmental and social matters.

- Ensuring that possible conflicts of interest do not impair the independence of the external advice provided to the Committee in connection with the performance of its duties.

- Competencies related to the duties of loyalty, diligence, confidentiality, non-competition, information of the Board Members, etc. such as submitting to the Board the reports related to the performance of directorships or executive positions in companies that are competitors of the Company for the express authorization of the Board of Directors, as well as those reports for making decisions to be adopted in the event of situations affecting any board member, whether or not related to their performance in the Company itself, which may damage the credit and reputation of the Company and, in particular, any criminal case in which they appear as investigated, as well as the procedural vicissitudes thereof.

Particularly, in relation to the powers relating to the remuneration of directors and senior management, the functions of the Committee are as follows:

i. Propose to the Board of Directors the remuneration policy for directors and senior management.

ii. Periodically review the remuneration policy for directors and senior management, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to that paid to the Company's other directors and senior management, as well as ensure compliance therewith, and may propose amendments and updates to the Board of Directors.

iii. Propose the basic conditions of the contracts to be entered into by the Company with the executive directors for approval by the Board of Directors, including their remuneration and any compensation that may be fixed in the event of early termination of their duties and the amounts to be paid by the Company as insurance premiums or contributions to savings systems, in accordance in all cases with the provisions of the Company's internal regulations and, in particular, in accordance with the remuneration policy approved by the General Shareholders Meeting.

iv. Propose to the Board of Directors the individual determination of the remuneration of each director in his capacity as such, within the framework of the bylaws and the directors' remuneration policy, as well as the individual determination of the remuneration of each director for the performance of the executive duties attributed to him within the framework of the remuneration policy and in accordance with the provisions of his contract.

v. Report and submit to the Board of Directors the proposals of the Chairman of the Board of Directors or the Chief Executive Officer, if any, regarding the remuneration structure of senior executives and the basic conditions of their contracts, including any compensation or indemnities that may be established in the event of dismissal.

vi. Ensure compliance with the Company's remuneration programs and report on the documents to be approved by the Board of Directors for general disclosure with regard to information on remuneration, including the Annual Report on Directors' Remuneration and the corresponding sections of the Company's Annual Corporate Governance Report, as well as verify the information on remuneration of directors and senior management contained in the various corporate documents.

vii. To report, on a mandatory basis and prior to approval by the competent corporate body, on the remuneration established for independent directors of other companies in the Group.

<u>Meetings of the Appointments, Remuneration and Sustainability Committee</u>

The Appointments, Remuneration and Sustainability Committee shall ordinarily meet at least three times a year. It shall also meet at the request of any of its members and whenever convened by its Chairman, who must do so whenever the Board of Directors or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its functions.

The Appointments, Remuneration and Sustainability Committee shall also draw up minutes of its meetings, a copy of which shall be sent to all members of the Board. The Board of Directors shall deliberate on the proposals and reports submitted to it by the Committee.

In the 2023 financial year, the Committee met on 8 occasions, submitting preparatory reports on the proposals submitted for the Committee's consideration for its subsequent submission to the Board of Directors, copies of which are kept with the minutes.

Consequently, the Appointments, Remuneration and Sustainability Committee has met as often as necessary for the proper performance of its duties and in accordance with the provisions of section three of the second section of the CNMV's Technical Guide 1/2019.

According to the schedule for the financial year 2024, the Appointments, Remuneration and Sustainability Committee is expected to hold at least 7 meetings during the aforementioned financial year.

External advice

The Appointments, Remuneration and Sustainability Committee may obtain the advice of external experts when it deems necessary for the best performance of its duties. Pursuant to the foregoing, the Company has received external advice from Georgeson for the update of the competency matrix and external evaluation of the Board and EY Abogados, S.L.P. for the preparation of this Report.

Likewise, when the Company has deemed it appropriate, external advisors or suppliers have participated in specific matters of the Appointments, Remuneration and Sustainability Committee.

Procedure contemplated in the Policy for applying temporary exceptions

The current Remuneration Policy at the date of preparation of this Report does not contemplate the possibility of applying temporary exceptions to the Policy.

