

**ANNEX I FORM**

**ANNUAL CORPORATE GOVERNANCE REPORT  
OF LISTED PUBLIC LIMITED COMPANIES**

**ISSUER IDENTIFICATION DETAILS**

YEAR END-DATE

31/12/2022

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



**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		
SANTA LUCIA S.A. CIA DE SEGUROS	4.812	0.1771	0.000	0.000	4.988		
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

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	
SANTA LUCIA S.A. CIA DE SEGUROS	SANTA LUCIA ASSET MANAGEMENT, SGIIC, S.A.	0.996	0	0.996	

SANTA LUCIA VIDA Y PENSIONES, S.A. CIA. DE SEGUROS Y REASEGUROS, S.A.	0.128	0	0.128	
UNICORP VIDA INSURANCE AND REINSURANCE COMPANY, S.A.	0.115	0	0.115	
CAJA ESPAÑA VIDA Y COMPAÑÍA DE SEGUROS Y REASEGUROS, S.A.	0.089	0	0.089	

<u>Observations</u>

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

Most significant movements
<p>During 2022 there has been a change in the number of shareholders with significant shareholdings reported:</p> <ul style="list-style-type: none"> <li>• LVS II Lux XII S.à r.l. - a company controlled by PIMCO Bravo II Fund L.P.- transferred its entire participation in Lar España, comprising 18,157,459 shares representing 21.695% of its share capital, to Castellana Properties SOCIMI, S.A. (a company controlled by VUKILE PROPERTY FUND LIMITED) on January 26, 2022.</li> <li>• Utah State Retirement Systems acquired 3.070% voting rights on June 11, 2022.</li> <li>• Santa Lucía, S.A. Compañía de Seguros y Reaseguros (through Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.) decreased its voting rights from 5.216% to 4.988% on November 29, 2022.</li> <li>• VUKILE PROPERTY FUND LIMITED (through Castellana Properties SOCIMI, S.A.) changed its voting rights from 21.695% to 25.523% on September 22, 2022.</li> </ul>

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	0.036				0.036		
Mrs. Leticia Iglesias	0.000				0.000		

<b>total percentage of voting rights held by the board of directors</b>	0.219
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Observations

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights 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
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>	16.89
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Observations
The proprietary director Mr. Miguel Pereda represents Grupo Lar Inversiones Inmobiliarias, S.A. (Grupo Lar). Said shareholder has communicated a participation of 10.000 % of the total voting rights of Lar España.

- 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.

<u>Observations</u>

- 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

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<b>Observations</b>

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

<b>Observations</b>

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

<b>Name or company name</b>

<b>Observations</b>

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
56,714		0.068

<b>Observations</b>

**(\*) Through:**

Name or company name of direct shareholder	Number of direct shares
<b>Total:</b>	

<b>Observations</b>



Explain any significant changes during the year:

Explain significant changes
During 2022, 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 2022.

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

Pursuant to Article 5.p) of the Regulations of the General Shareholders' Meeting, the General Shareholders' Meeting is competent to authorize the derivative acquisition of treasury stock.
At the Ordinary General Shareholders' Meeting held on April 27, 2022, it was agreed to delegate to the Board of Directors, for a period of five years, the authorization for the derivative acquisition of treasury stock in accordance with the limits and requirements established in the revised text of the Spanish Corporate Act approved by Royal Legislative Decree 1/2010, of July 2 ("LSC", "Spanish Corporate Act"), expressly authorizing it to reduce, where appropriate, the share capital on one or several times in order to amortize the treasury stock acquired.

A. 11 Estimated float:

	%
Estimated float	64.3

Observations

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

Yes  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 and Royal Decree-Law 20/2022, of December 27 shall apply.

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.

Indicate the various share classes

**B GENERAL SHAREHOLDERS' MEETING**

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

Yes                       No

	% 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		
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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

The general legal regime applies. Consequently, Article 17.2 of the Regulations of the General Shareholders' Meeting 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	
17/03/2020	13.141	53.564	0.006	0.293	67.003
<b>Of which Floating Capital:</b>	0.047	32.844	0.006	0.293	33.190
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

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

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

Observations

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

Yes  No

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

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

<a href="https://www.larespana.com/en/internal-rules-on-governance/#1536741050146-c85c402e-518b">https://www.larespana.com/en/internal-rules-on-governance/#1536741050146-c85c402e-518b</a> <a href="https://www.larespana.com/en/corporate-governance/general-shareholders-meeting-2022/">https://www.larespana.com/en/corporate-governance/general-shareholders-meeting-2022/</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

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure	Date of birth
Mr. Jose Luis del Valle Doblado		Independent	Chair	05/02/2014	17/03/2020	Re-election by the GSM	29/04/1954
Mr. Alec Emmott		Independent	Director	05/02/2014	17/03/2020	Re-election by the GSM	16/12/1947
Mr. Roger Maxwell Cooke		Independent	Director	05/02/2014	17/03/2020	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		Proprietary	Vice Chair	05/02/2014	17/03/2020	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:

Name or company name of director	Category of director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the termination occurred before the end of his or her the term of office.
Mr. Laurent Luccioni	Proprietary	17/03/2020	28/01/2022	N/A	Yes

**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**

The proprietary director Mr. Laurent Luccioni represented shareholder PIMCO BRAVO FUND II, L.P. As of December 31, 2021, this shareholder held 20.044% of the voting rights of Lar España. As a result of the sale by PIMCO BRAVO FUND II, L.P. effective January 28, 2022, of its entire stake in Lar España, Mr. Laurent Luccioni submitted his resignation as a member of the Board of Directors of the Company by letter that was sent to the Board on that same date and after the closing of said sale, having the board acknowledge said resignation on said date and, consequently being his resignation effective as from January 28, 2022.

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.</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 company belonging to the Grosvenor Group, and he is also chairman of the Altamira Lar foundation and in 2015, he was appointed Eminent Member of the Royal Institution of Chartered Surveyors (RICS) in London.</p> <p>Mr. Pereda has a degree in business administration from Universidad Complutense (Madrid, Spain), an MBA from the Instituto de Empresa</p>

		(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**

<b>Name or company name of director</b>	<b>Profile</b>
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 to which he will continue to advise until 30 June 2023. Currently Director of the insurance group Ocaso; and Director 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), member of the Executive Committee, Chair of the Global Risk Committee and member of the Audit Committee. From 2017 to 2018, she was an independent member of Board of Directors at Abanca Financial Services, EFC, and Chair of the Audit and Risk Committee. Since May 2018, she has been an independent member of the Board of Directors of Abanca Bank, and as from June 2022 Chair of the Global</p>

	<p>Risk Committee and member of Audit and Control Committee e. Since April 2019 is independent Director and Chair of the Audit Committee of AENA SME, S.A. and, from April 2021, is Member of its Sustainability and Climate Change Committee. In addition, since 22 October 2020, is an independent Director and member of the Audit Committee of ACERINOX S.A., and, since 28 October 2022, she has been Chairman of the Committee. Likewise, since 3 August, Mrs. Iglesias is Independent Director and Chairman of the Audit Committee of the non-listed company Imantia Capital SGIIC, S.A.</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 is currently the Principal of Europroperty Consulting, and since 2011, is a Director and member of the Appointments Committee of VITURA (previously CeGeREAL S.A.) representing Europroperty Consulting. He is also member of the advisory committee of Weinberg Real Estate Partners (WREP I and II). He has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971. 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 he is 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 <i>Observatorio Inmobiliario</i>.</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</p>



	<p>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 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).</p>
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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

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

**OTHER EXTERNAL DIRECTORS**

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

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

<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

<b>Observations</b>

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 2022	Year 2021	Year 2020	Year 2019	Year 2022	Year 2021	Year 2020	Year 2019
<b>Executive</b>	0	0	0	0	0	0	0	0
<b>Proprietary</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%	29%	29%	29%

<b>Observations</b>

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 **Selection policy, appointment, re-election and evaluation of the directors and 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. Its objective is 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, 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 **Board skill matrix** (first prepared in December 2020), which summarises the various skills that the Board considers most relevant to the management of the Company and highlights the most important aspects of each director's profile, **was also reviewed and updated on several occasions during 2022**.

Thus, the Board, with the support of the Appointments, Remuneration and Sustainability Committee, reviewed during 2022 the composition of the Board of Directors from all perspectives, in order to ensure that its members as a whole have all the competencies necessary for the proper functioning of the Board and for the best management of the Company.

In relation to **diversity within the Board**, significant progress has been made during 2022, despite not yet being able to reach the 40% representation of female directors, and **the following measures have been adopted with the aim of achieving this percentage by 2024:**

- At the Appointments, Remuneration and Sustainability Committee and Board meetings held in February and March 2022, the composition of the Board was reviewed in the context of the analysis of the proposal to **re-elect Mrs. Leticia Iglesias as a director of the Company** and the proposal to **reduce the size of the Board**, which were submitted to the 2022 General Shareholders' Meeting. The General Shareholders' Meeting, at its meeting held on April 27, 2022, approved, at the proposal of the Appointments, Remuneration and Sustainability Committee and with the favourable report of the Board of Directors, the re-election of Mrs. Leticia

Iglesias Herraiz as a director of the Company with the category of "independent director" for the statutory term of three years. In addition, at the same Meeting, and at the proposal of the Appointments, Remuneration and Sustainability Committee and with the agreement of the Board of Directors, it was approved, on the occasion of the dismissal of Mr. Laurent, the reduction of the number of Board members from seven to six. As a result, the **percentage of women on the Board has increased to 33.3% in 2022**, which represents a significant progress for the Company in terms of gender diversity.

- In October 2022, as part of the evaluation process of the Board of Directors and its Committees, the Board, with the support of the Appointments, Remuneration and Sustainability Committee, again reviewed the **Board Skill Matrix of Lar España**, which was also reviewed by an external third party expert to confirm its alignment with market practice prior to final approval by the Board. As a consequence of these reviews, the Board Skill Matrix was updated in order to redefine some of the competencies included (e.g., IT / Digital / Cybersecurity; Team and Talent Management / Remuneration).
  
