

REPORT PREPARED BY THE AUDIT AND CONTROL COMMITTEE OF LAR ESPAÑA REAL ESTATE SOCIMI, S.A. ON ITS FUNCTIONING IN 2023, AUDITOR INDEPENDENCE AND RELATED PARTY TRANSACTIONS

I. INTRODUCTION

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

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

II. REGULATION

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

III. COMPOSITION

Articles 42 of the Articles of Association and 14 of the Board of Directors Regulations of the Company, at the date of this report, provide that the Audit and Control Committee will be comprised of a minimum of three and a maximum of five Directors, appointed

by the Board of Directors from among the external or non-executive Directors. The majority of the members of the Audit and Control Committee will be independent and will be appointed –specially the Chairman- taking into account their knowledge and experience in accounting, auditing and risk management both financial and non-financial.

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

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

During 2023 there have not been changes in the composition of the Audit and Control Committee, being this the following:

- **Ms Isabel Aguilera Navarro** (Chairman) is an independent external Director of Lar España. She was appointed Director of Lar España by the Board of Directors of the Company by the co-optation system, at its meeting of 29 May 2017, on which date the Board of Directors also appointed her as a member of the Audit and Control Committee, her appointment being ratified by the General Shareholders' Meeting held on 19 April 2018 and re-elected as a Director of Lar España on 22 April 2021. Since October 2022, she has been Chairman of the Audit and Control Committee. Ms Aguilera has developed her professional career in different companies in various sectors and has been President for Spain and Portugal of General Electric, General Manager in Spain and Portugal of Google, Chief Operating Officer of NH Hoteles Group and Chief Executive Officer for Spain, Italy and Portugal of Dell Computer Corporation. She has also been a member of the Board of Directors of several companies such as Indra Sistemas, Banco Mare Nostrum, Aegon España, Laureate, Inc., Grupo Egasa, HPS (Hightech Payment Systems) or Banca Farmafactoring. Currently, Ms Isabel Aguilera is a director of the listed companies Grupo Cemex, Oryzon Genomics and Clínica Baviera, as well as Making Science (listed on BME Growth).

Ms Isabel holds a degree in Architecture and Urban Planning from the Escuela Técnica Superior de Arquitectura de Sevilla, and a Master's Degree in Corporate Social Responsibility from the Escuela Técnica Superior de Arquitectura de Sevilla, 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. Ms Isabel is currently Associate Professor at ESADE and Strategy and Innovation Consultant and is also a director of the non-listed company Canal de Isabel II.

- **Ms Leticia Iglesias Herraiz** (Member) is an independent external Director of Lar España. She was appointed by the Company's Board of Directors through the cooption system on its' meeting held on 16 October 2018, in the same date she was appointed also by the Board of Directors as member and President of the Audit and Control Committee, being her appointment confirmed by the General Shareholders Meeting held on 25 April 2019 and re-elected for a term of three years as independent Director at the General Meeting held on 27 April 2022. Since October 2022 he has been member of the Audit and Control Committee and in March 2022, she joined the Nomination, Remuneration and Sustainability Committee of the Company as a member. 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).

In addition, between 2013 and 2017 she was an independent Director of the Board of Directors of Banco Mare Nostrum (BMN) and during 2017 and 2018 she held the position of independent Director in Abanca Servicios Financieros, EFC.

Currently, Ms Iglesias is an independent Director of Abanca Corporación Bancaria (since May 2018), of AENA SME, S.A. (since April 2019), of Acerinox, S.A. (since October 2020) and, since 3 August 2022, of the non-listed company Abanca Gestion de activos, SGIIC, S.A.

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

- **Mr José Luis del Valle Doblado** (Member) is an external independent Director of Lar España and Board's President. He was appointed as a Director of Lar España by Grupo Lar Inversiones Inmobiliarias, S.A., the then sole shareholder of the Company, on 5 February 2014, and re-elected as external independent Director, at the prior proposal of the Appointments, Remuneration and Sustainability Committee and

following a favourable report from the Board of Directors, by the Ordinary General Shareholders' Meetings held on 29 May 2017 and on 17 March 2020 having been re-elected again by the Ordinary General Shareholders' Meeting of 31 March 2023. The Board of Directors of the Company appointed him as its Chairman and as member and Chairman of the Audit and Control Committee on 6 February 2014, a position which he held until 29 May 2017, the date on which he presented his resignation to the Board as Chairman of the Committee, being since then a member of such Committee. Mr del Valle has extensive experience in the banking and energy sector. From 1988 to 2002 he held various positions with Banco Santander, one of the most relevant financial entities in Spain. In 1999 he was appointed Senior Executive Vice President and CFO of the bank (1999-2002).

