



REPORT BY THE AUDIT AND CONTROL COMMITTEE ON ITS PERFORMANCE IN 2024

1. INTRODUCTION

The Audit and Control Committee of Inmobiliaria Colonial, SOCIMI, S.A. (the “**Company**”) has issued this report on its structure, organisation and performance, and the fulfilment of its responsibilities throughout 2024 (the “**Report**”). In order to draw up this report, the members of the Audit and Control Committee (the “**Committee**”) received a questionnaire about its structure, organisation, performance and fulfilment of duties.

The Report will be submitted to the Board of Directors of the Company, who will be in charge of assessing the performance of the Committee pursuant to Article 35 of the Company’s Board Regulations.

2. COMPOSITION, PERFORMANCE, POWERS AND MAIN ACTIVITIES

2.1. Members of the Committee

In accordance with the new Regulations of the Committee approved by the Board of Directors in December 2024, the Committee must be composed of a minimum of three and a maximum of six directors, all of whom must be non-executive Directors. All members of the Audit and Control Committee, especially the Chairperson, must possess the necessary knowledge, professional experience and commitment to perform their duties within the Audit and Control Committee. Specifically, all members of the Audit and Control Committee as a whole, and particularly the Chairperson, are appointed based on their knowledge and expertise in accounting, auditing, verification, internal control systems and risk management (both financial and in relation to sustainability). Moreover, in general, all members of the Audit and Control Committee must have an understanding of the business sector in which the Company operates.

The Audit and Control Committee must appoint a Chairperson from among its members, who must always be an independent Director. In addition to his/her duties within the Committee, the Chairperson acts as its spokesperson in all dealings with the Board of Directors and during the General Meeting. The Chairperson of the Audit and Control Committee must be replaced every four years and may be reelected one year after leaving office.

At present, the Committee is made up of four members following the resignation of Mr Luis Maluquer Trepas as director of the Company in May 2024. All Committee members are non-executive Directors and Independent Directors too, except for Ms Begoña Orgambide García who is a Proprietary Director. The Committee is chaired by an Independent Director, in compliance with Article 32 of the Regulations of the Board of Directors.

The current members of the Company Committee are:

NAME	POSITION	CAPACITY
Ms Miriam González-Amézqueta López.....	Chairwoman	Independent
Ms Ana Bolado Valle	Member	Independent
Ms Ana Peralta Moreno	Member	Independent
Ms Begoña Orgambide García.....	Member	Proprietary

The appointment of Ms Miriam González-Amézqueta López as Chairwoman of the Committee took place on 24 May 2024 and took effect on 30 June 2024. She replaced Ms Ana Peralta Moreno, who had to step down due to the expiry of the maximum term of office established by law for the Chairperson.

Committee members have the necessary knowledge, skills and experience to discharge their duties. In this regard, the directors’ academic and professional profiles, as well as information on the amount of time served as directors of the Company, are available on the Company website ([link](#)).

The Committee's Secretary is Mr Francisco Palá Laguna, as he is the Secretary to the Company's Board of Directors. The Vice-secretary is Ms Nuria Oferil Coll, as the Vice-secretary of the Company's Board of Directors.

2.2. Functioning of the Committee

The Committee held 14 meetings in 2024. Of these, four were held in person and ten via video conference using computer software, in accordance with Article 35 of the Regulations of the Board of Directors. In three of the four meetings held in person, at least one Committee member attended by video conference. At each of the aforementioned sessions, the Secretary acknowledged the identity of all present members of the Committee. In addition, the Committee held two joint meetings with the Sustainability Committee. Consequently, the Committee fulfilled its duty to meet with the frequency required to carry out its functions in an effective manner.

Regarding the preparation and running of meetings, the Chairwoman of the Committee called meetings with sufficient notice. Directors must attend such meetings regularly. Without prejudice to the foregoing, any Committee members who are unable to attend for justified reasons may delegate their vote to another Director, providing such proxy with specific instructions. In 2024, all members of the Committee attended 100% of meetings in person, with the exception of the meeting held on 29 July, for which one director gave the Chairwoman a proxy to attend and vote on her behalf.