- Finally, at the meetings of the Committee and the Board in December 2022, in addition to reviewing once again the suitability of the categories to which the directors were assigned and the availability of each of them to perform their duties, the process of reflecting on the expiry of the terms of office of four directors in 2023 continued. The Board, after having analysed the needs of the Company and the current competencies existing in said body in order to meet its needs, reached the conclusion that **it was advisable to maintain its current composition for the 2023 financial year, given the relevance for the Company of the profiles and knowledge of its current members** (see section C.1.3 above), thus avoiding the loss of knowledge and competencies on the Board, especially those related to sustainability in order to ensure the Company's compliance with market requirements in this area. At the same time, it was agreed to adopt a **plan for the orderly and phased renewal of the Board, with the objective of reaching a ratio of 40% of women on the Board by 2024**, without compromising the maintenance of an adequate diversity of experience and knowledge, nor its efficient functioning. This plan will particularly affect the directors Mr. Alec Emmott (independent director) and Mr. Roger Maxwell Cooke (independent director), and will facilitate the achievement, within a short period of time, specifically at the 2024 General Shareholders Meeting, of the objective of having 40% women on the Board. This phased renewal of the Board of Directors will be carried out coordinating the principles of representativeness with those of diversity and independence, guaranteeing in all cases the appropriate stability in the composition of the Board of Directors and its Committees in order to maintain the suitability of the Board as a whole, preserving the experience and knowledge of those who have held the position of director.

All the directors share the desire to achieve the aforementioned gender objective as soon as possible and, to this end, have expressly undertaken to adopt such measures as may be necessary or advisable to facilitate its fulfilment.

The updated version of the skill matrix approved by the Board of Directors of Lar España at its meeting held on January 24, 2023 is included below:

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"/>			
<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"/>	<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"/>			<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"/>	<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"/>	<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"/>	<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

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

Explanation of measures
The Selection policy, appointment, re-election and evaluation of the directors and diversity of the Board of Director of Lar España, approved by the Board, at the proposal of the Appointments, Remuneration and Sustainability Committee, establishes the requirements that shall be taken into account in the procedure for the selection of Directors. Likewise, the Policy establishes an objective procedure for the selection, appointment, re-election and evaluation of directors. Section C.1.16 of this report describes these requirements, as well as the selection procedure. This policy is reviewed annually and updated if necessary. In 2022, although it has been reviewed, no update has been considered necessary.

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

Explanation of reasons

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

The Appointments, Remuneration and Sustainability Committee has verified compliance with the Selection policy, appointment, re-election and evaluation of the directors and diversity of the Board of Directors of Lar España. In this regard, as explained in section C.1.5 above, the Board, with the support of the Appointments, Remuneration and Sustainability Committee, **periodically reviews its composition and size in order to ensure** (i) **diversity** of viewpoints, experience and gender, and (ii) that such **composition is balanced and in line with the needs of the Company**. Specifically:

- **The Board Skill Matrix 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, has been reviewed and updated on several occasions during 2022. It should be noted that it was reviewed by an external third-party expert to confirm its adequacy with market practice prior to its final approval by the Board. As a result of these reviews, the Board skill matrix was updated in order to redefine some of the competencies included (e.g., IT/Digital/Cybersecurity; Team and Talent Management/Remuneration). The updated version of the skill matrix has been included in section C.1.5 above.
- With respect to **gender diversity**, although it has not yet been possible to reach the 40% representation of female directors, significant progress has been made during 2022 and the measures detailed in section C.1.5 above have been adopted with the aim of achieving this percentage by 2024.
- The Committee and the Board reviewed on several occasions during the year the **categories of director** held by each of the members of the Board of Directors, concluding that the current categories continue to be fully in line with their circumstances and ensured, through review within the framework of the Board evaluation procedure, that non-executive directors have sufficient time available for the proper performance of their duties.
- Likewise, during 2022, the Appointments, Remuneration and Sustainability Committee assessed, on the appointment of Mrs. Leticia Iglesias Herraiz as a member of the board of directors of another entity, the potential existence of incompatibilities in the performance of her position at the Board of Lar España and the director's ability to devote her time and position effectively to her role. The Committee concluded that there were no grounds for incompatibility or conflict of interest and that said director did not reach the maximum number of directorships permitted by the Company's internal regulations.
- The Committee reviewed **the composition of both Committees of the Board** of the Company. With regard to the **Audit and Control Committee**, in order to comply with the provisions of the Spanish Corporate Act and the Articles of Association regarding the maximum term of office of the Chair of the Audit and Control Committee, the Committee proposed, and the Board agreed, Mrs. Isabel Aguilera Navarro to hold the chairmanship of this Committee once the term of office of Mrs. Leticia Iglesias Herraiz as Chair of said Committee expired. With regard to the **Appointments, Remuneration and Sustainability Committee**, without prejudice to considering that the composition of this Committee was adequate, the advisability of incorporating Mrs. Leticia Iglesias Herraiz, who already formed part of the Audit and Control Committee, as a member was assessed. The Appointments, Remuneration and Sustainability Committee considered that the membership of Mrs. Leticia Iglesias Herraiz in the two Committees offered advantages derived from the better coordination between both Committees, especially with regard to issues related to ESG (Environmental, Social & Governance) risks, and particularly in the

area of sustainability. Consequently, after the appropriate debate and assessment, the Committee reported favourably to the Board on the proposed inclusion of Mrs. Leticia Iglesias Herraiz on the Appointments, Remuneration and Sustainability Committee and the Board of Directors, at its meeting of March 22, 2022, unanimously decided that said director would join the Appointments, Remuneration and Sustainability Committee after the General Shareholders' Meeting in 2022.

Thus, as already indicated in section C.1.5 above, the Appointments, Remuneration and Sustainability Committee reviewed during 2022 the composition of the Board of Directors from all perspectives in order to ensure compliance with the provisions of the Selection policy, appointment, re-election and evaluation of the directors and diversity of the Board of Directors of Lar España, **concluding that the members of the Board as a whole have all the competencies necessary for the proper functioning of the Board and for the best management of the Company**, having at the same time proposed the advisability of adopting a plan for the **orderly and phased renewal of the Board** with the objective of reaching a ratio of 40% presence of women in it by 2024, thus ensuring that the maintenance of an adequate diversity of experience and knowledge on said body is not compromised, nor its efficient functioning.

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 LOGISTIC ALOVERA I AND II, S.A.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL ALISAL, S.A.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE RETAIL HIPER ALBACENTER, S.A.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE OFFICES ELOY GONZALO 27, 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 LOGISTIC ALOVERA III Y IV, S.L.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LE LOGISTIC ALMUSSAFES, 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 OFFICES JOAN MIRO 21, 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 GALARIA, S.L.U.	Chair of the Board of Directors	No
Mr. Miguel Pereda	LAR ESPAÑA INVERSIÓN LOGÍSTICA IV, 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 VILLAVERDE, S.L.U. (formerly LAR ESPAÑA PARQUE DE MEDIANAS VILLAVERDE, 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 OFFICES MARCELO SPINOLA 42, 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	LE RETAIL CORDOBA SUR, S.L.U. (formerly GLOBAL PERGAMO, 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>

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 (vocal and member of the Appointments Committee)
	Europroperty Consulting	Principal
Mrs. Leticia Iglesias	ABANCA Corporación Bancaria, S.A.	Independent director, Chair of the Integral Risk Committee and vocal of the Audit and Compliance Committee
	AENA SME, S.A.	Independent director, Chair of the Audit Committee and vocal of the Sustainability and Climate Change Committee
	ACERINOX, S.A.	Independent director, Chair of the Audit Committee
	ICADE Business Club Board	Member
	Fundación Centro Especial de Empleo PRODIS	Trustee
	Imantia Capital SGIC, S.A.	Independent director and Chair of the Audit Committee
Mr. José Luis del Valle	Ocaso, S.A. Insurance and reinsurance company	Director and Chair of the Audit Committee
	Instituto de Consejeros-Administradores, IC-A	Director and Chair of the Audit Committee
Mr. Miguel Pereda	Grupo Lar Inversiones Inmobiliarias, S.A.	Executive chairman
	Grupo Lar Europa del Este, S.L.U., Grupo Lar Holding Iberia, S.A.U. (representative of the sole director), Acacia Inmuebles, S.L., Inmuebles Logísticos Iberia, S.L. (subsidiaries of Grupo Lar Inversiones Inmobiliarias, S.A.)	Chair of the Board of Directors. Regarding the companies Acacia Inmuebles, S.L., and Inmuebles Logísticos Iberia,

		S.L., Mr. Miguel Pereda is member of the governing body.
	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., Global Byzas, S.L.U., Oficinas Calle Albarracín, S.L.U., Grupo Lar Oficinas Europeas, S.A.U., HRE Inversiones II, S.L.U., GRUPO LAR TECH, S.L.U. (subsidiaries of Grupo Lar Inversiones Inmobiliarias, S.A.)	Sole director
	Parque Castilleja, S.L. (subsidiarie of Grupo Lar Inversiones Inmobiliarias, S.A.)	Vocal of the Board of Directors
	Fomento del Entorno Natural	Sole Director
	Villamagna, S.A. (as representative of Fomento del Entono Natural, S.L.)	Chair of the Board of Directors
	Fundación Altamira Lar	Chair of the Board of Trustees

<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 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

<b>Identification of the director or representative</b>	<b>Other paid activities</b>
Roger Maxwell Cooke	Editorial advisor at <i>Observatorio Inmobiliario</i>
Isabel Aguilera	Associate Professor at ESADE

<b>Observations</b>

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

<b>Explanation of the rules and identification of the document where it is regulated.</b>
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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:

<b>Remuneration accrued during the year to the Board of Directors (thousands of euros)</b>	530
<b>Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)</b>	0
<b>Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)</b>	0
<b>Pension rights accumulated by former directors (thousands of euros)</b>	0

<b>Observations</b>

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

<b>Name or company name</b>	<b>Position(s)</b>
MR. JON ARMENTIA MENDEZA	CORPORATE DIRECTOR AND CFO
MRS. SUSANA GUERRERO TREVIJANO	GENERAL COUNSEL AND VICE-SECRETARY OF THE BOARD
MR. HERNAN SAN PEDRO LOPEZ DE URIBE	INVESTOR RELATIONS DIRECTOR
MR. JOSE IGNACIO DOMINGUEZ	INTERNAL AUDIT DIRECTOR

<b>Number of women in senior management</b>	1
<b>Percentage of total senior management</b>	25

<b>Total remuneration of senior management (in thousands of euros)</b>	865
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<b>Observations</b>

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

Yes  No

<b>Description of amendment (s)</b>
The Company's Ordinary General Meeting held on April 27, 2022 agreed to amend the Company's Articles of Association to adapt them to the amendments introduced in the LSC by Law 5/2021, of 12 April, on the promotion of long-term shareholder involvement in listed companies, as well as to incorporate certain technical improvements.