Subsequently he became Chief Strategy and Development Officer of Iberdrola, one of the main Spanish energy companies (2002-2008), Chief Executive Officer of Scottish Power (2007-2008), Chief Strategy and Research Officer of Iberdrola (2008-2010), Advisor to the Chairman of the aerogenerator manufacturer Gamesa (2011-2012) and Chairman of GES – Global Energy Services (2014-2017) among others. From 2018 until 1 February 2023, he was Chairman of the Board of the Directors of the WiZink Bank, which he continued to advise until 30 June 2023. Currently Director of the insurance group Ocaso and Director and Vice President of the Instituto de Consejeros-Administradores (Institute of Managers-Directors).

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

In this regard, as 31 December 2023, the Audit and Control Committee was composed of the following members:

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

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

With respect to the offices of Secretary and Vice-Secretary not members of the Committee, until 22 June 2023, the office of Secretary non-member of the Audit and Control Committee was held by Mr Juan Gómez-Acebo Sáenz de Heredia being Deputy Secretary of the Committee, the Deputy Secretary of the Board of Directors Ms Susana Guerrero Trevijano. On 22 June 2023, the Board of Directors of the Company agreed to appoint Ms Susana Guerrero Trevijano as the new non-member Secretary of the Audit

and Control Committee, and Mr Juan Gómez-Acebo Sáenz de Heredia as Deputy Secretary of the Committee. The Audit and Control Committee took note of this change in its composition at the meeting held on 26 July 2023.

As a result, the composition of the Committee during 2023 has been consistent with the provisions of the Board of Directors Regulations and article 529 *quaterdecies.1* of the Spanish Companies Act, in accordance with its current version, being all the members of the Committee independent Directors during 2023.

IV. MEETINGS

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

All meetings of the Audit and Control Committee have been duly convened by its Secretary following instructions from the Chairman of the Committee, by means of individual communication to each of its members, in accordance with the form and deadlines established in the Board Regulations and the Committee Regulations. Likewise, the documents relating to the different items on the Agenda have been made available to the members of the Committee prior to the meeting.

The Audit and Control Committee met ten times during 2023.

As a result, the Audit and Control Committee met with the frequency required for proper performance of its duties. All of its members have personally, either physically or by telematic means, attended the meetings that were held during 2023, except for the meeting held on 17 May which Ms Leticia Iglesias Herraiz attended represented by Mr José Luis del Valle by means of a special power of attorney granted in his favor, with precise voting instructions.

The ten meetings of the Audit and Control Committee were held physically at the Company's registered office.

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

the latter has attended partially to the 8 meetings of the Committee and the external auditor has attended 3 meetings.

V. FUNCTIONS OF THE AUDIT AND CONTROL COMMITTEE AND ACTIVITIES DURING 2023

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

The following is a list of the powers that the Committee Regulations attribute to the Committee, indicating its most important actions in 2023 in relation to them:

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

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

- Report to the General Shareholders' Meeting on any matters raised by the shareholders regarding its competence and, in particular, on the results of the audit, explaining how it contributed to the integrity of the financial information and the function discharged by the Committee in this process.
- Supervise the process of preparing and submitting the required financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- Oversee that the annual accounts the Board of Directors presents to the General Shareholders' Meeting are drawn up in accordance to accounting legislation. However, in those cases where the auditors include any qualification in its report, the Chairman of the Audit and Control Committee should give a clear explanation at the General Shareholders' Meeting of their opinion regarding the content and scope. Likewise, a summary of that opinion will be available to the shareholders at the time of the publication of the notice of the General Shareholders' Meeting.
- Give the Board of Directors prior notice of any financial information and the management report, including, where appropriate, the required non-financial (sustainability) information that the Company, is obliged to publish periodically. The Audit and Control Committee must ensure that the half-yearly financial reports and the interim management reports are drawn up in accordance with the same accounting policies as the annual financial statements and, to this end, may ask the external auditor to conduct a limited review of the half-yearly financial reports.

- **Review of periodic financial and non-financial (sustainability) reporting**

As in the last financial period, during the year 2023, the Committee supervised the process of preparation and the integrity of the financial and non-financial information (sustainability) –including, where applicable, the adjustments that deemed appropriate in the half-yearly documentation–, both individual and consolidated, that the Board of Directors must provide to the market and submit to the CNMV by virtue of its periodic reporting obligations as a listed company.