Furthermore, the members of the Committee were provided with the information on the agenda prior to each meeting, thereby encouraging them to participate and adopt informed resolutions.

In addition to by its own members, Committee meetings were attended by the Vice Secretary to the Board in her capacity as such; and, whenever this was necessary or desirable in order to address specific matters within their remit, and following an invitation by the Chairwoman of the Committee to attend parts of the meeting other than deliberation and voting, the following people attended one or more meetings: (i) the CEO; (ii) the Corporate General Manager; (iii) the Chief Financial Officer and members of her team; (iv) the Head of Internal Audit; (v) the Director of Human Resources and General Services; (vi) the Chief Compliance Officer; (vii) the Business Manager; and (viii) the Head of Systems, Communications and Security Infrastructure.

Furthermore, five Committee meetings were attended by representatives of the external auditor PricewaterhouseCoopers (PwC). In addition, the meeting held on 22 April in connection with the process of selecting and appointing the Company's new external auditor was attended by representatives of Ernst & Young (EY), KPMG, PricewaterhouseCoopers (PwC) and Deloitte.

Finally, it must be stipulated that the Secretary recorded the minutes of all the meetings held, setting out the proceedings, contents, deliberations and agreements adopted. The minutes of Committee meetings were given to all members of the Committee and are available to all directors.

2.3. Scope of powers of the Committee

The Committee efficiently fulfils the duties it has been entrusted with in accordance with Article 32 of the Regulations of the Board of Directors. The Board of Directors thus has the following duties:

- Reporting to the General Meeting of Shareholders on any issues arising for shareholders in relation to any matters within the remit of the Audit and Control Committee.
- Supervising the effectiveness of the internal controls of the Company, the internal audit and the risk management systems, and discussing with the accounts auditor the significant weaknesses in the internal control system detected over the course of the audit, all without interfering with its independence. To this end, and where applicable, it may submit recommendations or proposals to the Board of Directors within the corresponding time frame for subsequent follow-up.
- Submitting to the Board for approval a report on the risk management and control policy, identifying or establishing at least: (i) the different types of financial and sustainability risks (including, among others,

operational, technological, legal, social, environmental, political and reputational risks, including those relating to corruption) faced by the Company, including financial and economic risks, contingent liabilities and other off-balance-sheet risks; (ii) a risk management and control model based on different levels; (iii) the risk level deemed acceptable by the Company; (iv) the measures planned to mitigate the impact of the risks identified should they materialise; and (v) the information and internal control systems to be used to control and manage the above-mentioned risks, including contingent liabilities and off-balance-sheet risks.