In particular, the General Shareholder's Meeting agreed to amend Article 42 of the Articles of Association to adapt the maximum term of the position of Chair of the Audit and Control Committee to what established in Article 529 quaterdecies.2 LSC, extending it from three to four years.

As a result of the above, the Audit and Control Committee (within the framework of its powers 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 **the amendment of Article 14** ("Audit and Control Committee. Composition, powers and functioning") **of the Regulations of the Board of Directors**, as well as its own Regulations, to coordinate both articles with Article 42 of the Articles of Association.

On November 17, 2022, the Board of Directors of LAR España unanimously agreed to approve the amendment of the aforementioned precept of the Regulations of the Board of Directors, the article reads as follows:

*"The Board of Directors will appoint the Chairman of the Committee from amongst the independent directors that form part thereof. The position of Secretary and Vice- Secretary of the Audit and Control Committee will be held by the Secretary of the Board of Directors, and, if applicable, by the Vice-Secretary of the Board.*

*The members of the Audit and Control Committee will hold their positions for a maximum term of three years, and may be re-elected one or several times by periods of equal maximum duration.*

*The position of Chairman will be held for a maximum term of four years, at the end of which the Chairman may not be re-elected as such until one year has elapsed after his or her removal, notwithstanding his or her continuity or re-election as a Committee member."*

The updated version of the Regulations of the Board of Directors is available on the website which can be accessed via the following link: [reglamento-consejo-administracion-2023.pdf](http://reglamento-consejo-administracion-2023.pdf) (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 26, 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 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:

- **Adequacy of the Directors;**
- **Good repute and standing;**
- **Adequate knowledge and experience;**
- **Position to govern the company well;**
- **Commitment to the fulfilment of the duties and obligations of the directors;**
- and**
- **Promoting diversity.**

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

### **1. The 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. It will evaluate the universe of skills, knowledge and experience needed on the Board of Directors. Against this backdrop, it will define the duties and aptitudes required of the candidates to fill each vacancy and assess the time and dedication needed so that they can duly perform their remit, ensuring that non-executive directors have sufficient time available for the proper performance of their duties. To this end, the Committee will draw up and regularly update a matrix with the necessary competences of the Board that defines the skills and knowledge of the candidates for board members, especially those executive and independent directors.
- 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. Candidacy 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 indication 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 candidacy:**

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)
<p>As described in the following section of the Report, after two years of self-evaluation by the Board, the Appointments, Remuneration and Sustainability Committee promoted, following Recommendation 36 of the GGC, the hiring of an independent external consultant to carry out the evaluation of the performance of the Board of Directors, its members and its Committees.</p> <p>The results of the evaluation show that the Board of the Company is balanced, cohesive and with all the necessary capacities for the best possible functioning <b>of the Company, meeting very high standards of good governance</b>, therefore no relevant changes to the Board had to be implemented 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 is already being followed and implemented by the Board in order to further improve the functioning and effectiveness of the governance bodies.</p>

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

Description of the evaluation process and areas evaluated
<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 powers 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, as the case may be</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>



In compliance with the provisions of the aforementioned provision, the Board has been assisted by Georgeson in its evaluation process relating to the years 2021 and, partially, 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, the Appointments, Remuneration and Sustainability Committee, in coordination with the Chair of the Board and the Vice-Secretary, has led the evaluation process of the Board, its members and Committees with the collaboration of the external consultant Georgeson.

The evaluation carried out in November 2022 regarding the years 2021 and, partially 2022 focused on the following **eleven areas**: (i) the structure of the corporate governance model, (ii) the functioning of the Board of Directors, (iii) Board effectiveness, (iv) corporate governance practices, (v) performance of the Board of Directors, (vi) performance of the Chair of the Board of Directors, (vii) performance of the Audit and Control Committee, (viii) performance of the Appointments, Remuneration and Sustainability Committee, (ix) the performance of the Board Secretariat, (x) relations with shareholders and investors, and (xi) challenges and areas for improvement of Lar España's governing bodies.

Regarding the methodology used, first, the Appointments, Remuneration and Sustainability Committee together with the Secretariat of the Board of Directors reviewed and validated a **questionnaire** prepared by Georgeson with questions on the different areas mentioned above. This questionnaire was sent in advance 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 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, partially 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 given 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 is already working 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 has assisted the Board of Directors in the evaluation process carried out in November 2022 corresponding to the years 2021 and, partially, 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 provides 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 has it ever been involved in the 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
Chairman	
Managing director	
Director	

Observations

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

Yes  No

Additional requirements and/or maximum number of years of office	
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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
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each session, including the appropriate instructions and notifying the Chair of the Board by any means which provided proof of receipt.

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

<b>Number of board meetings</b>	13
<b>Number of board meetings without the chairman's presence</b>	0

<b>Observations</b>

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>
It is noted that all directors have personally attended, either physically or by telematic means, 100% of the meetings of both Committees of the Board of Directors, with the exception of Mrs. Isabel Aguilera Navarro who, at the meeting of the Audit and Control Committee held on July 27, 2022, delegated her representation to Mrs. Leticia Iglesias Herráiz, with specific voting instructions. Thus, the percentage of personal attendance of the directors at the meetings of the Committee is 100% in all cases except in the case of Mrs. Isabel Aguilera Navarro, whose attendance at the meetings of the Audit and Control Committee is 90%.
The attendance of each director at the meetings held by the Board of Directors and its Committees during the 2022 financial year is detailed in the Annex to this Report.

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

<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>	98.72%
<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>
<p>It is noted that all directors have personally attended 100% of the meetings of the Board of Directors with the exception of Mr. Alec Emmott who, at the meeting held on May 18, 2022, delegated his representation to the Chairman, with specific voting instructions. Thus, the percentage of personal attendance of the Directors to the Board is 100% in all cases except in the case of Mr. Alec Emmott whose attendance is 92.31%.</p> <p>The attendance of each director at the meetings held by the Board of Directors and its Committees during the 2022 financial year is detailed in the Annex to this Report.</p>

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:

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

<b>Observations</b>

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.

<p>The Audit and Control Committee Regulations, in its Article 5 relating to the <i>Functions of the Audit and Control Committee</i>, 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:</p> <p>1. With regard to the supervision of financial and non-financial information:</p> <ul style="list-style-type: none"> <li>- 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 includes 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.</li> </ul>
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- 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 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.

In particular, 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, 2022, considering that the external auditor considered that everything reviewed in the audit process was in accordance, no errors were detected and there had been a good collaboration with the Company, and the Committee concluded that there were no objective reasons to question the independence of the auditor in 2021.

Likewise, based on the aforementioned legal requirement and the confirmation of independence received from the auditors through their letter dated February 23, 2023, the Audit and Control Committee has concluded that there are no objective reasons to question the independence of the auditors in year 2022. Likewise, the Audit and Control Committee has analyzed and approved the fee schedule submitted by the external auditor for fiscal year 2022.

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

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

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

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 for Information, Communication, Contacts and Involvement with shareholders, institutional investors, proxy advisors and other interest groups of Lar España, which was approved by the Board following a favourable report from the Audit and Control Committee of the Company. Particularly relevant is the **procedure followed for contracting the services of external appraisers** in relation to the valuation of the Company's assets, which requires the approval of these contracts by the Audit and Control Committee and the Board (Article 5.g. of the Audit and Control Committee Regulations and Article 42.2.k. of the Company's Articles of Association).

C.1.31 Indicate whether the Company has changed its external auditor during the fiscal year. If so, identify the incoming and outgoing auditors:

Yes  No

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)	26	0	26
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
<b>Number of consecutive years</b>	9	9

	Individual	Consolidated
<b>Number of years audited by the current audit firm/number of years in which the company has been audited (in %)</b>	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>3. 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>4. 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> <p>Finally, Article 25, regarding the powers of information and inspection of the directors, establishes that:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol>

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
<p>Article 36 of the Regulations of the Board of Directors establishes that:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol>

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>	3
<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 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

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

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<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 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
Mr. Juan Gómez-Acebo Saénz de Heredia	Secretary	Non-director

<b>% of proprietary directors</b>	0
<b>% of independent directors</b>	100
<b>% of other external</b>	0

<b>Observations</b>
In accordance with Article 42 of the Company's Articles of Association, the position of Chair of the Audit and Control Committee may be held for a statutory period of four years, without prejudice to his continuity or re-election as a member of the Committee. Having elapsed the term statutorily foreseen for the chairmanship of Mrs. Leticia Iglesias Herráiz, the Board of Directors, at its meeting dated October 20, 2022, following a favorable report from the Appointments, Remuneration and Sustainability Committee, unanimously agreed to appoint Mrs. Isabel Aguilera Navarro, formerly Vocal of the Audit and Control Committee, as Chair of that Committee with effect from that date. Mrs. Leticia Iglesias Herráiz, until the same date Chair of the Committee, remains as Vocal.
The Board of Directors, in order to ensure an orderly succession, has agreed to approve a training plan to support the director in her new role as Chair of the Committee.

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:

#### **In relation to the supervision of financial and non-financial 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 information that the Company must periodically make public.

#### **In relation to the supervision of information systems and internal control:**

- i. To supervise and evaluate the preparation process and the integrity of the financial and non-financial 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.

**In relation 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.

**In relation 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 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.

**In relation 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.

**In relation 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 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.

**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 Company's Articles of Association in relation to Article 14 of the Regulations of the Board of Directors, developed by the Audit and Control Committee Regulations:

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 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.

