

**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	


<u>Observations</u>

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

<b>Most significant movements</b>
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		

<b>total percentage of voting rights held by the board of directors</b>	0.218
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<b>Observations</b>

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 through 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:

<b>total percentage of voting rights held by the board of directors</b>	10.218
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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

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

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:

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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

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
<b>Total:</b>	

Observations

Explain any significant changes during the year:

Explain significant changes
<p>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.</p>

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

<p>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.</p> <p>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</p>
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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:

	%
<b>Estimated float</b>	64.2

<b>Observations</b>

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  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

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

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

<b>Indicate the various share classes</b>

**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

	% 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 1 <sup>st</sup> call		
Quorum required at 2 <sup>nd</sup> 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

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:

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

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

<b>Number of shares required to attend General Meetings</b>	
<b>Number of shares required for voting remotely</b>	

<b>Observations</b>

- 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

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

- 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

<a href="#">Internal rules on governance   Lar España (larespana.com)</a> <a href="#">General Shareholders Meeting 2023   Lar España (larespana.com)</a>
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## 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:

<b>Maximum number of directors</b>	fifteen
<b>Minimum number of directors</b>	five
<b>Number of directors set by the general meeting</b>	six

<b>Observations</b>

C.1.2 Complete the following table on Board Members

<b>Name or company name of director</b>	<b>Representative</b>	<b>Category of director</b>	<b>Position on the board</b>	<b>Date first appointed</b>	<b>Date of last appointment</b>	<b>Election procedure</b>	<b>Date of birth</b>
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

<b>Total number of directors</b>	6
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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:

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

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

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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.	<p>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.</p> <p>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., <a href="#">(as representative of Fomento del Entorno Natural SL)</a> 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.</p>

		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.
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<b>Total number of proprietary directors</b>	1
<b>Percentage of Board</b>	16.67%

<b>Observations</b>

**EXTERNAL INDEPENDENT DIRECTORS**

Name or company name of director	Profile
Mr. José Luis del Valle	<p>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).</p> <p>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).</p> <p>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).</p>
Mrs. Leticia Iglesias	<p>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).</p> <p>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</p>

	<p>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) .</p> <p>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.</p>
Mr. Alec Emmott	<p>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.</p> <p>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.</p> <p>Mr. Emmott holds an MA from Trinity College (Cambridge UK).</p>
Mr. Roger Maxwell Cooke	<p>Mr. Cooke is an experienced professional with more than 40 years of experience in the real estate sector. Mr. Cooke joined Cushman &amp; 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 &amp; Wakefield Spain, leading the company to attain a leading position in the sector.</p> <p>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.</p> <p>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 <u>Observatorio Inmobiliario</u>.</p>
Mrs. Isabel Aguilera	<p>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.</p> <p>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</p>

	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).
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<b>Total number of independent directors</b>	5
<b>Percentage of board</b>	83.33%

<b>Observations</b>

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

<b>Name or company name of director</b>	<b>Description of the relationship</b>	<b>Reasoned statement</b>

**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:

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

<b>Total number of other external directors</b>	
<b>Percentage of Board</b>	

<b>Observations</b>

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
<b>Executive</b>	0	0	0	0	0	0	0	0
<b>Propietary</b>	0	0	0	0	0	0	0	0
<b>Independent</b>	2	2	2	2	40%	40%	40%	40%
<b>Other External</b>	0	0	0	0	0	0	0	0
<b>Total</b>	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  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	Proprietary
<b>Diversity</b>						
Gender (Women 33.3%)				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Nationality Spanish (66.7%)	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
British (33.3%)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
<b>Seniority at the board (First appointment)</b>						
05/02/2014	05/02/2014	05/02/2014	29/05/2017	16/10/2018	05/02/2014	
< 5 years (33.3%)			<input checked="" type="checkbox"/>			
6-9 years (66.7%)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
10-12 years (0%)						
> 12 years (0%)						
<b>Academic background</b>						
Engineering	<input checked="" type="checkbox"/>					
Real Estate		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Architecture and Urban planning				<input checked="" type="checkbox"/>		
Economics and Business Administration					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Legal / Tax						<input checked="" type="checkbox"/>
General Management Programs/ Senior Management/ MBA / Specialization	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Competences and experience</b>						
<b>Sectorial:</b>						
Real Estate / Retail / Valuations		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
<b>Sectorial-Technical:</b>						
Architecture / Urban planning / Engineering	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		
IT / Digital / cybersecurity				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Finance	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Audit / Accounting / Internal Control / Risk Management	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
International markets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Governance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sustainability		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>Management experience</b>						
Other listed boards	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Investor knowledge / Other stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Team and talent management / Remunerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
First Executive Duties / CEO	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

\*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
<p>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.</p> <p>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.</p>

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

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	<p>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.</p> <p>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.</p>

	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.
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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