A.1.2 Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to guarantee a suitable balance between the fixed and variable components of the remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adapt this to the long-term objectives, values and interests of the company, which will include, as the case may be, mention of any measures to guarantee that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company, and any measures to avoid conflicts of interest.

Furthermore, state whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or

other financial instruments, any deferral period in the payment of amounts or the handover of accrued and vested financial instruments, or if any clause has been approved reducing the deferred remuneration not yet consolidated or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate.

Remuneration mix

Insofar as the Board of Directors of Lar España only has non-executive directors, the Remuneration Policy does not include variable remuneration elements, so that the remuneration of non-executive directors consists entirely of fixed components, in accordance with best practices in corporate governance of remuneration.

Tailored actions to reduce risks

Within the limits set forth in the Bylaws and in the Remuneration Policy, the Board of Directors of Lar España shall endeavor to ensure that remuneration is set taking into consideration the dedication, qualifications and responsibility required by the position, as well as the experience, functions and duties performed by each director. In this regard, remuneration shall maintain a balance between market competitiveness and internal equity.

In addition, the Policy aims to establish a compensation scheme appropriate to the dedication and responsibilities assumed by them, and is applied with the purpose of attracting, retaining, and motivating the members of Lar España's Board of Directors, all with the aim of having people with the right professional profiles to contribute the achievement of the Company's strategic objectives.

For its part, the aforementioned Policy does not contemplate any variable remuneration system, thus removing a large part of the risks derived from the remuneration system.

A.1.3 Amount and nature of fixed components that are due to be accrued during the year by directors in their status as such.

The current Remuneration Policy established the following:

- In relation to the remuneration of the members of the Board of Directors due to their status as such, the Policy intends to reward them in an adequate and sufficient manner for their dedication, qualifications, and responsibilities, without implying compromising their independence of criteria.

- Apart from proprietary directors, who are not compensated in any way, it is foreseen that each director of Lar España earn a fixed payment of 70,000 € per annum. The Chairman earns an additional 80,000€ per year of the remuneration paid to the remaining Board members (a total of 150,000 euros annually).

- Independent Board members serving on any of the Committees will be compensated with an additional 15,000 euros per year for participating in them. The President of the Audit and Control Committee will earn an additional 7,500 euros annually (a total of 22,500 euros annually) and the President of the Appointments, Remuneration and Sustainability Committee an additional 2,000 euros annually (a total of 17,000 euros annually).

- Lastly, the members of the Board who, at the appointment of Lar España, hold positions on the boards of company investees may receive additional fixed remuneration for attending those boards' meetings in an amount of 15,000 euros per year for each company.

- Likewise, Lar España will reimburse the directors for the travel expenses incurred in attending the meetings of the Board of Directors and the Committees of which the Company's directors are members.

- Lar España's Remuneration Policy stipulates a maximum annual amount payable to the Board of Directors for their status of 650,000 euros.

A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

As Lar España has no executive directors, no amounts have accrued in 2023 and will no accrue in 2024 for the performance of senior management functions by executive directors.

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favor of the director.

During the financial year 2024, the directors of Lar España do not plan to receive any remuneration in kind.

A.1.6 Amount and nature of variable components, differentiating between those established in the short and long term. Financial and nonfinancial, including social, environmental and climate change parameters selected to determine variable remuneration in the year in progress, explaining the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, deadline necessary and techniques established to determine the effective degree of compliance with the parameters used in the design of the variable remuneration explaining the criteria and factors applicable in terms of the time required and methods for verifying that the performance or other conditions to which each component of variable remuneration was linked have been effectively met the performance or other conditions to which the accrual and vesting of each component of variable remuneration was linked have been effectively fulfilled.

State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

The Remuneration Policy does not provide for variable remuneration for directors. However, article 27.5 of Lar España's Board Regulations provides that any variable remuneration tied to the Company and/or the director's performance, the award of shares, options, or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans be confined to executive directors.

In this regard, in the event that Lar España contemplates the appointment of executive directors, the aforementioned Policy must be adapted in such a way as to specify the amount of the fixed annual remuneration and its variation in the period to which the Policy refers; the different parameters for setting the variable components; and the main terms and conditions of their contracts, including, in particular, their duration, indemnities for early termination or termination of the contractual relationship and exclusivity covenants, post-contractual non-competition and permanence or loyalty.

