



CSR

1.1
Stakeholder
Engagement
p.6

1.2
Community
work
p.14

1.3
Environmental
initiatives
p.24

1.4
Accessibility
p.46

1.5
Outlook
p.48

Corporate Social Responsibility

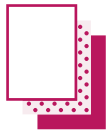
Corporate social responsibility permeates all of Lar España's operations and decision-making to ensure it goes about its business in an ethical, responsible and sustainable manner, making a positive contribution to society and the environment.

Approach and Policies

Lar España is aware that its business activities have the scope to impact urban life and thus embraces the opportunity to improve the quality of living of city dwellers by **sparking socio-economic progress** in Spain and **generating financial returns for investors** in a sustainable manner.

Its approach is framed by the desire to **create shared value**, as is set down in its Corporate Social Responsibility (CSR) Policy. In addition, Lar España has formulated a Master CSR Plan so that these objectives materialise and the company engages more actively with its various stakeholders, framed by the most stringent general and sector-specific sustainability targets.



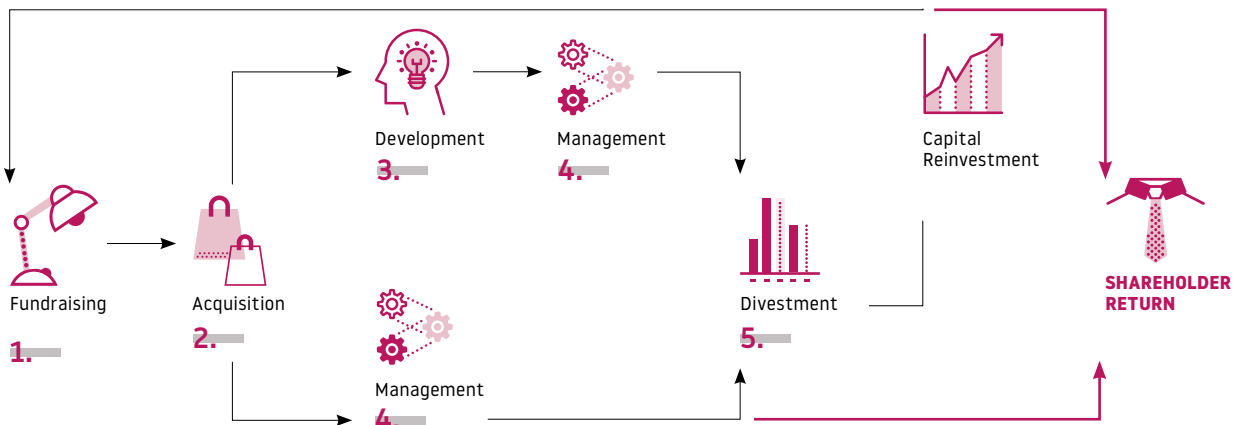


‘Doing business better’ not only generates returns for investors, it also adds real value for the society in which the organisation operates

Responsible business model

Lar España's business model seeks to have a positive impact on the environment and society, while generating financial returns and alleviating environmental and social pressures deriving from its business activities

Its objective is to **create shared value** at every phase of its business chain such that it helps tackle social and environmental challenges. **‘Doing business better’** not only generates returns for investors, it also adds real value for the society in which the organisation operates.



1.

Fundraising

Lar España promotes responsible investing

2.

Asset acquisition

The Company strives to minimise the environmental impact of its investments while safeguarding their economic viability and financial returns

3.

Development

The regeneration, refurbishment and upgrade of public buildings. Innovation and adaptation to emerging technological, demographic and economic trends and to unanticipated social or climatic events

4.

Management

User-focused, fostering interaction and favouring management/employee cohesion. The management style attempts to encourage participation, communication and transparency and engage with the Company's customers and communities

5.