**Activities:**

The Audit and Control Committee has prepared the mandatory report on its performance for the financial year 2022. This report will be made available to shareholders at the next Ordinary General Shareholders' Meeting, which is scheduled to be held in March 2023.

The main activities carried out by the Committee during the financial year 2022 are set out below.

**1. In relation to the supervision of financial and non-financial information:**

**•Supervision of the process of preparation and presentation of periodic financial and non-financial information:**

As in the last financial period, during the year 2022 the Committee has supervised the preparation process and the integrity of the financial and non-financial 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 Director 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 Director 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 reported favourably to the Board of Directors prior to the drawing up of the Company's individual and consolidated annual accounts corresponding to the financial year ended 31 December 2021, and the management report and the Annual Corporate Governance Report. Likewise, it has agreed to propose to the Board the proposal for the application of the profit for the year ended December 31, 2021.

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

Likewise, no reservations or qualifications are expected to be included in the audit reports on the individual and consolidated accounts of Lar España corresponding to the financial year ended 31 December 2022; the valuation of the investment properties and the analysis of compliance with the SOCIMI tax regime are highlighted as key issues by the external auditor.

During the meetings held during the year with the external auditor, relevant aspects of the fiscal year were discussed, among others: (i) modification of the shareholding structure; (ii) redemption of senior secured notes; (iii) related-party transactions; (iv) the update of the VAT tax assessments; (v) the IFRIC consultation on linearization's published in October 2022; or (vi) the European Single Electronic Format (ESEF) from the perspective of the labelling of the notes to the annual report in relation to the mandatory taxonomy elements.

On the other hand, both the Company's Internal Audit Director 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. In relation to the supervision of internal control and reporting systems:**

### **•Monitoring the effectiveness of the Internal Control over Financial Reporting System (ICFR):**

During financial year 2022, 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 Director at various meetings on the progress of the review process. Given that the ICFR Manual provides for the annual evaluation and supervision of the different components of the ICFR, the ICFR Manual itself, the ICFR scoping matrix and the Accounting Policies Manual, among others, were reviewed and updated during financial year 2022. Furthermore, as part of the audit process, the external auditor informed the Committee that no material weaknesses had been detected.

Also, within the framework of the processes of continuous review and updating of the Company's internal regulations, the Committee approved, with the external advice of Core BC, the **updating of the Crime Prevention Model**, reorganising and clarifying certain aspects in order to adapt the Model to the Company's singularities. The Committee also analysed the report issued by Apreblanc Asesores, an external expert in the prevention of money laundering and the financing of terrorism, and decided to voluntarily accept its recommendations, submitting both the report and the proposed

action plan to the Board despite the fact that they are not applicable to the Company as it is not a regulated entity, all with the aim of ensuring that Lar España's Money Laundering Prevention Manual is always updated in accordance with the highest standards of compliance.

• **Supervision of the Internal audit:**

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

The Committee approved the orientation, budget **and work plan of the internal audit unit for the 2022 financial year**, which is in line with that of the previous year, while ensuring that its activity was mainly focused on the Company's relevant risks, including those of a reputational nature, and the Internal Audit Director was instructed to follow up on these issues in particular. Specifically, **he reviewed the work performed in 2022**, contained in the annual report on internal audit activities presented to the Committee, confirming that all its mandated functions had been fulfilled, and approved the audit plan for 2023.

During 2022, the **Internal Audit Responsible regularly reported to the Committee on the actions carried out within the framework of the annual plan approved for the 2022 financial year**. 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; the review of asset valuation processes; supervision of the internal control over financial reporting system (ICFR), as well as of the financial and non-financial risk management and control systems; calculation of the Manager's fees; financial covenants, the process of generating non-financial ESG information, treasury sub-processes focused on the management of collections and payments, updating of the narrative and flowchart of the treasury ICFR process; monitoring of communication with the markets, the CNMV and relations with analysts, investors and other stakeholders and the associated risks; review of health and hygiene measures in malls and retail parks; review of the risk map; monitoring of the functioning of the whistleblower channel; update of the crime prevention model and review of the update of this model; review, with the assistance of third party experts, of the data protection model and the money laundering and terrorism financing prevention model; review of the action plans implemented to mitigate the risks detected in the data protection reports issued by Alaro-Avant; review of the cybersecurity action plans resulting from Robota audits; review of the accounting policies manual; and the analysis of the linearisations activated and their evolution.

The Audit and Control Committee, on the basis of the self-assessment proposal prepared by the internal auditor, **has assessed the functioning of the internal audit in 2021 and the performance by its managers**, declaring its conformity with the internal auditor's assessment and agreeing to report to the Board.

• **Supervision of the whistleblowing channel:**

During financial year 2022, the Committee analysed the issues related to the operation of the Whistleblowing Channel and its activity, receiving timely information from the Ethics Committee in this regard and confirming that the Internal Audit Director **had not received any complaints** through it, despite having carried out activities to promote the whistle-blowing channel and having regularly reviewed its operation (section F.1.2. of this Report provides additional information on the whistleblowing channel). Likewise,

no relevant issues were detected in relation to the prevention of money laundering and the financing of terrorism.

### 3. In relation to the external auditor:

#### •**Proposal for reelection of the external auditor:**

Pursuant to the Company's External Auditor Selection Policy, approved by the Audit and Control Committee in May 2021, 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 2022 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 April 27, 2022 approved the re-election of Deloitte as external auditor for the financial year 2022.

#### •**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 2022, as well as the compliance with the current auditing services contract, periodically receiving information, among other matters, of the audit plan for 2022, ensuring that the opinion on the annual accounts and principal content of the audit report were drafted clearly and precisely. In this regard, the Chair of the Committee, the Corporate Director and CFO and the Internal Audit Director 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 this respect, the Committee expressly analysed whether the engagement of certain non-audit services could pose a risk to the independence of the external auditor, concluding that as the maximum limit of 70% of fees for non-audit services was not exceeded, it was not necessary to adopt measures to safeguard the independence of the external auditor.

In accordance with the above, the Committee received the letter of independence of the external auditor dated 23 February 2022, considering the external auditor that everything reviewed in the audit process was in accordance, no errors were detected and there had been good collaboration with the Company, **concluding** the Committee **that there were**

**no objective reasons to question the independence of the auditor in the 2021 financial year.**

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

The Audit and Control Committee verified the fees paid by the various Group companies to the external auditor in financial year 2022 (details of which are provided in the Operating Report of this Committee for financial year 2022) and analysed and approved the proposed fees of the external auditor for financial year 2022. Accordingly, this Committee concluded that:

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

**4. In relation 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 auditor 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, including ESG risks and cybersecurity, following the Internal Audit Director explanation of the risks identified during the analysis process, as well as the assessment of each of them and, in particular, of the main risk areas for the Company, agreeing the Committee its inclusion in the Annual Corporate Governance Report.

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

Likewise, an update of the **Crime Prevention Model** has been carried out, of which the Committee monitored, analyzed and reported favorably the documents that are part of it.

Likewise, it has followed up on the work carried out regarding **the whistleblowing channel, its Regulations and the Code of Conduct**, on which the Company is working

with an external advisor to adapt it to ISO 37002 on whistleblowing and, once it is enacted, to the new Law regulating the protection of persons who report on regulatory and anti-corruption violations and transposing Directive (EU) 2019/1937 of the European Parliament and of the Board of 23 October 2019 on the protection of persons reporting breaches of Union law.

On the other hand, the Committee analyzed, with the advice of the external advisor Robota, the execution of the third-party cybersecurity model with a double aspect: the self-assessment of suppliers and onsite audits in Gentalia and Grupo Lar.

Likewise, as reported below in section E.2, throughout 2022 **a review of the action plans on Data Protection** was carried out, together with an external expert, to mitigate the risks in this matter.

#### **5. In relation to the obligations of listed companies:**

##### **•Related-party transactions:**

During 2022, the Committee has analysed, on the basis of the minutes and certificates issued by different internal bodies of the Company (Operating Group – composed of the Company's Financial and Corporate Director and the Legal Director – and the Internal Audit Director, among others) and, when necessary, with the support of independent external consultants (Écija Abogados or PwC), the following operations for the purpose of determining their relatedness and, where appropriate, the applicable legal regime:

- Management contract between Gentalia and the Community of Abbey Owners, for a period of 1 year and a total amount of approximately 163,600 euros, formalized on February 1, 2022. These fees are passed on mostly to the tenants, assuming practically no cost to the Company.
- Temporary renewal, for three months, of the framework agreement for asset management and marketing of shopping centres and parks between Gentalia and Lar España and its subsidiaries, for a total amount of approximately 731,160 euros, formalized on April 1, 2022 and finalized on June 30, 2022.
- Renewal of the framework agreements with Gentalia for three years, from July 1, 2022 to June 30, 2025, formalized on July 1, 2022: (i) framework agreement for asset management and commercialization of shopping centers and parks; and (ii) framework agreement for the management of shopping centers and parks, being the estimate of the total amount of the consideration to be paid by both of about 12,566,998 euros, of which approximately 5,848,028 euros correspond to management fees that are passed on mostly to the tenants assuming practically no cost to the Company.

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

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

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

#### **6. In relation to the supervising compliance with the policies and rules of the Company's corporate governance obligations, and the internal rules of conduct:**

The Committee approved and reported favorably on the **Annual Corporate Governance Report** for the year 2021 which, in accordance with Article 538 of the LSC, must be included, in a separate section, in the Management Report accompanying the Annual Accounts.

Likewise, the Audit and Control Committee, after its review and subsequent discussion, approved the **report prepared by the Audit and Control Committee of Lar España on its functioning** in 2021, which includes the Committee's report on the independence of the auditor and information on related-party transactions, and agreed to submit it to the Board for its approval and subsequent publication on the occasion of the Ordinary General Shareholders' Meeting.

In addition, in the Ordinary General Shareholders' Meeting of the Company held on April 27, 2022, the Chair of the Committee informed the shareholders of the main activities carried out by the Committee during 2021.