It should be noted that Lar España does not plan to have executive directors at the date of publication of this Report.

A.1.7 Main characteristics of the long-term savings systems. Among other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are vested for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided, between the Company and the director.

State if the accrual or vesting of any of the long-term savings plans is linked to achieving certain objectives or parameters related to the short- or long-term performance of the director.

The Company has no pension, retirement or similar obligations or commitments to any director.

A.1.8 Any type of payment or severance pay for early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided between the company and the director, whether voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, continuance in office or loyalty, which entitle the director to any type of remuneration.

There are currently no agreed severance payments related to the termination of the relationship with Lar España as a director.

A.1.9 State the conditions that contracts should respect for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, compensation and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, any clauses or agreements on non-competition, exclusivity, continuance in office and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

Lar España does not plan to hire any executive directors in financial year 2024.

A.1.10 The nature and estimated amount of any other supplementary remuneration accrued by directors in the year in progress in consideration for services rendered other than those inherent in the post.

The directors do not receive any additional remuneration for services other than those inherent to their position, which have not been described in this Report.

A.1.11 Other items of remuneration like those deriving from the company providing advances, loans, guarantees or any other remuneration to the directors.

At the date of approval of this Report, there are no loans, advances granted or guarantees provided by the Company to members of the Board of Directors on the Company's balance sheet.

Likewise, the directors have not received any other remuneration in addition to that described in this Report.

A.1.12 The nature and estimated amount of any other planned supplementary remuneration accrued by directors in the year in progress that is not included in the previous sections, whether payment is made by the company or another group company.

At the date of approval of this Report, there are no other remuneration items other than those described in the previous sections.

A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:

a) A new policy or a modification of the policy already approved by the General Meeting.

b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.

c) Proposals that the board of directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and

which are proposed to be applicable to the current year.

The Company´s current Remuneration Policy is effective for financial years 2022, 2023 and 2024, and therefore, at the date of preparation of this Report, a new directors' remuneration policy is expected to be approved, which, although it is still pending definition, is expected to be consistent with the current Policy, without relevant conceptual changes, including only the necessary adjustments to keep it updated in accordance with the current market and Company´s circumstances.

A.3 Identify the direct link to the document where the current company remuneration policy is posted, which must be available on the web page of the company.

https://www.larespana.com/wp-content/uploads/2018/09/remuneration-policy-2022.pdf

A.4 Explain, taking into account the data provided in Section B.4, the outcome of voting, of a consultative nature, by shareholders at the General Shareholders' Meeting on the annual report on remuneration for the previous year.

The shareholders' vote was considered as ratification of the annual remuneration report of the previous year, as it obtained 99.37% of votes in favor.

B OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and, as the case may be, the identity and the role of the external advisors whose services have been used in the process to apply the remuneration policy in the year ended.

The process followed to apply the remuneration policy and determine individual remuneration has been carried out as indicated in section A.1 of this Report. The Appointments, Remuneration and Sustainability Committee plays a leading role in the application of Lar España's Remuneration Policy. The Committee met 8 times in financial year 2023. At the meetings, the preparatory reports of the proposals submitted for consideration by the Committee are presented and a copy is kept together with the minutes. The Appointments, Remuneration and Sustainability Committee in the 2023 financial year and with regard to remuneration has maintained a remuneration policy in line with those developed to date, in accordance with the criteria shown by the majority of the shareholders who have voted in favor of the Remuneration Policy proposed by the Board of Directors.

B.1.2 Explain any deviations from the procedure established for the application of the remuneration policy that have occurred during the year.

There have been no deviations during financial year 2023.

B.1.3 Indicate whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Also quantify the impact that the application of these exceptions has had on the remuneration of each director during the year.

No temporary exceptions have been applied to the remuneration policy in financial year 2023.

B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting them to the long-term objectives, values and interests of the company, including a reference to the measures that have been adopted to guarantee that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been attained between the fixed and variable components of the remuneration, the measures that have been adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, if appropriate.

Lar España's Remuneration Policy is compatible with adequate and effective risk management.