Divestment

Asset assessments take into consideration social and environmental criteria



Lar España creates jobs directly and indirectly through its business activities; it is responsible for **over 19,000 jobs**

Principles

Lar España relies on four strategic cornerstones in its bid **to build shared value** that translates into economic and social progress while generating a financial return for its shareholders and investors



A) Environment

Lar's business activities (planning and building) have a direct impact on its physical surroundings, which in turn are what enable the company to generate a financial return and build value:

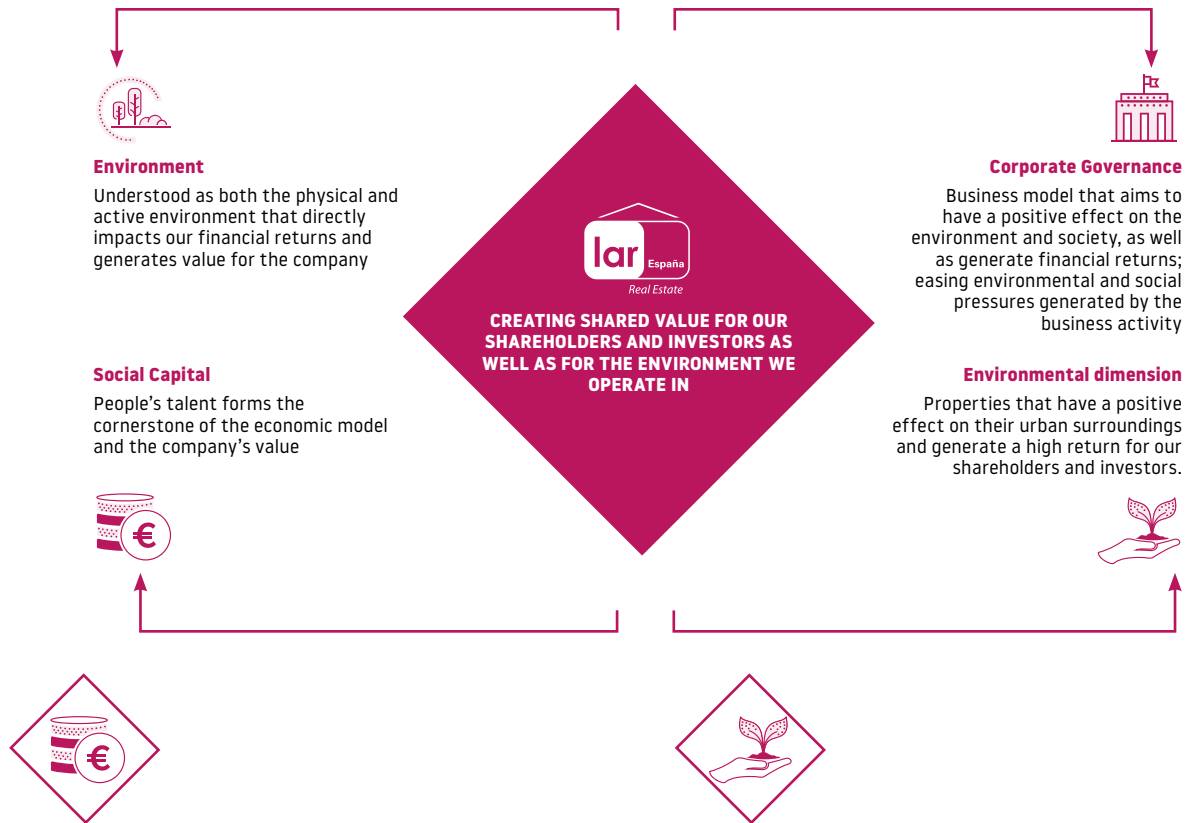
- **Socio-economic impact:** Lar España creates jobs directly and indirectly through its business activities; it is responsible for **over 19,000 jobs**.
- **Responsible investment:** Framed by its desire to create a responsible business, Lar España's goal is to invest in sustainable assets. In 2018, the company lifted the number of assets over which it has full managerial control that are BREEAM certified to **92%**.
- **Climate change resilience and mitigation.** In 2018 **Lar España reduced CO₂ emissions** across its entire property portfolio **by 2.9%**.



B) Corporate Governance

Corporate governance plays a pivotal role in Lar España's strategy for doing business responsibly and creating shared value. Governance is a cornerstone of the sustainable development strategy, CSR policy and related action plans and is similarly important to ensuring their effective implementation.