<b>Observations</b>
<p>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.</p>

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:

<b>Identity of the director or representative</b>	<b>Company name of the listed or non-listed entity</b>	<b>Position</b>
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

<b>Observations</b>
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 <i>Observatorio Inmobiliario</i>
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  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
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Observations

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

Yes  No

Description of amendment (s)
<p>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 <b>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</b>, considering, among other issues, the increasing number of meetings and responsibilities of both the Committees and the Board itself.</p> <p>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;</p> <p>In accordance with the above, the Audit and Control Committee proposed to the Board the modification of:</p> <ul style="list-style-type: none"> <li>• <b>Articles 42</b> ("Audit and Control Committee. Composition, authority and functioning") <b>and 43</b> ("Nomination, Remuneration and Sustainability Committee") of the <b>Company's Articles of Association</b>;</li> <li>• <b>Article 14</b> ("Audit and Control Committee. Composition, competences and functioning") <b>and article 15</b> ("Nomination, Remuneration and Sustainability Committee. Composition, competences and functioning") of the <b>Board of Directors Regulations</b>;</li> <li>• <b>Article 4</b> ("Positions of the Committee") of the <b>Audit and Control Committee Regulations</b>; and</li> <li>• <b>Article 4</b> ("Positions of the Committee") of the <b>Nomination, Remuneration and Sustainability Committee Regulations</b>.</li> </ul>

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 \(larespana.com\)](https://www.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. Proposal:**

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. Candidature presentation:**

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. Evaluation of the candidature:**

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.

<b>Description of the evaluation process and areas evaluated</b>
<p>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:</p> <ol style="list-style-type: none"> <li>1. The quality and efficiency of the operation of the Board of Directors</li> <li>2. The operation and composition of its Committees</li> <li>3. Diversity in the composition and remit of the Board of Directors</li> <li>4. The performance of the Chair of the Board of Directors and of the chief executive officer of the company, if necessary</li> <li>5. The performance and contribution of each director, paying special attention to the heads of the various Board Committees.</li> </ol> <p>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.</p> <p>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.</p> <p>The evaluation carried out between November and December 2022, regarding the years 2021 and 2022, focused on the following <b>eleven areas</b>: (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.</p> <p>Regarding the methodology used, first, the Appointments, Remuneration and Sustainability Committee, together with the Secretariat of the Board of Directors reviewed and validated a</p>

**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 and 2022, 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 exercised 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 2023 on 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 appropriate:

- 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

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

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

	Age limit
<b>Chairman</b>	
<b>Managing director</b>	
<b>Director</b>	

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

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.
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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.

<b>Number of board meetings</b>	13
<b>Number of board meetings without the chairman's presence</b>	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:

<b>Number of meetings</b>	
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<b>Observations</b>

Indicate the number of meetings held by each Board committee during the year:

<b>Number of meetings held by the executive committee</b>	
<b>Number of meetings held by the audit committee</b>	10
<b>Number of meetings held by the nomination and remuneration committee</b>	8
<b>Number of meetings held by the nomination committee</b>	
<b>Number of meetings held by the remuneration committee</b>	
<b>Number of meetings held by the _____ committee</b>	

<b>Observations</b>
<p>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.</p> <p>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.</p>

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance date:

<b>Number of meetings at which at least 80% of the directors were present in person</b>	13
<b>Attendance in person as a % total votes during the year</b>	97.44%
<b>Number of meetings with attendance in person or proxies given with specific instructions, by all directors</b>	13
<b>Votes cast in person and by proxies with specific instructions, as a % of total votes during the year</b>	100%

<b>Observations</b>
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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

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

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	

<u>Observations</u>

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).
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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

Outgoing auditor	Incoming auditor

Observations

In the event of disagreements with the outgoing auditor, explain their content:

Yes  No

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  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

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  No

Detail of the procedure
<p>Article 16 of the Regulations of the Board of Directors establishes in paragraphs 3 and 4:</p> <p>Meetings of the <b>Board of Directors</b> 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 (<i>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</i>). 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.</p> <p>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.</p> <p>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.</p>

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 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

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

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

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.

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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.

<b>Number of beneficiaries</b>	4
<b>Type of beneficiary</b>	Executives of the Company
<b>Description of the agreement</b>	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:

	<b>Board of Directors</b>	<b>General shareholders' meeting</b>
<b>Body authorizing the clauses</b>	X	

	<b>YES</b>	<b>NO</b>
<b>Are these clauses notified to the General Shareholders' Meeting?</b>		X

<b>Observations</b>

## 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.
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### 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 entirely 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.

**Functions:**

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 of 2023 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. With regard to the supervision of internal control and reporting systems:**

**•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. With regard to the external auditor:**

**•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. With regard to the supervision of risk management and control:**

**•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. With regard to the obligations of listed companies:**

**•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. 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:**

• **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. Other activities of the Committee:**

**•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 valuers 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 valuers, as well as the distribution of assets among the independent valuers.