The different actions taken by the Company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the Company's objectives, values and long-term interests have been indicated in section A.1 of this Report.

These actions are intended to control the Company's remuneration practices in order to align them with the business strategy, promoting the long-term profitability and sustainability of Lar España, and incorporating the necessary safeguards to avoid excessive risk-taking and the rewarding of unfavorable results.

B.3 Explain how the remuneration accrued and consolidated over the year meets

the provisions contained in the current remuneration policy and, in particular, how it contributes to the long-term and sustainable performance of company.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, as the case may be, how the variations in the performance of the company have influenced changes in the remuneration of directors and how the latter contribute to the short- and long-term results of the company.

The total remuneration accrued during 2023 does not exceed the maximum amount established in the Remuneration Policy approved by the General Shareholders' Meeting on April 27, 2022.

For its part, to the extent that the Board of Directors of Lar España only has non-executive directors, the Remuneration Policy does not contemplate variable elements of remuneration, so that the remuneration of non-executive directors is composed entirely of fixed components, in accordance with best practices in corporate governance of remuneration.

B.4 Report on the result of the consultative vote at the General Shareholders Meeting on remuneration in the previous year, indicating the number of abstentions and negative, blank and affirmative votes cast that may have been cast:

The annual report on directors' remuneration for the financial year 2022 was submitted to the advisory vote of the General Meeting of Shareholders on March 31, 2023, as the tenth item on the Agenda, with the following result:

	Number	**% of total**
Votes cast	59,697,074	71.329

	Number	**% of cast**
Votes against	56,481	0.094
Votes in favour	59,393,504	99.365
Votos in blank	0	0
Abstentions	247,089	0.413

B.5 Explain how the fixed components accrued and consolidated during the year by the directors in their capacity as such have been determined and how they have changed, the relative proportion for each director and with respect to the previous year.

The fixed remuneration of the directors in their capacity as such in 2023 has been determined as indicated in section A.1. of this Report. As it is a fixed amount, no additional calculations have been required.

The amount paid to the directors for their membership of the Board and the Committees was 529,500 euros in 2023, lower than the maximum amount established in the current Remuneration Policy (650,000 euros).

B.6 Explain how the salaries accrued and consolidated by each one of the executive directors over the past financial year for the performance of management duties were determined, and how they have changed with respect to the

previous year.

As Lar España has non-executive directors, no amounts have been accrued for the performance of senior management duties by executive directors in 2023.

B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and consolidated in the year ended.

In particular:

a) Identify each one of the remuneration plans that have determined the different types of variable remuneration accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, conditions in case of consolidation, the periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated explaining conditions and criteria stipulated, with detailed explanations of the criteria and factors you have applied in terms of the time required and methods to verify that the performance or other conditions attached to the accrual and vesting of each component of variable remuneration have been effectively met.

b) In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions to acquire unconditional ownership (vesting) and to exercise these options or financial instruments, including the price and term to exercise them.

c) Each one of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other external directors), that are beneficiaries of remunerations systems or plans that include variable remuneration.

d) If applicable, information on the established accrual, vesting or deferral periods of consolidated amounts that have been applied and/or the periods of withholding/non-disposal of shares or other financial instruments, if any, shall be disclosed.

The Policy applied during financial year 2023 do not provide for variable remuneration for directors. However, Lar España's Board Regulations in its article 27.5 provide that any variable remuneration tied to the company and/or the director's performance, the award of shares, options, or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans be confined to executive directors.

Likewise, non-executive directors may only participate in share-based remuneration schemes provided they retain such shares until the end of their mandate.

Notwithstanding the above, it should be noted that Lar España did not have any executive directors during the 2023 financial year.

B.8 Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been vested and deferred or, in the case of the latter, vested and paid, on the basis of data that have subsequently proved to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction or clawback clauses, why they were implemented and the years to which they refer.

As described in the previous section, the Remuneration Policy applied in financial year 2023 do not contemplate variable remuneration for directors.

B.9 Explain the main characteristics of the long-term savings systems where the

amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions for vesting economic rights for directors and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.

During the 2023 financial year, none of the directors of Lar España has been a beneficiary of long-term savings schemes, including retirement or any other survivor's benefits, financed in whole or in part by the Company.