- Directly supervising how the internal control and risk management functions are performed by one of the Company's officers or internal departments that has been expressly assigned the following functions: (i) to ensure the proper functioning of the control and risk management systems and, in particular, that all the important risks that affect the Company are adequately identified, managed and quantified; (ii) to actively participate in the development of a risk strategy and to take part in the important decisions concerning risk management; and (iii) to ensure that the control and risk management systems in place adequately mitigate the risks within the framework of the policy defined by the Board of Directors.
- Supervising the process of preparing and presenting the required financial information and presenting recommendations or proposals to the Board of Directors, aimed at protecting its integrity.
- Supervising the unit in charge of the internal audit to ensure the proper functioning of the information and internal control systems, which is functionally dependent on the non-executive Chairman of the Board of Directors or the Committee. The head of said unit shall present an annual work programme to the Committee for its approval, or for approval by the Board of Directors if appropriate, and shall report directly to the Committee on its implementation, including any incidents and limitations to the scope that may arise during execution, as well as on the outcome and follow-up of its recommendations, submitting a report on its performance at the end of each year.
- Regarding the information and internal control systems: (i) supervise and assess the process of preparing the financial and sustainability information and its integrity, as well as the financial and sustainability risk management and control systems relating to the Company and, where applicable, to the Group (including operational, technological, legal, social, environmental, political and reputational or corruption-related risks), reviewing compliance with regulatory requirements, the proper delimitation of its scope of consolidation and the correct application of accounting principles; (ii) ensure the independence and effectiveness of the internal audit processes, propose the election, appointment and removal of the Head of Internal Audit, as well as proposing the budget for this service; approve or, where applicable, propose the Board of Directors' approval of the internal audit's orientation and annual work plan, ensuring that its work is focused mainly on relevant risks (including reputational risks); receive regular information on their activities and verify that senior management is taking into account the conclusions and recommendations of the Committee's reports; and (iii) ensure in general that the policies and systems in place regarding internal control are effectively applied in practice. In addition, the Committee may establish and monitor a mechanism to report any potentially significant irregularities regarding finance, accounting or any other areas related to the Company that may come to its attention within the Company or the Group. Said mechanism must ensure confidentiality and, in any case, provide for cases in which the reporting can be made anonymously, respecting the rights of the whistleblower and the reported party.
- Acting as a communications channel between the board of directors and the Company's external auditor, assessing the results of each audit. Also, with respect to the external auditor, it shall: (i) submit proposals to the Board of Directors to elect, appoint, reelect and remove the auditor and take responsibility for the selection process pursuant to current legislation as well as the conditions of his/her contract; (ii) regularly obtain information from the auditor on the audit plan and how it is being executed; and (iii) preserve the independence of the external auditor in the performance of his/her duties.

The Committee shall also be responsible for: (i) examining the circumstances behind the resignation of the external auditor, if this were to occur; (ii) ensuring that the remuneration for the external auditor's work does not compromise their integrity or independence; (iii) ensuring that the Company reports the change of auditor through the Spanish Securities Market Commission (CNMV), attaching a statement mentioning and providing details of any disagreements the Company may have had with the outgoing auditor; and (iv) ensuring that the Company and the external auditor adhere to current laws and regulations regarding the

provision of non-audit services as well as the limits on the auditor's business concentration and, in general, all other rules on auditor independence.

- Establishing appropriate relations with the external auditor to receive information on any matters that may threaten their independence for examination by the Committee and any others relating to the process of auditing the accounts and, where applicable, the authorisation of services other than those prohibited by current regulations regarding the system of independence, as well as any other communications established in the accounts auditing laws and auditing standards. In any case, each year, the external auditors shall be required to furnish a statement of their independence with respect to the Company or entities related directly or indirectly thereto, as well as detailed and separate information on any manner of additional services of any kind provided and the related fees received from these entities by the external auditor or entities related thereto in accordance with the law governing accounts audits.
- Issuing annually, prior to the issue of the accounts auditing report, a report stating an opinion as to whether the independence of the accounts auditors or auditing companies were compromised. This report shall, in any case, contain the reasoned assessment of the provision of each and every additional service referred to in the preceding section, considered separately and as a whole, other than legal audit services and in relation to the rules on independence or in accordance with the audit regulations.
- Reporting on related transactions to be approved by the General Meeting of Shareholders or the Board of Directors and supervising the Company's internal procedure for transactions whose approval has been delegated.
- Reporting to the Board of Directors in advance on all matters envisaged by law, the Company Bylaws and the Regulations of the Board of Directors, and in particular in relation to the following matters: a) financial information and the management report, which shall include, where applicable, the mandatory sustainability information required to be published by the Company on a regular basis; and b) the creation or acquisition of holdings in special purpose vehicles or entities based in countries or territories considered to be tax havens.
- Monitoring compliance with the Company's environmental and social policies and rules and its internal codes of conduct. For these purposes, the Committee shall be specifically assigned the following minimum functions: (i) monitoring compliance with the Company's internal codes of conduct; (ii) overseeing the application of the general policy regarding the communication of economic-financial, sustainability and corporate information, as well as communications with shareholders and investors, proxy advisors and other stakeholders. It shall also monitor the way in which the Company communicates and contacts with small and medium-sized shareholders; (iii) assessing and periodically reviewing the company's environmental and social policy; (iv) monitoring that the company's environmental and social practices are aligned with the established strategy and policy; (v) monitoring and evaluating the relationship with stakeholders.
- Issuing a report to the Board of Directors on the economic conditions, accounting impact and, in particular, the proposed exchange ratio following an analysis performed after the Committee has been informed of the structural and corporate modification operations planned by the Company.
- Issuing those reports and proposals that may be requested by the Board of Directors or its Chairman and are within the powers of the Audit and Control Committee, as well as those that may be deemed appropriate for the Committee to best perform its functions, especially reports on proposed amendments to the Regulations of the Board of Directors.
- Preparing an annual report on the activities of the Committee, which must be included in the management report.
- Proposing to the Board of Directors any other matters deemed applicable in the matters within its scope of authority.
- Any other duties that, where applicable, are attributed thereto by the Company Bylaws or Board Regulations.