- **Good governance.** Awareness-raising activities targeted at the governing bodies addressing social and environmental issues and the initiatives undertaken to tackle them.
- **Ethics.** Resolution of and response to complaints and claims received in 2018, including labour-related lawsuits.
- **Transparency.** Reporting on non-financial aspects in Lar España's 2018 Integrated Report.
- **Risk management.** Performance of environmental and social due diligence in respect of the various stages of the business model. In addition, the company has identified the universe of material risks and their potential consequences, including those related with climate change.



C) Social Capital

Execution of the CSR strategy relies to a significant extent on the social capital existing at the organisation, defined as that which will generate cohesion within the firm and enable Lar España to deliver its objectives **while conducting itself responsibly and ethically vis-a-vis its surroundings and stakeholders**. It is worth noting that talent is the basis of the economic model and value created by the organisation.

- **Partners.** Promoting transparency via financial background checks, references and cross-checks for monitoring foreign assets owned by partners and potential vendors.
- **Supply chain.** By means of fair, objective and transparent tendering processes which factor in CSR criteria.
- **Customers.** A communication channel is being designed to engage customers in the CSR Master Plan. Annual surveys are carried out to assess user satisfaction with the quality of the services received.
- **Employees.** Work-life and equal opportunities policies, training courses, talent retention programmes, among other initiatives.

D) Environmental dimension

- **Sustainability strategy.** 100% of the real estate assets over which Lar España has full management autonomy have implemented environmental and/or social sustainability initiatives. **90%** of the portfolio has been audited in this respect.
- **Sustainability certification.** **92%** of the assets over which Lar España has full managerial control are BREEAM® certified.
- **Innovation in the service of enhanced environmental management.** Investment in innovation. Collaboration with research and training centres. Use of ICT, management programmes, innovative filters, among other initiatives.

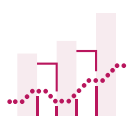
Additionally, group-wide, value creation is framed by:

- **Environmental and social innovation** applied to each phase of the business model
- Maintenance of open and **ongoing dialogue** with the key **stakeholders**

1.1 Stakeholder Engagement

Lar España continues to work in the line of being an open company from which to promote **active dialogue** with the broad spectrum of **stakeholders** with which it relates due to its activity. The sector in which Lar España operates integrates some of the most relevant issues facing today's society as a whole: urbanization, the availability of housing solutions, the design of sustainable cities, the response to demographic changes and the scarcity of resources.

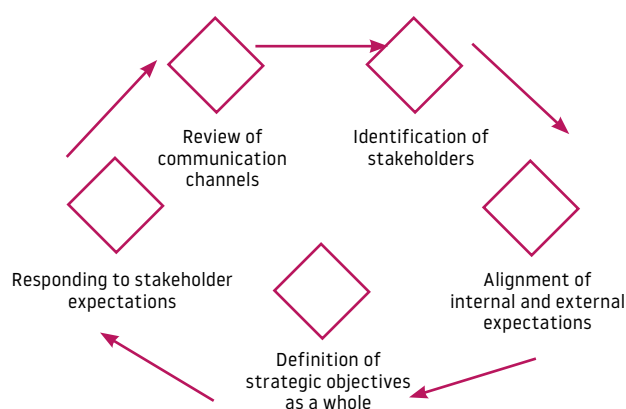
In this way, Lar España interacts with **economic, social and environmental stakeholders** and, based on listening to their expectations and channelling the information that satisfies their demands, has developed the relational model with them.



Lar España strives to build **stable and longlasting relationships with its stakeholders**, to which end it attempts to engage in smooth and constant dialogue with them

The necessary evolution for all companies today is to move from **mitigating risks** that affect them to identifying underlying opportunities that combine corporate objectives and external expectations, something that is only possible through the implementation of a **system of fluid dialogue with stakeholders**. In addition to this advantage, the establishment of this system adapts the reputational risk management tools, creates value by itself and, therefore, helps companies to design and achieve, together with their groups, the strategic objectives in which they are all involved.