Likewise, and with the aim of always being at the forefront of the best corporate governance practices, the Audit and Control Committee of Lar España analyzed **the proposal to modify the Audit and Control Committee Regulations and the Regulations of the Board of Directors**, to adapt the maximum term of office of the Chair of the Committee to the provisions of Article 529 LSC (a point that has already been adapted in the Articles of Association of the Company) as well as the justifying report of said proposal, agreeing to report favorably and send to the Board for final approval the proposal to modify the aforementioned internal regulations.

On the other hand, without prejudice to the fact that listed companies are no longer required to have an Internal Regulation of Conduct in the Securities Markets ("RIC"), the Committee, at the request of the Legal Director of the Company and considering the convenience of updating the RIC of the Company to incorporate the latest legislative developments, CNMV pronouncements and practical experience of the Company, issued a favorable report regarding the proposed modifications and sent to the Board the proposal for a new RIC, together with the supporting report, for final approval.

Finally, the Committee continuously monitored during the year the application of the Policy for Information, Communication, Contacts and Involvement with shareholders, institutional investors, proxy advisors and other interest groups of Lar España, as well as the rest of the corporate and good governance policies, concluding that it was not necessary to modify or update them.

#### **7. Other functions 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, 2021 and June 30, 2022 prepared by the independent appraisers appointed by the Company for that purpose (Jones Lang LaSalle y Cushman & Wakefield), which were also reviewed by both the external auditor and the Internal Audit Director. Likewise, the external auditor subsequently reviewed them as part of its audit work. In this regard, since the office of the independent appraisers expired in 2021, a process was carried out during the financial year to select appraisers for the period from 2022 to 2024. In this regard, the Committee agreed to renew the respective appraisal engagements, but to incorporate, as a measure to ensure their independence, rotation of the assets subject to valuation among external appraisers.

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



**•Others:**

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

In addition, the Committee has been informed by the Corporate Director and CFO, prior review by the Internal Audit Director, 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 has agreed to record the agreement reached for the renewal of the Company's insurance policies.

Likewise, the Committee has periodically analysed the fulfilment of the requirements to be able to apply the SOCIMI regime, based on the reports prepared by KPMG, which were reviewed by the Internal Audit Director, 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.

On the other hand, the members of the Committee have reviewed the actions carried out by the Committee during the 2022 financial year, confirming that all those actions that the Law, the Regulations (external and internal) and the recommendations of good corporate governance of the CNMV entrust to the audit committees have been complied with and carried out.

Likewise, the Committee carried out, with the support of external advisors, the monitoring of the AEAT's verification and inspection actions, as well as the monitoring of a request for information received from the supervisor.

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

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>
Mrs. Leticia Iglesias was appointed for her expertise in auditing, accounting and risks among others.
Mr. José Luis del Valle was re-elected for his expertise in finance, audit and risk, among others.
Mrs. Isabel Aguilera was appointed for her expertise in risk management. Likewise, as mentioned in section C.2.1 above, the Board of Directors, in order to ensure a phased renewal, approved a specific training plan to support the director in her new role as Chair

of the Committee, which has significantly strengthened her knowledge of auditing and accounting.

#### APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE

Name	Position	Current
Mr. Roger Maxwell Cooke	Chair	Independent
Mr. Alec Emmott	Vocal	Independent
Mr. Miguel Pereda Espeso	Vocal	Proprietary
Mrs. Leticia Iglesias Herráiz	Vocal	Independent
Mr. Juan Gómez-Acebo Sáenz de Heredia	Secretary	Non Director

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

#### Observations

Article 43.1 of the Company's Articles of Association, as well as Article 15 of the Regulations of the Board of Directors, in line with Recommendation 47 and Article 3 of the Appointments, Remuneration and Sustainability Committee Regulations, establish that the majority of the members of this Committee must be independent.

As established in the aforementioned Articles and the GGC recommendations, the Committee is composed of a majority of independent directors.

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.

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. Competences with regard to the composition of the Board of Directors and its Committees:**

- i. 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.  
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. Competences related 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. Competences related 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. Competences related 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. Competences related 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. Competences related to 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 Bylaws 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. Competences related 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:**

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 and the post of Secretary and Vice Secretary of the Committee will be held by those who hold such positions in the Board.

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. 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 Committee may call any of the members of the Company's management team or staff and may even order them to appear without any other Directors. The summoned persons will be obliged to attend the meetings of the Appointments, Remuneration and Sustainability Committee and to provide them with their collaboration and access to the information at their disposal; they will be validly constituted when the majority of their members are present or represented and their resolutions will be passed by an absolute majority of the votes of the members present or represented at the meeting. The Chair will have the casting vote in case of tie.

#### **Activities:**

The Appointments, Remuneration and Sustainability Committee has prepared the mandatory report on its performance in 2022 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 2023.

The main activities performed by the Committee during the fiscal year 2022 are set out below.

#### **1. With regard to the composition of the Board of Directors and its Committees:**

In relation to these responsibilities, during 2022 the Appointments, Remuneration and Sustainability Committee periodically reviewed the composition and size of the Board in order to guarantee (i) the diversity of points of view, experiences and gender, and (ii) that this composition is balanced and in accordance with the needs of the Company. In this sense,

In relation to **diversity in the Board of Directors**, the Committee, as explained in detail in sections C.1.5 and C.1.7 of the Report, reviewed the composition of the Board in various meetings in order to ensure the existence of diversity of views, experiences and gender, as well as a composition that is balanced and in line with the needs of the Company. In this sense, the Committee reviewed and updated the **Matrix of Competences of the Board of Directors of Lar España and assessed the needs of the Company and the current competences existing in the Board** in order to meet its needs. Following these review actions, the Committee proposed the advisability of **maintaining the current composition of the Board for the year 2023**, given the importance for the Company of the profiles and knowledge of its current members, thus avoiding the loss of knowledge and competences in the Board, especially those related to sustainability, in order to ensure compliance by the

Company with the requirements of the market in this area; and at the same time, proposed to adopt an orderly and **phased renewal plan of the Board, with the objective of reaching a ratio of 40% of the presence of women on the Board by 2024**, without compromising the maintenance of an adequate diversity of experiences and knowledge, nor its efficient functioning.

Likewise, during 2022, the Appointments, Remuneration and Sustainability Committee analyzed, on the occasion of the appointment of Mrs. Leticia Iglesias Herraiz as a member of the board of directors of another entity, the potential existence of incompatibilities in the performance of her position on the Board of Lar España and the ability of the director to dedicate to its role time and position effectively. The Committee concluded that there was no reason for incompatibility or conflict of interest and that the director did not reach the maximum number of boards allowed by the Company's internal regulations.

On the other hand, as indicated above, the Committee reviewed the **categories of directors** of each of the members of the Board of Directors, concluding that the current categories remain fully in line with their circumstances and ensured, through the review within the framework of the Board's evaluation procedure, that non-executive directors have sufficient availability of time for the proper performance of their duties.

In addition, the Committee reviewed the **composition of both Committees of the Board of the Company**, as explained in section C.1.7. regarding the Committee's conclusions on verifying compliance with the policy aimed at promoting an appropriate composition of the Board. Regarding the Audit and Control Committee, the Committee proposed, and the Board agreed, Mrs. Isabel Aguilera Navarro to hold the chairmanship of this Committee once the term of office of Mrs. Leticia Iglesias Herraiz as Chair of said Committee expired. Regarding the Appointments, Remuneration and Sustainability Committee, it was agreed that Mrs. Leticia Iglesias Herraiz, who already formed part of the Audit and Control Committee, will join the Appointments, Remuneration and Sustainability after the General Shareholders' Meeting to, among others, ensure a better coordination - especially with regard to issues related to ESG, risks, and particularly in the area of sustainability - between the Appointments, Remuneration and Sustainability Committee and the Audit and Control Committee, ultimately responsible for the control and management of ESG risks.

Finally, with regard to the **Selection Policy, appointment, re-election and evaluation of directors and diversity of the Board of Directors of Lar España**, the Committee has ensured compliance with said Policy during the year and has reviewed it, concluding that its amendment was not necessary as stated in Sections C.1.5, C.1.6 and C.1.7 of the Report.

**2. In regard to the selection of candidates for Board members and senior managers:**

Due to the expiration of the term of office of Mrs. Leticia Iglesias Herráiz as an independent external director of the Company, the Appointments, Remuneration and Sustainability Committee reviewed and approved the proposal of re-election of Mrs. Leticia Iglesias Herráiz as an independent director for the term of three years, agreeing, likewise, to submit the proposal to the Board for issuing the corresponding report. Said report was made available to the shareholders at the time of the call of the Ordinary General Shareholders' Meeting.

**3. Competences related to and to the process for appointing internal positions of the Board of Directors:**

As explained in section 1 above, the Appointments, Remuneration and Sustainability Committee, in coordination with the Board and with the consensus of all the members of the Board, has agreed to an **orderly and phased renewal of the Board of Directors in the coming years**, which will particularly affect the permanence in office of the directors Mr. Alec Emmott (independent Director) and Mr. Roger Maxwell Cooke (independent Director).

In addition, the Committee studied the desirability of having a **senior management succession plan** and examined what its general lines might be, although it is still pending of further development.

Likewise, the Committee agreed to propose to the Board of Directors that the Vice-Secretary of the Board, Mrs. Susana Guerrero Trevijano, assume the secretariat of the two Committees after the celebration of the Ordinary General Shareholders' Meeting of 2023, for which it will be necessary to modify the corporate texts of the Company, which currently do not contemplate this possibility.

**4. With regard the evaluation of Directors:**

The Committee assessed the results of the evaluation carried out by Geogeson in its capacity as external consultant for the financial years 2021 and, partially 2022, as well as the proposed action plan, confirming that the process has been correct and in accordance to the request. After analysis, the Committee referred it to the Board for full review. Section C.1.17 of the Report describes in detail the Committee's actions in relation to the evaluation process.

**5. In regard to the withdrawal and termination of Board members:**

During fiscal year 2022, the Appointments, Remuneration and Sustainability Committee was not required to exercise the powers related to these functions.

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

During the 2022 financial year, the Appointments, Remuneration and Sustainability Committee reported favourably to the Board of Directors on the proposal for a new Remuneration Policy for the period of 2022 following the General Shareholders' Meeting and for the years 2023 and 2024, which was submitted for approval by the Ordinary General Shareholders' Meeting held on 27 April 2022, and that it was approved with 95.432% of votes in favor of the capital present or represented.