2.4. Main Activities Performed in 2024

Below are the main activities carried out by the Committee in 2024:

▪ Economic and Financial and Sustainability Information

In 2024, the Committee analysed, before presenting its findings to the Board of Directors, the process involved in preparing: (i) the annual financial information for the year ended 31 December 2023, which includes, among other documents, the individual and consolidated annual financial statements and the management reports; (ii) the financial information for Q1 and Q3 of 2024; (iii) the half-yearly financial report for the first half of 2024; and (iv) the sustainability information appearing in the Integrated Annual Report.

In this process, the Committee was assisted by the Corporate General Manager, the Chief Financial Officer, the Head of Internal Audit and the representatives of the external auditor.

The Committee carried out the financial oversight by means of a constant process throughout the year, monitoring the performance of the main milestones and salient figures of the balance sheet, the income statement and the financial reports. The Committee oversaw the processes of drawing up the relevant financial information, always in accordance with the pre-established accounting criteria, the applicable laws and regulations and any additional information that was deemed to be necessary or desirable.

Furthermore, regarding sustainability information, the Committee oversaw the drawing up of the 2023 Integrated Annual Report, the external expert's verification reports on the Integrated Annual Report and the ESG indicators contained in it, and the progress made in relation to the digitisation and centralisation of the Company's environmental data. The Integrated Annual Report was thus approved at one of the meetings held jointly with the Sustainability Committee for submitting to the Board of Directors for approval prior to its publication and announcement to the market.

Furthermore, the Committee deemed the conclusions received from the internal auditor in relation to the financial and sustainability information to be favourable as per the requirements of the applicable regulations, and the Committee therefore helped ensure that the financial and sustainability information had been properly drawn up in accordance with the necessary controls and procedures. The Committee submitted its reports with its favourable opinion to the Board of Directors.

Finally, the Committee oversaw and approved the addition of a new sustainability provision in the Code of Ethics and was duly informed about new ESG developments, the drawing up of the ESG reports produced during the year and the status of the carbon footprint audit.

▪ Internal Control Systems

The Committee, in the course of its duties, has overseen that the internal control systems introduced by the Company's Head of Internal Audit were successfully implemented and operative, as well as the risk management systems for the financial reporting process, including tax risks. The analysis focused on several aspects, including the control of both financial and sustainability information.

Regarding the above, the Committee was duly informed about the Internal Control over Financial Reporting (ICFR) system and the reports issued to this end. In relation to this, no incidents or weaknesses were identified in the appropriate checks run, leading to the conclusion that the Internal Control over Financial Reporting system was working successfully.

Additionally, in 2024 the Committee oversaw the updating of the corporate risk map introduced by the Head of Internal Audit, as well as the trends in various risks and the control measures taken to mitigate them. In addition, the Committee acknowledged the report on the risk management and control policy. During the year, the

Committee also monitored the amendments to the risk management and control policy and issued a favourable report on the proposed amendments to the Board of Directors.