For this reason, Lar has proposed to tackle this task by drawing up a **stakeholder management model** which is divided into the following phases:

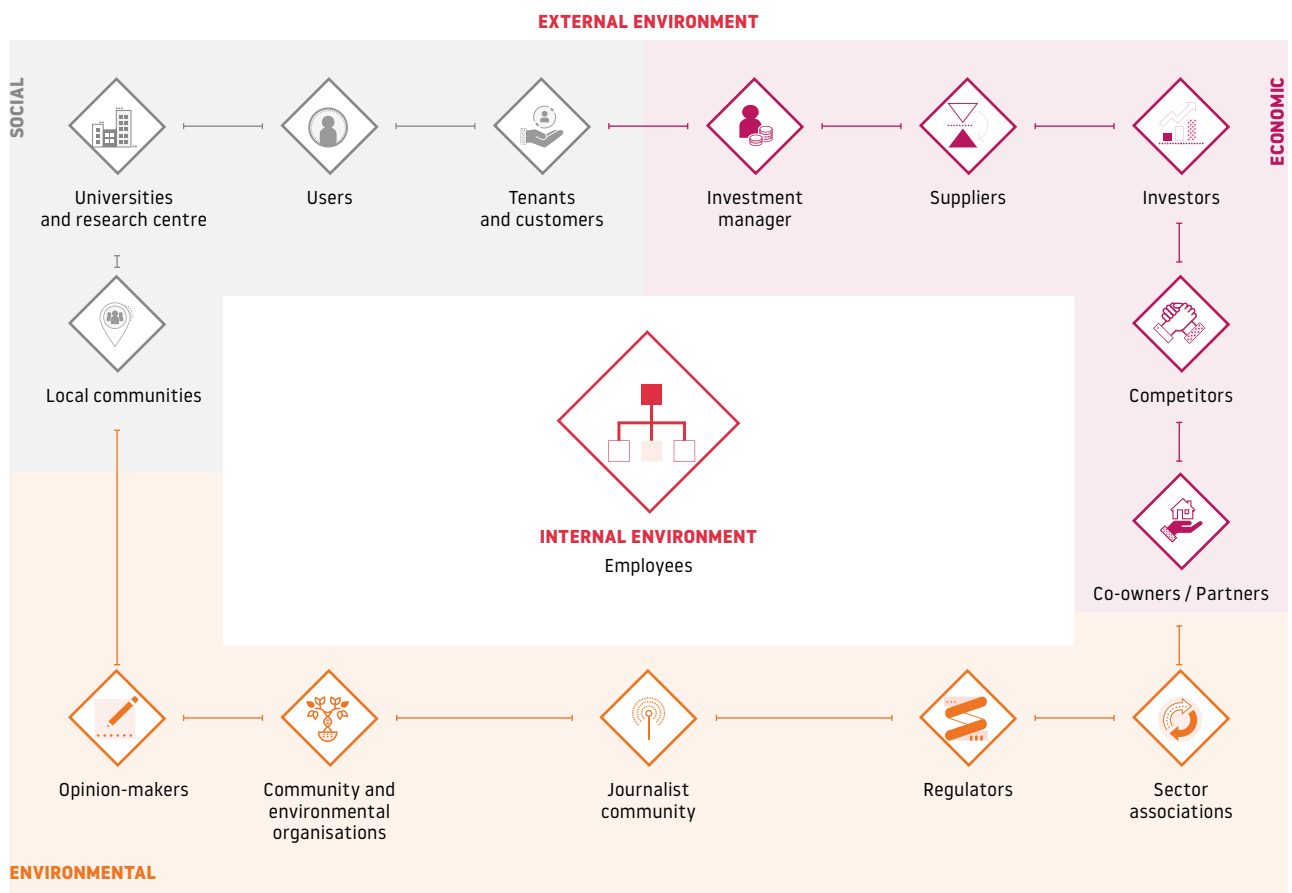


As a result, at year-end you will have a revised **system of communication with your stakeholders** that will revolve around the conclusions of a new expectations analysis and will result in the design of new communication channels for each one. In addition, the analysis of specific action plans associated with each stakeholder group will be accompanied, including the objectives and scope of the commitment to each one, the responsibilities of the team in charge, the communication channels and the information attributed to each group.