The Committee also agreed to initiate a review process of directors' remuneration with the hiring of Willis Towers Watson (WTW) as an external and independent consultant appointed after a competitive selection process, with the aim of ensuring that the Company's remuneration is aligned with the market and that they are adequate to attract candidates of recognized reputation.

On the other hand, the Committee reviewed the Annual Report on Directors' Remuneration for the year 2021 in accordance with the provisions of Article 541 of the Spanish Corporate Act, agreeing to approve it and send it to the Board for final approval and subsequent referral to the General Shareholders' Meeting.

In relation to the objectives of the management team for the financial year 2021, the Committee reviewed and monitored their corporate and personal objectives, informing the Board of all aspects related to this issue.

Likewise, the Committee reviewed the fixed remuneration of the management team for 2022 and agreed to extend the three-year incentive plan, including the Director of Internal Audit, who was not part of the plan because he joined the Company during 2021. Additionally, the Committee agreed to submit to the Board a proposal for the liquidation of the first incentive plan for executives, as well as the objectives related to their variable remuneration for the year 2022.

On the other hand, the Committee initiated the work aimed at setting the personal and corporate objectives of the Company's directors for 2023.



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

In relation to these competences, the Committee has monitored and supervised all the actions carried out by the Company in the field of ESG during the year, as well as the achievements obtained and the ongoing projects, promoting constant improvement in these areas.

In this regard, on the basis of presentations previously provided to the members of the Committee, the following were analysed and discussed on several occasions:

- The decarbonization strategy and the carbon footprint of the Company. Different decarbonization strategies options (Carbon Neutral, Climate Neutral and Net Zero) were assessed to be implemented in the asset portfolio, after the analyses carried out at technical and market level, as well as potential objectives on reductions and achievement dates, and the Committee agreed to propose to the Board to prioritise the development of emission reduction measures in assets over investment in other alternatives (compensation, absorption), in order to become carbon neutral, but without having yet agreed on a specific date.
- Comparative analyses of the Company's ESG policies with those of other companies in its sector of activity were carried out;
- Different initiatives related to green leases and green clauses were assessed and promoted, with the aim of aligning tenants with the Company's ESG strategy; and
- The renewable energy project with which the Company wants to promote self-consumption systems in all its assets has also been significantly promoted, with the aim of ensuring that by the end of 2023 self-consumption measures will be operational in all the Company's assets.

All this in a particularly complex context due to the intense regulatory activity, pending approval, among others, the development of the Non-Financial Reporting Directive or a series of specific standards for SOCIMIs, which are expected to be published during the year 2023.

On the other hand, the Committee analyzed the Company's ESG communication criteria, concluding on the advisability of maintaining the Company's current policy and agreeing to propose to the Board a training session on high-level environmental issues, with a relevant focus on new regulatory developments.

The set of efforts made in these areas has been positively reflected, among others (i) in the rating obtained by the Company in 2022 from GRESB, where although there has been a slight downward adjustment, the score is still very positive and higher than that obtained by the Company's main competitors; (ii) in the maintenance of the BBB rating by the international company MSCI; or (iii) obtaining in September 2022, the EPRA Gold Award for the quality of financial information and published ESG information for the fifth consecutive year.

Finally, the Committee also analyzed the possibility of incorporating the Company into the S&P Sustainability Index, agreeing to value it again later, without prejudice to further investigation of new indices that may arise in the future.

#### **8. Other competences:**

During 2022, the Appointments, Remuneration and Sustainability Committee **reviewed and approved the Committee's operating report for 2021** in accordance with the provisions of Article 529 nonies of the Spanish Corporate Act, 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 Spanish Corporate Act and the Company's internal regulations.

The Appointments, Remuneration and Sustainability Committee **reviewed the actions carried out during 2022, 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 2023**, 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.

Finally, the Committee analysed the advisability of updating its own Regulation, concluding that its amendment was not necessary.

#### NOMINATION COMMITTEE

Name	Position	Current

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

Observations

Explain the functions, including, if applicable, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either by law or in the articles of association or in other corporate resolutions.

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#### REMUNERATION COMMITTEE

Name	Position	Current

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

Observations

Explain the functions, including, if applicable, those additional to those provided for by law, attributed to this committee, and describe the

procedures and rules of organization and operation thereof. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it either by law or in the articles of association or in other corporate resolutions.

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\_\_\_\_\_ COMMITTEE

Name	Position	Current

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external	

Observations

Explain the functions attributed to this committee, and describe its procedures and rules of organization and operation. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it either by law or in the articles of association or in other corporate resolutions.

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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:

	Number of female directors			
	Exercise 2022	Exercise 2021	Exercise 2020	Fiscal year 2019
	% Number	% Number	% Number	% Number
<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%	0	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 amended both, on 11 November 2021 in order to be adapted to Law 5/2021. Also in 2022, **Articles 4 and 5 of the Regulations of the Audit and Control Committee have been amended** with the aim of incorporating certain technical improvements and adapting the maximum term of the position of Chairman of the Audit and Control Committee to that provided for in Article 42 of the Company's Articles of Association. These Regulations are available on the following corporate website link: Internal Rules on Governance | Lar España (larespana.com)

Lar España **prepares on an 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 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 November 8, 2022, the Operating Group's Activity Report was prepared to verify the correct application of the Related-Party Transactions Protocol and record the activities carried out by the Operating Group. 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 2022. The Operating Group assessed a series of operations to review, on the one hand, the legal aspects related to the consideration of transactions as related, the competent body for their approval and the publicity regime that was applicable in each case; and, on the other, the financial and market terms of the operations, in order to assess the fairness and reasonableness of the same from the point of view of the Company and the shareholders other than the related party in order to raise said valuation to the competent bodies for the approval of the related party operations. Each of the Operating Group's minutes were shared with the Director of Internal Audit in order for him to have information on compliance with the necessary procedures for analysis and evaluation of operations, in accordance with the applicable Law and the aforementioned Protocol. In the exercise of its functions, when necessary, the Operating Group has relied on external advice in relation to particularly relevant legal or technical aspects. During the year 2022, the Operating Group has analyzed the following transactions, concluding that all constituted Related-Party Transactions:

- Management agreement between Gentalia 2006, S.L. ("Gentalia") and Comunidad de Proprietarios de Abadía, for a period of 1 year and a total amount of approximately EUR 163,600, formalized on February 1, 2022. These fees are passed on mostly to the tenants, assuming practically no cost to the Company.
- Temporary renewal, for three months, of the framework agreement for asset management and marketing of shopping centres and parks between Gentalia and Lar España and its subsidiaries, for a total amount of approximately EUR 731,160 formalized on April 1, 2022, and finalized on June 30, 2022.
- Renewal of the framework agreements with Gentalia for three years, from July 1, 2022 to June 30, 2025: (i) framework agreement for asset management and commercialization of shopping centers and parks; and (ii) framework agreement for the management of shopping centers and parks, being the estimate of the total amount of the consideration to be paid for both of about EUR 12,566.998, of which approximately 5,848.028 correspond to management fees that are passed on mostly to the tenants assuming practically no cost to the Company, and formalized on July 1, 2022.

In compliance with the provisions of the implementing regulations and the Related-Party Transactions Protocol, said related-party transactions were reviewed by the Audit and Control Committee and approved by the Board of Directors at its meetings held on January 25, 2022, March 22, 2022 and June 23, 2022, respectively. In this regard, given that none of the operations involved an amount or value equal to or greater than 10% of the total assets according to the last annual balance sheet approved by the Company, approval by the General Shareholders' Meeting was not required.



Likewise, in accordance with the applicable regulations, and because of considering that the aggregate value of the transactions held with the same counterparty in the last twelve months (as of July 3, 2021) had exceeded 2.5 per cent of the annual turnover, the corresponding information about such related-party transactions was published at Lar España's website and reported to the CNMV, on July 1, 2022, through the corresponding communication of "Other Relevant Information" (registration number 17177), attaching the corresponding reports issued by the Audit and Control Committee as an appendix to the aforementioned communication.

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	5,471	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	2,367	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
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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

**Report covering the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported**

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

**Mechanisms for resolving possible conflicts of interest**

## **E** RISK MANAGEMENT AND CONTROL SYSTEMS

### E.1 Explain the scope of the company's financial and non-financial risk management and control system, including tax risk.

The **Risk Management System** of Lar España Real Estate SOCIMI, S.A. and subsidiaries (hereinafter, Lar España) is implemented at corporate level and designed to mitigate the risks (including tax risks) to which the Organization is exposed due to its activity.

Said System has been described and developed in the **Risk Control and Management Policy** approved by the Board of Directors of Lar España, which is periodically reviewed by the Audit and Control Committee and 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 System is aligned with the main guidelines contained 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 of the processes in which risks are generated and controls are carried out, determining the relationship between key risks and the Organization's processes.
- 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.
- 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.

In order to maintain an effective risk management system, Lar España prepares a corporate Risk Map which identifies the main risks affecting the group. It also has a Risk Management Manual, as part of the Risk Control and Management Policy, which includes the templates and documents to be used for carrying out the different activities and 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, 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
- Cybersecurity 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 or Business Units**

This person is 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.

### **Internal Audit Function**

The Internal Audit Function assists the Audit and Control Committee in the fulfillment of its functions in this area and 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 Director must analyze and consolidate the risk information prepared by the Responsible for the Process, which will be progressively materialized in "Risk Sheets". Additionally, assumes the function of identifying new events, collecting and evaluating information on key indicators of the risks inherent to the processes and, if necessary, proposing action plans and monitoring them. Once the priority risks have been defined, those responsible for their management and the control of the Risk Sheets will be assigned.

### **Audit and Control Committee**

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

In this regard, the Audit and Control Committee is responsible for monitoring the implementation of the Risk Control and Management Policy defined by the Board. This Policy includes the various risk typologies (Strategic, Operational, Compliance and Financial), including tax risks (with particular attention to monitoring the requirements associated with the SOCIMI regime). Ultimately, 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.