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

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

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

- **Review of annual accounts**

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

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

After the appropriate discussion and analysis of the financial information and the audit report with the external auditor, the Audit and Control Committee approved prior to its preparation of the Company's annual accounts by the Board of Directors, as well as the Company's consolidated financial statements for the financial year ended 31 December 2022, including the management report which includes the Annual Corporate Governance Report and the Annual Report on Board Remuneration-, the result for the financial year and the proposal of its application.

Accordingly, it is noted that the audit reports of the individual and consolidated annual accounts of Lar España corresponding to the financial year ended 31 December 2022 had no reservations or qualifications.

Likewise, no reservations or qualifications are expected regarding the audit reports regarding the individual and consolidated accounts of Lar España corresponding to the financial year ended 31 December 2023, with regard to the latter, among others, the following aspects being highlighted as relevant: (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.

In relation 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 without any limitation.

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

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

- Supervise and evaluate the preparation and the integrity of the financial and nonfinancial (sustainability) information prepared on the Company and, where appropriate, the Group, checking the fulfilment of legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles and, in particular, know, understand and monitor the effectiveness of the internal control over financial reporting system (ICFR).
- Supervise on a regular basis the effectiveness of the internal control of the Company, and its Group as well as the activities of the Company's internal audit function, discussing, together with the auditors, any significant weaknesses in the

internal control system detected in the audit, and drawing conclusions on the system's level of accuracy and reliability, all without diminishing its independence. To this effect, and where applicable, the Committee shall submit recommendations or proposals to the Board of Directors and the corresponding period for the follow-up thereof.

- Ensure in general that the policies and systems established for internal control are effectively implemented in practice.
- Supervise the unit that assumes the internal audit function, which shall oversee the proper functioning of the reporting and internal control systems and will report functionally to the Chairman of the Audit and Control Committee and, in particular:
 - (a) monitor the independence and effectiveness of the internal audit function;
 - (b) propose the selection, appointment, and removal of the head of the internal audit unit;
 - (c) propose the unit's budget;
 - (d) approve its priorities and the annual internal audit work plan, ensuring that its activity focuses primarily on the main risks (including reputational ones);
 - (e) receive regular reports on its activities;
 - (g) verify that senior management take into account the findings and recommendations of its reports; and
 - (g) assess, on an annual basis, the functioning of the internal audit unit as well as the performance of its functions by its head, whereby the opinion of executive management shall be sought out for such purposes.

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

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

- **Supervision of the Internal Audit**

The Audit and Control Committee of Lar España performed during 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.

In this regard, the Internal Audit Responsible of the Company periodically informed the Audit and Control Committee about the unit's activities. In particular, the Committee was periodically informed, among other issues, about the evolution in the execution of the internal audit plan, review of periodic financial reporting, review of compliance with the requirements of the SOCIMI regime, review of the external auditor selection process, the 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, and of 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 and audit of the ICFR process, the monitoring of the communication with the markets, CNMV and relations with analysts, investors and other stakeholders and the associated risks, the review of 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 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 process of implementing a new Internal Information System, the possible implementation of a GRC (Governance, Risk and Compliance) tool, the obligations imposed by the Corporate Sustainability Reporting Directive (CSRD), the possibility of approving a new policy and procedure for purchasing and outsourcing services, the review of the cybersecurity action plans, the annual review of the accounting policy manual, and the analysis of activated linearizations and their evolution.

Finally, the Audit and Control Committee, on the basis of the self-assessment report prepared by the Internal Audit Responsible, assessed the functioning of the internal audit unit and the performance of its managers, declaring its agreement thereon and agreeing to report to the Board. In relation to the performance of his duties by the Internal Audit Director, 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 Director for the 2023 financial year.

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

During financial year 2023, and in relation to the Company's ICFR, the Audit and Control Committee analysed and supervised the effectiveness of the internal control systems, being informed by the Internal Audit Responsible in different meetings about the progress of the review process. Since the ICFR Manual provides for the annual evaluation and supervision of the different components of the ICFR, during the 2023 financial year, the ICFR Manual itself, the ICFR scoping matrix, in 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 Department, 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.

- **Ethics and Whistleblowing Channel**

During 2023, the Committee has analysed the issues related to the functioning of the Whistleblowing Channel and its activity, and the internal auditor confirmed that he had not received any complaints through this channel.