B.10 Explain, where appropriate, the severance pay or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract upon the terms provided for therein, accrued and/or received by directors during the year ended.

In financial year 2023, no payments for early termination or termination of directors ‘contracts have been recognized.

B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, where appropriate, explain such changes. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

Lar España did not have any executive directors in 2023.

B.12 Explain any supplementary remuneration accrued by directors as consideration for services rendered outside of their post.

In 2023, the Lar España board members did not provide any services not inherent to their positions.

B.13 Explain any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, their key characteristics and the amounts eventually returned, as well as the obligations taken on by way of guarantee or collateral.

In 2023, Lar España board members did not avail themselves of any advances, loans, or guarantees.

B.14 Itemize the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary components.

In 2023, Lar España board members did not avail themselves of any remuneration in kind.

B.15 Explain the remuneration accrued by directors by virtue of payments made by the listed company to a third company at which the director 15 renders services when these payments seek to remunerate the director’s services to the company.

In 2023, no Lar España directors earned compensation by virtue of payments made by the listed company to a third-party entity in which the board members provide services.

B.16 Explain and detail the amounts accrued in the year in relation to any other remuneration item other than the above, whatever its nature or the group entity that pays it, especially including all benefits in any form, such as when it is considered a related-party transaction or when its issue distorts, in particular, when it significantly affects the true and fair view of the total remuneration accrued by the director, explaining the amount granted or pending payment, the nature of the consideration received and the reasons why it would have been considered, as the case may be, that it does not constitute remuneration to the

director in his capacity as such or in consideration for the performance of his executive duties, and whether or not it has been considered appropriate to include it among the amounts accrued under the "other items" section of section C.

During 2023, no Lar España board members were remunerated through any other items apart from the abovementioned.

C BREAKDOWN OF THE INDIVIDUAL REMUNERATION EARNED BY EACH BOARD DIRECTOR

Name	Type	Accrual period 2023
José Luis del Valle	Independent Director (Chairman)	January – December 2023
Roger M. Cooke	Independent Board Member	January – December 2023
Alec Emmott	Independent Board Member	January – December 2023
Miguel Pereda	Nominee Director	January – December 2023
Isabel Aguilera	Independent Board Member	January – December 2023
Leticia Iglesias	Independent Board Member	January – December 2023

C.1 Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration in cash (thousand €)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total financial year 2023	Total financial year 2022
José Luis del Valle	150	0	15	0	0	0	0	0	165	157
Roger M. Cooke	70	0	17	0	0	0	0	0	87	87
Alec Emmott	70	0	15	0	0	0	0	0	85	85
Miguel Pereda	0	0	0	0	0	0	0	0	0	0
Isabel Aguilera	70	0	23	0	0	0	0	0	93	85
Leticia Iglesias	70	0	30	0	0	0	0	0	100	101

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of financial year 2023		Financial instruments granted during financial year 2023		Financial instruments vested during the fiscal year				Instruments matured but not exercised	Financial instruments at end of financial year 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instrument	No. of equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent share
No data												

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings system
No data	

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Financial Year 2023		Financial Year 2022	
	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Savings systems with vested economic rights	Savings systems with non-vested economic rights	Savings systems with vested economic rights	Savings systems with non-vested economic rights
No data								

iv) Details of other items

Name	Concept	Amount remunerated
No data		

b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (thousand €)

Name	Fixed compensation	Per diem allowances	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total financial year 2023	Total financial year 2022
José Luis del Valle	0	0	0	0	0	0	0	0	0	0
Roger Cooke	15	0	0	0	0	0	0	0	15	15
Alec Emmott	0	0	0	0	0	0	0	0	0	0
Miguel Pereda	0	0	0	0	0	0	0	0	0	0
Isabel Aguilera	0	0	0	0	0	0	0	0	0	0
Leticia Iglesias	0	0	0	0	0	0	0	0	0	0
Laurent Luccioni	0	0	0	0	0	0	0	0	0	0