Lar España has an updated Risk Map, which includes the risks that could potentially affect the organization.

It should be stated that, as part of this process of updating the Risk Map, during 2022 the Company's Risk Universe has been reviewed, together with all the participants of the process and risk managers of the Lar España group, paying special attention to strategic risks, derived in particular from the relationship with investors and analysts and its perception of the Company, and the sector in general, including the amount of capitalization of Lar España, and financial risks, including those derived from the perception of market instability, the generalized rise in rates and uncertainty about the solvency of customers. Likewise, the risks derived from the socioeconomic and geopolitical situation (war in Ukraine), adaptation to climate change and environmental sustainability in the Company's assets, regulatory changes, such as inability to identify and prevent legal and fiscal risks caused by non-compliance with regulatory requirements in financial or fiscal matters as well as cybersecurity and information security risks, have been reviewed. All of them have been included in the update of the Risk Map for 2023.

The risks considered as "priority" by Lar España as a result of the corresponding annual update of the Risk Map, and upon which, during 2023 and subsequent years, the appropriate management and monitoring activities on these risks will be carried out are detailed below.

The main risks that could affect the achievement of business objectives, according to the classification of risk dimensions, are: strategic, operational, financial and regulatory.

Strategic:

- Political, social and macroeconomic situation.
- Regulatory changes/legal uncertainty.
- Resilience to climate change and environmental sustainability.
- Epidemic outbreaks, epidemics and pandemics.

Operational:

- Value of the properties.
- Cyber security and information security.
- Loss of internal talent.

Financial:

- Market risk.

Regulatory:

- Management of 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.

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 2022 financial year:

- In March 2022, the Anti-Money Laundering/FT Manual was updated and the prevention model was submitted, as required, to the scrutiny and issuance of an external expert's Report on the internal control measures established to prevent money laundering and the financing of terrorism (an expert who was hired prior approval of the Audit and Control Committee), was submitted for approval by the management body, and subsequently submitted for approval by the Board of Directors in July 2022.
- Throughout 2022, a review of the action plans on Data Protection was carried out, together with an external expert who advises Lar España on this matter, to mitigate the risks identified in the Risk Analysis Report and the DPIA (Data Protection Impact Assessment) on Corporate Marketing. All legal documents included on Lar España's website and documents relating to the RPA (Register of Processing Activities of Lar España and its subsidiaries, as well as those activities carried out by Grupo Lar and that have an impact on Lar España's activity) were reviewed. Likewise, the agreement and annexes of data protection clauses with third parties were reviewed and the data protection Manual and its annexes were updated, and a new information security policy was drafted.
- At the end of the year, a review of the situation of the action plans on cybersecurity was carried out to mitigate the risks identified in the self-assessment audits of the selected suppliers and the onsite audits in Gentalia, Grupo Lar and Lar España's website, which were carried out with the participation of an external consultant on the matter, and these actions were presented and discussed at the Cybersecurity Committee held on November 7, 2022, as well as at the meetings of the Audit and Control Committee.

#### 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 situation of socioeconomic and geopolitical context (war in Ukraine) in which we find ourselves, as well as the energy crisis, have marked the year 2022, and although uncertainty has decreased significantly as a result of the Covid-19 pandemic, this risk still remains due to the impact it has had and continues to have on the world.

Likewise, the perception of market instability, the generalized rise in rates, the high energy costs in the Company's assets, the uncertainty about the solvency of customers and the potential loss of consumer confidence are risks that Lar España has faced in 2022.



Therefore, market, political and macroeconomic risks and changes in the consumption model (e-commerce) will be among the main materialized risks in 2022.

The aforementioned risks have impacted the normal activity of the Company and its tenants during 2022 and Lar España has continued to renegotiate individually and extraordinarily some of its contracts with lessees; the high cost of energy and the impact that this has had on the value of real estate assets is one of the examples of the effects caused by the materialization of these risks.

In addition, there are other materialized risks, related to Lar España's own activity, with low significance on the business, having functioned to a large extent the internal control systems established by the Company.

**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 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 Function. 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, 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.

Based on the review of the annual risk map, and due to the market, geopolitical (Ukrainian war), social and macroeconomic context, as well as the uncertainty caused by the global pandemic prevailing in our environment, Lar España continues to include the following specific response plans to the possible materialization of the main risks related to these events:

- 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 prices in our assets for future years.

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 developed and implemented in 2022 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 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.
- In relation to tax risks, the Company continuously monitors them, having hired the permanent advice of tax experts who guide the Company in this matter and help it in the preparation of the allegations and resources that are necessary to respond to any requirement or settlement of the Tax Authority.
- Likewise, Lar España pays special attention to the resilience of the Company and its assets to climate change, energy efficiency in its portfolio, the circular economy, the creation of shared value in the communities in which it operates, environmental sustainability and the existence of an effective corporate governance system (ESG). Lar España is committed to the environment and invests in innovative solutions that enable it to manage its assets responsibly and reduce their impact on the environment. The Report prepared by the Appointments, Remuneration and Sustainability Committee of Lar España Real Estate SOCIMI, S.A. on its Functioning in 2022 and Section C.2. on the most important activities carried out by the Committee describe in detail the progress made in ESG matters during the year 2022. Likewise, in the CSR/ESG section of the Company's website, all relevant information on this matter is available and can be consulted through the following link: <https://www.larespana.com/en/sustainability/our-commitment/>.
- Additionally, since November 2022, Lar España is working on the analysis of risks and opportunities derived from climate change according to the international standard TCFD (Task Force on Climate-related Financial Disclosures). With this, the Company will have the information on the possible impacts of climate change on the portfolio of assets and will be able to define adaptation plans to mitigate these effects. In this way, the Company will also be able to include the results obtained in the reports published to stakeholders following the guidelines contained in that 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 2022 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 Lar España's Internal Audit Function.



## **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 ICFR (hereinafter, 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 powers:

- *Supervise and evaluate the preparation and the integrity of the financial and nonfinancial information prepared on the Company and, where appropriate, the Group, checking the fulfilment of legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles and, in particular, know, understand and monitor the effectiveness of the internal control over financial reporting system (ICFR).*
- *Supervise on a regular basis the effectiveness of the internal control of the Company and its Group as well as the activities of the Company's internal audit function, discussing, together with the auditors, any significant weaknesses in the internal control system detected in the audit, and drawing conclusions on the system's level of accuracy and reliability, all without diminishing its independence. To this effect, and where applicable, the Committee shall submit recommendations or proposals to the Board of Directors and the corresponding period for the follow-up thereof.*

The ICFR Manual, which has been reviewed and updated in May 2022, 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 Function (IAF)."*

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".*
- *"Inform the Audit and Control Committee and the Internal Audit Function (IAF) of new developments in the area of ICFR documentation, for their knowledge and assessment".*

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 IAF 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 IAF in the ICFR Oversight process.

### **Internal Audit Function (IAF)**

As established in the ICFR Manual, the Audit and Control Committee has entrusted IAF 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 Function, 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 Manual of the Internal Control System over Financial Reporting (ICFR) 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 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) aims to establish the guidelines of conduct that will regulate the behavior of all those acting on behalf of Lar España and its subsidiaries. The scope of application of this Code includes all members of the Board members of the Company, the Senior Executives of the Company, the members of the management team of the Grupo Lar (Management Company of Lar España), the executives and employees of both the Company and its investee companies, and any other person who may be related to Lar España, even if it does not have the status of an employee.

The Audit and Control Committee is responsible for ensuring compliance, updating and dissemination of the Code.

Principle 4, on Book-keeping and financial information preparation, states “*Lar España pledges to ensure that the company's financial information, most particularly its annual financial statements, reflects the company's financial reality, in keeping with applicable generally accepted accounting principles and international financial 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 Internal Control, prevention of money laundering and prevention of crimes, establishes: “*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.*”

In order to adapt the internal regulations to legislative changes, during 2022, the Company has been working on **adapting the Whistleblowing Channel Operating Manual** to Directive 2019/1937 and its transposition through the Draft Law Regulating the Protection of Persons Reporting on Regulatory and Anti-Corruption Infringements (“Protection of Whistleblowers Draft Law”), introducing the necessary changes, both in the aforementioned manual, and in the **Code of Conduct**, in order to adapt to the best practices in this area. In this regard, it should be noted that it is expected that **non-anonymous complaints** will be allowed and will be treated with the utmost confidentiality.

Likewise, throughout the year, a specific Training Course has been held for all employees to ensure knowledge of the Code of Conduct. In addition, it should be noted that employees have received a training course on ethics and crime prevention. All of them have received a certificate attesting to having demonstrated the necessary capacity and competence on basic concepts in equality and harassment 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*”.

Lar España has an Operating Rules governing the Whistleblowing Channel in place, which regulates the functioning of this channel, by virtue of which any person subject to the Code of Conduct of Lar España, any existing regulations or other established internal regulations, who considers that breaches are occurring, may file a complaint/claim in order to make the issue known and resolved. Whilst the Channel is based on the good faith principle, so any person filing a complaint should do so with sufficient reasons and objective evidence which demonstrate the existence of a breach, non-anonymous communications are preferred. Nevertheless, Principle 2 of said Regulations on **confidentiality and protection** specifies that “*Lar España, the administrators of the Whistleblower Channel and its control bodies shall commit to maintain due confidentiality in all actions and in relation to all persons involved. Likewise, they shall take the appropriate measures to avoid and neutralize any type of retaliation that may be intended to be caused by third parties as a result of the whistleblowing action*”.

The scope of application of the Whistleblower Channel extends to all members of the Board of Directors of the Company, Senior Executives of the Company, members of the management team

of the Grupo Lar (Management Company of Lar España), executives and employees of both the Company and its investee companies, and any other person who may be related to Lar España, even if said person does not have the condition of employee. Likewise, they may be employed by any internal or external stakeholder of the Company.

Lar España establishes the following means to file complaints:

- Website: <http://laespana.com>
- E-mail: [canaldenuncias@laespana.com](mailto:canaldenuncias@laespana.com)
- Confidential explanatory letter

To ensure a more effective management of the Whistleblower Channel, Lar España has an Ethics Committee that mainly assumes the following functions:

- Receipt and classification of complaints received.
- Coordination of the investigation work for each of the complaints.
- Enforcement of the corresponding disciplinary sanctions.
- Preparation of periodic reports on the operation of the channel.