Likewise, the Audit and Control Committee, 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, 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 Whistleblower Channel.

3) With regard to the external auditor:

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

- Submit to the Board the proposals for the selection, appointment, re-election and replacement of the external auditor, taking responsibility for the selection process, in accordance with that set forth in applicable legislation, as well as the contracting conditions, and for such purpose it must:
 - 1°. determine the process of selection of the auditor; and
 - 2°. issue a reasoned proposal that shall contain a minimum of two alternatives for selecting the auditor, unless the same auditor is being reelected.
- Receive regular information from the external auditor on the audit plan and on the results of its implementation, and check that senior management is acting on its recommendations.
- Establish the proper relationships with auditors to receive information on any matters that may threatened their independence, in particular any discrepancies that may arise between the auditor and the Company's management, for examination by the Audit and Control Committee, and any other matters related to the audit process and, where applicable, the authorisation of the services other than those prohibited, under the terms envisaged in applicable legislation, as well as other notices envisaged in audit legislation and other audit regulations.

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

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

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

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

The Audit and Control Committee analysed the proposal submitted to the Board of Directors for the re-election of the external auditor of the Company for financial year 2023, for its later submission to the General Shareholders Meeting, agreeing to propose to the Board of Directors the renewal of the current external auditor (Deloitte) for a one-year term.

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 Department, 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.

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

The Audit and Control Committee supervised the relationships with the external auditors and its fees for the financial year 2023, as well as the compliance with the current auditing services contract, 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 Chairman of the Committee, the Corporate Director and CFO and the Internal Audit Responsible met on several occasions with the external auditors to discuss issues relating to the planning of audit work.

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

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

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

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

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

In accordance with the above, the Committee received the letter of independence of the external auditor dated 23 February 2023, considering the external auditor that everything reviewed in the audit process was in accordance, no irregularities or errors were detected and there had been good collaboration with the different areas of the Company, and the Committee concluded 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.

Likewise, the Audit and Control Committee checked the fees paid by the various Group companies to the external auditor in 2023. Details are given below:

<u>Concepts</u>	<u>Total</u>
	(thousands of euros)
Audit Services	375
Other Verification Services	27

Total Audit and related Services	402
Tax Services	-
Other services	-
Total Professional Services	402

Likewise, the Audit and Control Committee analysed and checked the fee schedule submitted by the external auditor for financial year 2023.

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

- (i) While performing its duties during financial 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 to the Company.
- (iii) The fees paid by the Company to the auditor do not represent a significant percentage of the revenue of the auditor for the purposes of complying with the rules established in the Audit Act.
- (iv) The fees paid to the auditor have been reasonably justified, estimating that they will not exceed reasonable market prices applicable to these types of services and there is no risk from the point of view of the auditor's independence and the maximum percentages foreseen in the regulations.

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

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

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

- Supervise and evaluate the effectiveness of the risk and control management systems including financial and non-financial relative to the Company or, where appropriate, to the Group (including operating, technological, legal, social, environmental, political and reputational or those related to corruption) and, in particular, review these systems in order for the main risks being properly identified, managed and disclosed.
- Supervise the internal risk management and control function.

- In relation to the risk management and control policy, identify or determinate, at least: (i) the different types of risk (operating, technological, financial, legal, reputational, including those related to corruption, sustainability, 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 Audit and Control Committee has received during the financial year 2023 periodic reports on the conclusions of the Internal Audit Responsible regarding the functioning of risk management. In particular, the Committee reviewed and approved the new risk map, both financial and non-financial, 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 various business units periodically attended the Committee meetings to report on trends in the respective businesses and the risks associated with them.

5) With regard to the obligations of listed companies:

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

- Report to the Board of Directors, prior to the Board passing the related resolutions on the following:
 - a) The incorporation or acquisition of ownership interests in special purpose vehicles or entities resident in jurisdictions considered to be tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

- b) The economic conditions, the accounting impact and, where applicable, the impact on the exchange ratio of the structural changes and corporate transactions that the Company plans to carry out.
- c) Any amendment to the internal code of conduct.
- o Inform and issue the reports that are mandatory about related-party transactions to be approved by the General Shareholders' Meeting or the Board of Directors and oversee the internal procedure established by the Company for those whose approval has been delegated by the Board of Directors in accordance with applicable regulations.