Material aspects for the company's stakeholders

With the aim of better adapting its sustainability strategy to its stakeholders' expectations, Lar España carried out a **specific analysis of the environmental needs for each group's concerns**. Based on four dimensions, Good Governance, Product, Environment

(including its environmental and social scope) and Employment, all according to the identification and classification of its internal perspective (employees) and external perspective (stakeholders, two dimensions were differentiated: external).



Below are the **expectations and needs** - both social and environmental - for each identified stakeholder group:

EXTERNAL ENVIRONMENT "ECONOMIC"

Investment Manager

- Corporate governance and transparency
- Ethics and compliance
- Risk management

Suppliers

- Transparent business relations
- Risk management

Investors (includes shareholders, banks and research analysts)

- Corporate governance and transparency
- Ethics and compliance
- Anti-corruption and anti-money laundering
- Risk management
- Investment in CSR
- Responsible investment

Competitors

- Corporate governance and transparency
- Building certification
- Accessibility and connectivity
- Relationship with the local community and job creation
- Employment: talent retention and training

Co-owners and partners

- Transparent business relations
- Risk management
- Relationship with the local community and job creation
- Investment in CSR





EXTERNAL ENVIRONMENT “ENVIRONMENTAL”

Opinion-makers

- Corporate governance and transparency
- Anti-corruption and anti-money laundering
- Impact management
- Investment in CSR
- Responsible investment

Community and environmental organisations

- Cooperation with other entities and firms for the promotion of knowledge sharing
- Building certification

Journalist community

- Relationship with the local community and job creation
- Sustainability permeating products, slogans and campaigns
- Transparent business relations

Regulators

- Standardised CSR reporting
- Corporate governance and transparency
- Ethics and integrity
- Impact management
- Relations with tenants and communities
- Accessibility and connectivity
- Urban longevity
- Property refurbishment and conservation

Sector associations

- Standardised CSR reporting
- Cooperation with other firms for the promotion of knowledge sharing



EXTERNAL ENVIRONMENT “SOCIAL”

Universities and research centres

- Standardised CSR reporting
- Cooperation with other firms for the promotion of knowledge sharing

Local communities

- Impact management
- Two-way communication channels
- Relationship with the local community and job creation
- Creating shared value

Users

- Connectivity and accessibility
- Management of eco-efficient buildings
- Safe and healthy environment
- Modern and well-designed facilities
- New experiences and services

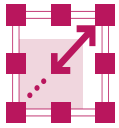
Tenants and customers

- Transparent business relations
- Safe and healthy environment
- Connectivity and accessibility
- Management of eco-efficient buildings
- Modern and well-designed facilities
- New experiences and services: technological innovation

INTERNAL ENVIRONMENT

Employees

- Talent retention and training
- Equal opportunities and non-discrimination
- Safe and healthy environment
- Work-life balance
- Transparent remuneration policy
- Ethics, integrity and compliance: Ethical and responsible company



In 2018, Lar España purchased over €160m of products and services from its suppliers, **so generating wealth in its business communities**

Investors

The **relationship with all shareholders is in the common interest**. Lar España fosters an organisation-wide culture of informed and two-way participation with the aim of creating close ties with all of its stakeholders.

All channels for communicating and engaging with existing or prospective shareholders of Lar España are governed by the **Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors**, as well as the Board Regulations.

The communication channels in place are designed to ensure that shareholders have access to all the information they need to make informed decisions, to which end Lar España publishes an **Investor Agenda** and updates on its performance on its website.