In addition, during 2024 the Committee was duly informed by the Head of Internal Audit of the most significant events, updates and recommendations revealed through their work, especially in relation to the results provided by the new tools to monitor and track the most significant controls.

▪ **Relations with the External Auditor**

The Committee established the necessary relations with the Company's external auditor, PriceWaterhouseCoopers (PwC), to ensure the quality and integrity of the financial information. Pursuant to its duties, the Committee has acted as a communications channel between the Board of Directors and the Company's external auditor, assessing the findings from the audit.

For these purposes, the representatives of the external auditor attended four Committee meetings, and the Committee had access to direct information on its work plan, the progress of its work and its significant findings at all times. As well as this, the representatives of the external auditor attended an additional meeting as candidates in connection with the competitive bidding procedure held by the Company to select its new auditor.

The external auditor also provided other services besides accounts audits, including an independent review and issuing limited assurance reports on: (i) the ESG indicators contained in the Integrated Annual Report; (ii) the greenhouse gas inventory; and (iii) the Green Bonds Report 2023. The services they provided and the amounts accrued for such services were approved by the Committee following the internal procedure set for this.

On the other hand, the Committee has confirmed the independence of the external auditor based on the relevant report endorsing the independence of the external auditor prepared by the internal audit and the statement of independence signed by the external auditor.

Finally, the Committee oversaw the competitive bidding procedure held by the Company to select a new auditor for the Company and the setting of the terms of the contract under which they would be hired. Following a careful examination of each candidate's bid, the Committee agreed to propose to the General Meeting of Shareholders the appointment of Deloitte, S.L. as external auditor for the years 2025-2027. In addition, it issued a favourable report on the terms and conditions of the contract to be concluded with the new external auditor.

▪ **Internal Audit**

The Committee approved the "Internal Audit Plan" envisaged for 2024 and oversaw its progress and degree of compliance, and it was updated on a regular basis regarding the adjustments being made to the plan.

Furthermore, the Committee had the opportunity to acknowledge the content of the working report on the internal audit and examine the results of the most significant tasks carried out by the Head of Internal Audit. These included, among others, monitoring the financial reporting control system; installing and deploying software to monitor the system for the internal control of sustainability reporting; audits of the supplier approval process (ESG), the Company's carbon footprint, major construction projects, asset sales and purchases and cash outflows; and the drafting of the chapter on risk to be included in the 2024 Integrated Annual Report.

The Committee also analysed the degree of compliance with the fundamental principles and the CNMV's recommendations on cybersecurity governance based on the work carried out by the group of experts from the National Cybersecurity Forum. In addition, it monitored the degree of compliance with the recommendations made by the internal audit team in its other work.

Likewise, the Committee oversaw the coordination between Colonial's internal auditing and that of Société Foncière Lyonnaise (SFL) and has put forward the appropriate proposals to foster this coordination in Colonial Group's best interest.

Lastly, the Head of Internal Audit provided the Committee with several reports on the external auditor's independence in connection with the auditing and non-auditing services rendered by PwC to the Colonial Group in 2024.

- **Tax Risks**

During 2024, the Committee monitored the main tax risk-related matters on an ongoing basis. For the purposes of this analysis, the Company's Financial Department presented the Committee members with the tax report for 2023, which included (among other information) a breakdown of all the Group's tax contributions for the year, information on the taxes paid and withheld by geographic area and for each type of tax, and the level of compliance with the requirements applicable under the special tax system for SOCIMIs.

Likewise, based on the report presented by the Company's Financial Department, the Committee analysed the map of the main tax risks as well as the controls implemented in this area.

- **Related-Party Transactions**

The Committee is responsible for reporting on related-party transactions to be approved by the General Meeting of Shareholders or the Board of Directors as well as overseeing the Company's internal procedure for transactions whose approval has been delegated.

Over the course of 2024, the Committee was duly informed about potential related-party transactions. Following its examination, the Committee issued a favourable report to the Board of Directors on the proposal to increase the amount of an intra-group loan requiring approval by the Board of Directors of the Company, and there were no related-party transactions that, due to their value or amount, had to be approved by the General Meeting of Shareholders.