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

- **Related transactions**

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

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

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

Within the framework of this competence, during 2023, the Committee, for the purpose of determining its related party nature and, if applicable, the applicable legal regime, analysed, on the basis of the minutes and certificates issued by different internal bodies of the Company (Minutes of the Operating Group and certificate issued by the Internal Audit Director), the transaction for the provision of asset management 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 report for financial year 2023 issued by the Operating Group on the correct application of the Company's Related-Party Transactions Protocol.

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

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

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

In compliance with the functions attributed to it in relation to the corporate governance system, the Committee reviewed and accepted the Annual Corporate Governance Report for the financial year 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 Chairman 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 modification of the Regulations of the Board of Directors, the Regulations of the Audit and Control Committee and the Regulations of the Appointments Committee, the Board of Directors, the Audit and Control Committee and the Appointments, Remuneration and Sustainability Committee Regulations were amended 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 operation") and 43 ("Nominating, Compensation and Sustainability Committee") of the Company's Bylaws.

In this regard, the Audit and Control Committee of Lar España analysed, on the basis of the draft circulated prior to the meeting and after a presentation by the Company's Legal Director, the proposed amendment of the Bylaws, which established that the Secretary and Vice-Secretary of the Board Committees shall be those who are Secretary and Vice-Secretary of the Board, providing instead for the possibility that the positions of Secretary and Vice-Secretary of the Committees may be held by any person and not necessarily by those who hold such position on the Board. Finally, the Committee reported favorably on the proposed Procurement and Outsourcing Policy, as well as on the proposed amendments to the Policy for Information, Communication, Contacts and Involvement with shareholders, institutional investors, proxy advisors and other interest groups, and the Crime Prevention Policy; and was

informed of the activities carried out by the Company's Ethics Committee during financial year 2023.

7) Other functions of the Committee:

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

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

In accordance with the provisions of the Articles of Association, the Regulations of the Board of Directors and the Regulations of the Committee itself, the Audit and Control Committee reviewed - on the basis of presentations previously sent to the members of the Committee - and approved the valuations of the Company's assets at 31 December 2022 and 30 June 2023 prepared by the external valuers appointed by the Company for that purpose (Jones Lang LaSalle y Cushman & Wakefield), which were also reviewed by both the external auditor and the Internal Audit Responsible.

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

- **Others**

The Committee reviewed - with the assistance of the external auditor in the audit process, the Internal Audit Responsible and the Corporate Director and CFO - 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 analysed the fulfilment of the requirements to be able to apply the SOCIMI regime, based on the reports prepared by KPMG, which were reviewed by both the external auditor and the Internal Audit Responsible, who agreed with the conclusions set forth in the aforementioned reports. As the income ratio is not expected to be met in 2023, the Commission 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 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.

VI. EVALUATION AND CONCLUSIONS

Based on the foregoing, the Audit and Control Committee has evaluated its composition and functioning during the year 2023, considering that:

- The composition of the Committee has been adjusted to the legal and corporate provisions laid down for this purpose, having as a whole members with the relevant knowledge in relation to the competences of the Committee, in particular in accounting, auditing and risk management, both financial and non-financial, and the sector of activity to which Lar España belongs, with all the members of the Committee being independent Directors.
- The Committee has held meetings with the frequency provided in article 14 of the Board Regulations and in the CNMV Technical Guide 3/2017, and whenever it has been necessary in response to the issues to be addressed in such Committee.
- The ten meetings of the Committee have been attended by all its members in person, either physically at the meeting venue or by videoconference or similar systems,

except for one meeting when a Director granted her proxy with voting instructions to another member of the Committee.

- The members of the Committee have had at their disposal, prior to the Committee's meetings, the necessary information with regard to the different Items of the Agenda in order to be able to deliberate and make informed decisions. In addition, when necessary, the Committee has been advised by external experts.
- Lastly, the Committee has deliberated and adopted resolutions on matters within its competence, among which the following can be highlighted, among others: the review of the periodic financial information, the supervision of relations and the independence of the External Audit, the supervision of the Internal Audit, the supervision of the compliance with corporate governance regulations or the supervision of fees received by the Management Company.

In accordance with the foregoing, it can be concluded that the Audit and Control Committee has complied with the rules provided in the Law and in its corporate regulations regarding the composition, frequency of meetings, attendance and informed participation of its members, having dealt with the matters of competence of the Audit and Control Committee during financial year 2023.

This report has been approved by the Audit and Control Committee at its meeting held on 26 February 2024 and submitted to the Board of Directors at its meeting on 27 February 2024.