The Ethics Committee of Lar España is made up of the Head of the Internal Audit Function, the Secretary and Vice-Secretary of the Board and the Chair of the Audit and Control Committee.

The Code of Ethics and Conduct and the Operating Rules governing the Whistleblowing Channel are available at Lar España' website. As explained in the previous section, the Company is working on adapting the Whistleblowing Channel Operating Manual and the Code of Conduct, in accordance with the latest regulations in this area.

- 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 the year, 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.

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 IAF 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. This documentation identifies and analyzes, 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 2022.

- 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.

- 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 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.

In addition, the Company has a Risk Control and Management Policy where:

- 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 and is the competent body for financial reporting. Likewise, approves the Risk Control and Management Policy and the regular monitoring of 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 IAF, has the task of supervising and evaluating the Group's ICFR. The Board of Directors also has the support of the Corporate and Financial Management, which is responsible for its suitability and effectiveness.

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" (*Manual del Sistema de Control Interno sobre la Información Financiera (SCIIF) del Grupo Consolidado Lar España Real Estate SOCIMI*).

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 IAF), 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. "*

During fiscal year 2022, a **review and updating process of the ICFR** has been conducted, specifically the ICFR Manual, the General Controls Matrix at entity level, the Narrative and the flowchart corresponding to the processes of acquisition of real estate and treasury investments. Thus, throughout 2022, the following actions have been carried out: (i) updating of the ICFR Scope Determination Matrix; (ii) updating of the ICFR Manual; (iii) updating of the Accounting Policy Manual; (iv) updating and testing of the ICFR Controls Matrix, with reinforcement in the controls of treasury and asset investment areas; and (v) updating of the Risk Sheets and testing of controls for high criticality risks.

Likewise, as a result of this update of the ICFR, the methodology to be applied by the Company for the treatment of General Computer Controls (cybersecurity) has been reviewed.

Thus, and in relation to the changes made in the ICFR Manual, in addition to some minor changes included, among them in the Regulatory Framework to indicate other regulations that affect the content of the Manual, an amendment that stands out is the modification of the section relating to General Computer Controls in order to include the third-party cybersecurity risk management model that has been developed by Lar España. The foregoing is due to the fact that an important part of the activities of Lar España are contracted to specialized third parties, which have a relevant participation in the significant processes of the Company and which, in most cases, have the ability to access, process and even safeguard data and information of the Company, and with the aim of managing and reducing to a reasonable level the risks derived from information security, which come from third parties outside the Company.

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.

Additionally, with regard to the **control of non-financial information**, Lar España carries out a voluntary annual review of non-financial information. At the end of 2022, and in accordance with the internal audit plan for this year, the Internal Audit Function reviewed the status of the Company's ESG initiatives. To this end, they held meetings with the ESG managers of Lar España and consulted the external reports of non-financial information published to third parties (half-yearly reports, annual ESG report...), as well as other internal reports (Strategic Waste Management Plan, Energy Efficiency Plan and the Decarbonization Plan, among others). In particular, it has reviewed the process of capturing the following parameters: (i) water and energy; (ii) air quality; (iii) emissions; and (iv) waste. During 2022, the development of the platform for the analysis and dynamic visualization of data related to the use of resources in assets (water and energy) and the mitigation of their environmental impact (waste and GHG emissions) has been practically completed. On the other hand, the reading and assessment of the invoices received from the suppliers of the different assets is already automated, which facilitates the monitoring and verification of the data obtained.

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 outsourcing agreement and the financial information reported by the third party to prevent errors.

**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 relation to the policies and procedures that are considered for evaluating and supervising the management of the outsourced activities, the Company performs a comprehensive procedure for the hiring of outsourced persons to ensure their competence, independence and technical and legal training with regard to the services provided. In addition, the Company regularly carries out evaluation work on key controls performed by third-party service providers to verify their proper functioning.

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 has continued to develop and implement a Cybersecurity Risk Management Framework of third parties during 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.

During 2022, as part of the second phase of this Model, the development of the third-party evaluation and audit project carried out with the help of a specialized technical company hired for this purpose by the Audit and Control Committee, has been completed in order to cover two fronts with two different teams: self-assessment of selected suppliers and onsite audits. Likewise, a computer audit was carried out on the vulnerability analysis of the website and another on the vulnerabilities of the public domains of Lar España. As part of this process, cybersecurity clauses were sent to the 19 suppliers analyzed to be reviewed and annexed to the contracts for the provision of services. Following the completion of the third-party evaluation and auditing project, the aforementioned specialized company issued a series of recommendations that resulted in an action plan. The Cybersecurity Committee, which has been reporting on this process on a quarterly basis during 2022 to the Audit and Control Committee, presented and discussed these actions, as well as the current framework of Lar España's cybersecurity risks, at its meeting held in November 2022, and pointed out the top ten risks in this matter, how they are included in the current Risk Map of Lar España and the preventive and corrective approaches for the management of this risk.

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 Function, 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 during 2022 in order to introduce minor drafting adjustments that have been approved by the Audit and Control Committee in May 2022. 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 with accounting experts or other advisers are confirmed 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 specialised firm of recognised 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. 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 IAF for the supervision of the ICFR. In particular, the Internal Audit Function Statute, assigns to the IAF, 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 2022 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 Manager 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 IAF 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 2022 financial year, the documentation corresponding to some significant processes has been reviewed and updated, including the acquisition of real estate investments and the Treasury process, where the controls implemented in the different sub-processes of the same have been reviewed, introducing changes in both of the narrative and flowchart documents.

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 IAF and other advisers for preparing the financial information, as well as the review and updating activities related to the ICFR. As part of its duties, the IAF 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

As explained in section C.1.2 of this Report, as a result of the sale of LVS II Lux XII S.à r.l. - an entity controlled by PIMCO of all of its shares - Mr. Laurent Luccioni, proprietary director of Lar España appointed to represent PIMCO, resigned on January 28, 2022. The Board of Directors of Lar España is composed entirely of non-executive directors. Only one of the six directors that made up the Board is proprietary director, being the remaining five independent directors.

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 has agreed to implement an orderly and phased renewal plan of the Board that ensures that, in the short term, the quota 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

As a result of the resignation presented by the proprietary director Mr. Laurent Luccioni on January 28, 2022, which has been reported in section C.1.2 of the Report, the General Shareholders' Meeting held on April 27, 2022, agreed to set the number of members of the

Board of Directors of the Company at six, so that the vacancy caused by the Board of Directors after the resignation of Mr. Laurent Luccioni was amortized. Of the six members of the Board of Directors of Lar España, five hold the category of independent and one the category of proprietary.

Following this resolution of the General Shareholders' Meeting, the current 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, both in 2017 and 2020.

**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 establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.**

Complies  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 24, 2022.

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

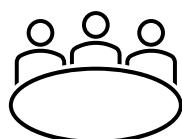
The attendance of each director at the meetings held by the Board of Directors and its Committees during the financial year 2022 is detailed below.

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>	13/13	9/10 <sup>(2)</sup>	NA
<b>Mrs. Leticia Iglesias Herraiz</b>	13/13	10/10	5/5 <sup>(3)</sup> *Joins the Appointments, Remuneration and Sustainability Committee in May 2022.
<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 18 May 2022, 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 precise voting instructions.

(2) Mrs. Isabel Aguilera Navarro attended the meeting of the Audit and Compliance Committee held on 27 July 2022, represented by Mrs. Leticia Iglesias Herraiz by means of a special power of attorney granted in her favor, with specific voting instructions.

(3) Mrs. Leticia Iglesias Herraiz was appointed member of the Appointments, Remuneration and Sustainability Committee on 22 March 2022, agreeing her incorporation to the Committee in May 2022, following the Ordinary General Meeting. Since May there have only been 5 meetings of the Committee, all of which have been attended by Mrs. Leticia.



**Board of Directors**

**100%**  
Attendance present or represented

**Audit and Control Committee**

**100%**  
Attendance present or represented

**Appointments, Remuneration and Sustainability Committee**

**100%**<sup>(4)</sup>  
Attendance present or represented

(4) For the calculation of the percentage, the date of incorporation of Mrs. Leticia Iglesias Herraiz to the Appointments, Remuneration and Sustainability Committee in May 2022 has considered.

# Lar España Real Estate SOCIMI, S.A.

Auditors' report on the 2022  
"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 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*

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON THE 2022 INFORMATION RELATING TO THE SYSTEM OF 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 engagement letter of February 20<sup>th</sup> 2023, 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 2022, 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.

In this regard, it should be noted, irrespective of the quality of the design and operational 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 Auditing Standards, the sole purpose of our assessment 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 assessment 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 *Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies*, published by the Spanish National Securities Market Commission on its website, which establishes 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 2022 described in the accompanying information on the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

In addition, since this special engagement does not constitute an audit of financial statements and is not subject to current Spanish Audit Law, we do not express an audit opinion in the terms provided in that Law.

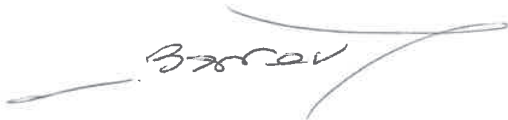
The procedures applied were as follows:

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 assessment of whether this information addresses all the information required considering the minimum content described in section F, of the ACGR form, relating to the description of the ICFR system as established in CNMV Circular 5/2013 of June 12<sup>th</sup> 2013, subsequently modified, being the last one the Circular 3/2021 of September 28<sup>th</sup> 2021.
2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Entity.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including documents directly made available to those responsible for describing the ICFR systems. In this respect, the aforementioned documentation includes reports prepared by the internal audit department, senior executives or 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 obtained through the procedures applied during the financial statement audit work.
5. Reading of the meetings minutes of the board of directors, Audit and Control Committee and other committees of the Entity to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, 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 Corporate Enterprises Act and by Circulars published by the CNMV (Spanish National Securities Market Commission) for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.



Carmen Barrasa Ruiz

February 24<sup>th</sup>, 2023