Suppliers

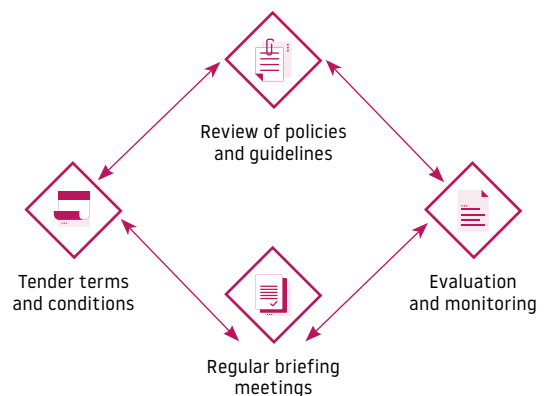
Lar España works continuously on enhancing its relations with **suppliers**, a group of stakeholders of vital importance for the business. As a result, Lar España and its Management Company apply stringent controls so as to only collaborate with suppliers of renowned solvency, making sure that they have **internal control mechanisms and codes of conduct** that guarantee due diligence.

Economic impact

Lar España has strong ties with its business communities. The fact that **the large majority of its 643 suppliers** are local firms reflects this bond. Lar España does business all over Spain, so that it generates economic wealth nationwide. In 2018, Lar España paid its suppliers over €160 million.

Supplier certification mechanisms

Lar España is aware of the need to work with other organisations that pursue similar goals to it: **doing business responsibly for all groups, communities and society in general**. To this end, it strives to establish supplier controls in order to ensure they comply with prevailing regulations and the conduct themselves in line with the values embraced by Lar España.

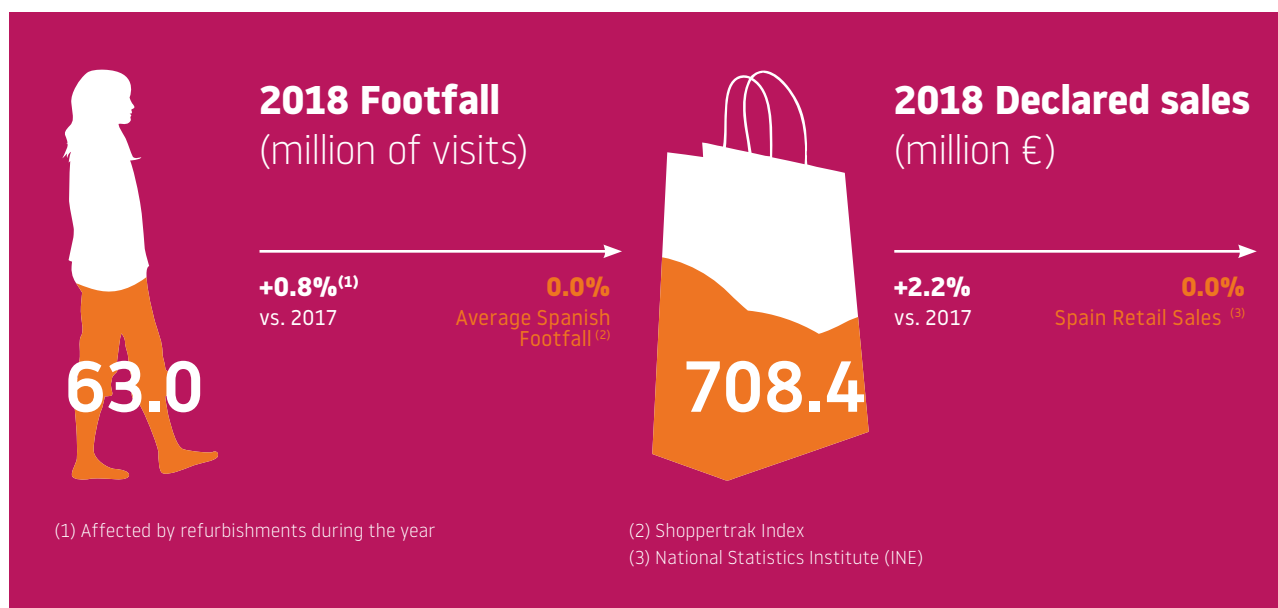
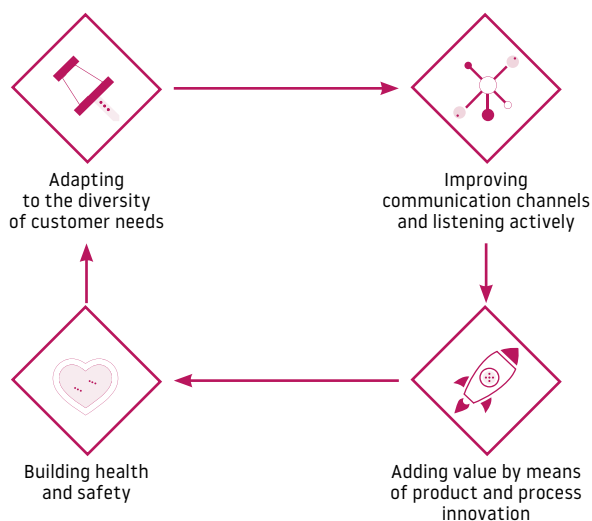