A report with details of the Company's related-party transactions in 2023 was also drawn up.

- **Corporate Governance**

Ahead of the Board of Directors' approval, the Committee issued a favourable report on the Annual Corporate Governance Report for 2023.

Furthermore, the Committee oversaw compliance with the Company's internal policies, promoting and driving a culture of compliance with the laws and regulations applicable to the Company, as well as its corporate texts, among all members of the organisation.

In addition, the Committee acknowledged the changes brought in by the new Technical Guide 1/2024 on audit committees of public-interest entities published by the CNMV. It thus led and monitored the work to adapt the Regulations of the Committee in accordance with the changes made by the Technical Guide. The resulting Regulations were approved by the Board of Directors in December 2024.

- **Regulatory Compliance**

The Committee kept in constant contact with the Regulatory Compliance Unit, whose functions included (among others) monitoring legislative changes, assessing the applicable regulations and ensuring the suitability and effectiveness of the Company's internal regulations. The Regulatory Compliance Unit was also responsible for monitoring Colonial's obligations in matters relating to privacy, criminal risk prevention, the prevention of money laundering and the management of the Internal Reporting System (the Whistleblowing Channel). During the second half of 2024, the Company modified its compliance model by appointing a Chief Compliance Officer to take on the duties previously carried out by the Regulatory Compliance Unit.

During the year, the Committee examined the main actions carried out by the Regulatory Compliance Unit / Chief Compliance Officer in 2024, took note of the external expert's report on the internal control procedures relating to the prevention of money laundering, and oversaw and monitored matters relating to privacy, data protection and the Whistleblowing Channel and compliance with the multi-annual training plan and the corporate policies, including, among others, the Sustainability Policy, the Treasury Share Policy, the Policy on the Treatment and Disclosure of Inside Information and Other Significant Information and the Anti-Corruption Policy.

In addition, the Committee examined, in the Colonial Group's best interests, SFL's position and degree of regulatory compliance, particularly in relation to data protection and criminal risk prevention.

Finally, the Committee acknowledged the new business models, in particular in relation to their benefits, the new risks and their main implications.

▪ **Corporate Transactions**

Having been provided with information about the potential merger between the Company and its subsidiary SFL, the Committee examined its potential financial terms, associated risks and accounting impact and reported on them to the Board of Directors. The Committee also acknowledged, examined and issued a favourable report to the Board of Directors on the financial terms, associated risks and accounting impact of Criteria's acquisition of Colonial shares by means of cash and non-cash contributions (by contributing certain commercial and residential properties). The Committee similarly monitored the integration of its subsidiary Utopicus' business model into Colonial.

▪ **Treasury shares**

Over the course of the year, the Committee was kept abreast of the number of treasury shares.

3. ASSESSMENT OF THE PERFORMANCE OF THE COMMITTEE AND IMPROVEMENTS

The Committee's assessment of its performance led to positive conclusions, both in relation to its members and internal organisation and in the performance of the duties bestowed upon it.

Following the identification by the Committee itself of the matters requiring improvement with respect to 2023, the following improvements (among others) were made during the year:

- coordination and smooth relations between the Company's and its subsidiaries' internal audit and regulatory compliance teams; and
- the required timeframe for sending documents prior to Committee meetings.

4. CONCLUSIONS

In view of the above, it can be concluded that the Committee:

- is duly organised and made up of directors who have the skills and qualifications required for their roles;
- complies with the Operating Rules established by the Company Bylaws, the Regulations of the Board of Directors and the Regulations of the Committee, and is organised correctly and efficiently to perform its duties and achieve its purposes;
- efficiently assumes and fulfils the responsibilities assigned to it by the applicable regulations and various corporate texts.

5. FORMULATION OF THE REPORT

This report was drawn up by the Committee on 21 January 2025 and is expected to be approved by the Board of Directors on 27 February 2025.

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