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of year 2023		Financial instruments vested during year 2023		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
No data												

iii) Long-term savings systems

	Remuneration from vesting of rights to savings system
No data	

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Financial year 2023		Financial year 2022	
	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Savings systems with vested economic rights	Savings systems with non-vested economic right	Savings systems with vested economic rights	Savings systems with non-vested economic rights
No data								

iv) Details of other items

Name	Item	Amount remunerated
No data		

c) Summary of remuneration (thousand €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

Name	Remuneration accrued in the Company					Remuneration accrued at group companies					
	Total compensation paid in cash	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total financial year 2023 - company	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total financial year 2023 - group	Total financial year 2023 in the Company + Group
José Luis del Valle	165	0	0	0	165	0	0	0	0	0	165
Roger Cooke	87	0	0	0	87	15	0	0	0	15	102
Alec Emmott	85	0	0	0	85	0	0	0	0	0	85
Miguel Pereda	0	0	0	0	0	0	0	0	0	0	0
Isabel Aguilera	93	0	0	0	93	0	0	0	0	0	93
Leticia Iglesias	100	0	0	0	100	0	0	0	0	0	100
Total:	530	0	0	0	530	15	0	0	0	15	545

c.2) Indicate the evolution over the last 5 years of the amount and percentage variation of the remuneration accrued by each of the listed company's directors who have been directors during the year, of the consolidated results of the company and of the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Financial year 2023	% change 2023/2022	Financial year 2022	% change 2022/2021	Financial year 2021	% change 2021/2020	Financial year 2020[1]	% change 2020/2019	Financial year 2019
Non-executive Directors	**545**	**3%**	**530**	**5%**	**505**	**5%**	**479**	**-6%**	**508**
D. José Luis del Valle	165	5%	157	12%	140	-6%	132	-6%	140
D. Roger M. Cooke	102	0%	102	0%	102	5%	97	-6%	103
D. Alec Emmott	85	0%	85	0%	85	5%	81	-7%	87
D. Miguel Pereda	0		0		0		0		0
Dª. Isabel Aguilera	93	9%	85	0%	85	-5%	81	-5%	85
Dª. Leticia Iglesias	100	-1%	101	9%	93	6%	88	-5	93
Consolidated results of the company[2]	**35,668**	**-51%**	**72,921**	**202%**	**24,160**	**-145%**	**-53,668**	**-167%**	**79,628**
Average employee compensation[3]	**184**	**-15%**	**216**	**33%**	**162**	**18%**	**137**	**11%**	**123**

[1] As a consequence of the crisis caused by the Covid-19 pandemic, the remuneration of the members of the Board of Directors was reviewed and a temporary reduction of the remuneration of the directors of Lar España was agreed.

[2] In accordance with the provisions of Circular 3/2021, the profit before tax of the audited consolidated financial statements for each financial year is included.

[3] Pursuant to the provisions of Circular 3/2021, it is established that the average employee remuneration shall be calculated as the quotient between the amount of remuneration earned by staff in each year, determined in accordance with the accounting regulations applicable in the preparation of the consolidated and audited annual accounts for each year (discounting, where applicable, the remuneration of directors) and the weighted average number (excluding directors) of employees calculated on a full-time equivalent basis. In this regard, the heading "Wages, salaries and similar items" of the annual accounts has been included excluding directors' remuneration. However, and notwithstanding the fact that the calculation in 2022 is made in accordance with the applicable regulations, it should be noted that the figure shown is distorted by the expiration of a 3-year long-term incentive plan, which has been fully paid to employees in 2022 and which significantly increases the figure for "Wages, salaries and similar items", without this figure corresponding to the reality of annual remuneration. In this regard, the average compensation of employees in 2022 (excluding the long-term incentive plan) is 175, with a % variation 2022/2021 of 8%.

D OTHER INFORMATION OF INTEREST

If there is any relevant aspect regarding the remuneration of directors that has not been included in the other sections of this report, but which is necessary to include in order to provide more complete and reasoned information on the structure and remuneration practices of the company in relation to its directors, briefly describe them.

This remuneration report was approved by the Board of Directors of the Company, at the proposal of the Appointments, Remuneration and Sustainability Committee, at its meeting held on February 27, 2024.

Indicate whether any directors voted against or abstained from voting on the approval of this report.

Yes ☐ No X

Name or company name of the member of the Board of Directors who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons
[•]	[•]	[•]