**•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.

<b>Names of experienced board members</b>	Mrs. Leticia Iglesias Herráiz Mr. José Luis del Valle Mrs. Isabel Aguilera
<b>Date of appointment of the president in office</b>	20/10/2022

<b>Observations</b>
<p>Mrs. Leticia Iglesias was appointed for her expertise in auditing, accounting and risks among others.</p> <p>Mr. José Luis del Valle was re-elected for his expertise in finance, audit and risk, among others.</p> <p>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.</p>

#### **APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Current</b>
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

<b>% of proprietary directors</b>	25
<b>% of independent directors</b>	75
<b>% of other external</b>	0

<b>Observations</b>
<p>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.</p> <p>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.</p>

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.

**Functions:**

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 policy 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 2023 are 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 in 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. In regard to the withdrawal and termination of Board members:**

In 2023, the Appointments, Remuneration and Sustainability Committee has not been required to exercise the aforementioned functions.

**6. In relation to the remuneration of directors and senior managers:**

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. In relation to Sustainability in environmental and social matters:**

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**

<b>Name</b>	<b>Position</b>	<b>Current</b>

<b>% of proprietary directors</b>	
<b>% of independent directors</b>	
<b>% of other external</b>	

<b>Observations</b>

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.

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**REMUNERATION COMMITTEE**

Name	Position	Current

<b>% of proprietary directors</b>	
<b>% of independent directors</b>	
<b>% of other external</b>	

<b>Observations</b>

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.

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\_\_\_\_\_ COMMITTEE

Name	Position	Current

<b>% of executive directors</b>	
<b>% of proprietary directors</b>	
<b>% of independent directors</b>	
<b>% of other external</b>	

<b>Observations</b>

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.

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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:

	<b>Number of female directors</b>			
	<b>Exercise 2023</b>	<b>Exercise 2022</b>	<b>Exercise 2021</b>	<b>Fiscal year 2020</b>
	<b>% Number</b>	<b>% Number</b>	<b>% Number</b>	<b>% Number</b>
<b>Executive committee</b>	NA	NA	NA	NA
<b>Audit Committee</b>	2-67%	2-67%	2-67%	2-67%
<b>Nomination and Compensation Committee</b>	1-25%	1-25%	0	0
<b>nomination committee</b>	NA	NA	NA	NA
<b>remuneration committee</b>	NA	NA	NA	NA
<b>Executive committee</b>				
<b>Audit Committee</b>				
<b>Nomination and Compensation Committee</b>				

<b>nomination committee</b>				
<b>remuneration committee</b>				

<b>Observations</b>

- 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 February 2023. 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 foresees 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


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

<b>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</b>

Identify the mechanisms in place to resolve potential conflicts of interest between the parent company of the listed company and the other group companies:

<b>Mechanisms for resolving possible conflicts of interest</b>

## **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 an 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 organization'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 appropriate, 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-party providing 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. - breaches 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 that Lar 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  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

- 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  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  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  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  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  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  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  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

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

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  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  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  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  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

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  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  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  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

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  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  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  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  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  Complies partially  Explain  Not applicable

29. That the company should establish 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  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  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  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  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  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

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  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  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

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

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  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  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  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  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  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

- 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 to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.**

Complies  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  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  Complies partially  Explain

- 48. That large-cap companies have separate nomination and remuneration committees.**

Complies  Explain  Not applicable

- 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  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  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  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  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  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 the general 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 strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies  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  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  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 to non-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  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

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

- 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

- 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

- 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

- 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

- 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

## **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.

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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

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
<b>Observations</b>		

### Annex to sections C.1.25 and C.1.26 - Attendance data

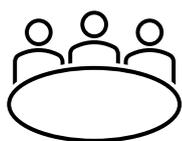
The attendance of each director at the meetings held by the Board of Directors and its Committees during the financial year 2023 is detailed below.

Directors	Board of Directors	Committees of the Board of Directors	
		Audit and Control Committee	Appointments, Remuneration and Sustainability Committee
<b>Mr. José Luis del Valle Doblado</b>	13/13	10/10	NA
<b>Mr. Alec Emmott</b>	12/13 <sup>(1)</sup>	NA	8/8
<b>Mr. Roger Maxwell Cooke</b>	13/13	NA	8/8
<b>Mrs. Isabel Aguilera Navarro</b>	12/13 <sup>(2)</sup>	10/10	NA
<b>Mrs. Leticia Iglesias Herraiz</b>	13/13	9/10 <sup>(3)</sup>	8/8
<b>Mr. Miguel Pereda Espeso</b>	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**

**100%**  
Attendance present or represented

**Audit and Control Committee**

**100%**  
Attendance present or represented

**Appointments, Remuneration and Sustainability Committee**

**100%**  
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.*

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## 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.

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