Customers

Lar España wants to establish itself as one of the most active REITs in Europe and a benchmark in the Spanish real estate sector. To do so, its customers and end users are essential stakeholders with whom it must engage in continuous dialogue.

With the aim of providing higher quality products and services, the company attempts to anticipate its customers' needs and demands, while ensuring the health and safety of those that visit its centres. As a result, it pays special attention to compliance with basic health and safety regulations by duly coordinating its business activities, providing information about safety risks at work centres and correctly distributing the emergency evacuation protocols.

Lar España's philosophy for **maximising customer satisfaction**:



The process of **actively listening to and engaging in two-way communication with its customers** is essential to the company's business development. It has identified several tools designed to foster the communication process:

- An incident **reporting protocol** with the asset managers in the form of a dedicated e-mail inbox ('Incidencias LAR Project').
- **Customer satisfaction surveys** at office buildings.
- **Mobile app** for the shopping centres featuring relevant content such as promotions of interest, news, etc.
- **Direct dialogue** between the asset manager assigned to each property and its tenants.
- **Customer service/care audits** which Lar España uses as part of its commitment to providing an **excellent customer experience**.



The **active listeners and two-way dialogue** process with clients is vital for developing the business

Society

Lar España's business activities directly generate economic and social benefits for multiple players, including thousands of direct and indirect jobs. Its activities have a considerable impact on the economy and employment in Spain in general and in the communities in which its properties are located in particular. Specifically, in 2018, Lar España's portfolio is estimated to have **generated over 15,000 direct jobs** regarding the project under construction, Lagoh, the creation of 4,800 additional jobs are expected 1,500 of which are direct jobs, 1,800 are indirect jobs and 1,500 are construction-related jobs.

In maximising the value of its assets, city and citizens are an inseparable whole and end-to-end rehabilitation and management of the portfolio implicitly implies specific consideration of and engagement with the local populations where we operate, looking out for their sustained progress.

Lar España's portfolio assets generate social impacts that transform and build **shared value** in the communities in which they are located:

- They create new business opportunities
- They transform the social climate
- They encourage citizen participation
- They promote health and wellbeing
- They foster inclusion
- They strengthen society's values

1.2 Community work

Within Lar España's solid community engagement effort, under the umbrella of which it seeks to reinforce social and economic vitality in the areas in which it operates, a broad range of activities and initiatives were carried out in 2018 to engage and collaborate with its local communities, notable among which:



+300 days'
worth of
community and
environmental
initiatives at
our shopping
centres



+25 NGOs
and charities
collaborated
with



+ 442,000 €
earmarked
to community
collaborations



+ 25,000 Kg
of clothing
donated



+ 13,000 Kg
of food
collected
in drives

Community work undertaken in 2018



AS TERMAS

Mall space loaned to 17 NGOs for 92 days.

Events staged by sports clubs and local associations which were given mall space for free.

Collaboration with the Lugo municipal authorities:

- Sports council: Sponsorship of charity races
- Advertising contribution for the institutional campaign run under the slogan I'm from Lugo

Regional authorities:

- Regional health department: free loan of space for the installation of a blood donation bus

Lugo school network: environmentally-themed drawing competition and prize ceremony at the As Termas shopping centre.

Project **Wonderful**



ANEC BLAU

Donation of winter clothing to the Cruz Roja in Casteldefells.

Used clothing collection containers.

Food collection drive for animal shelter: 1,960 kg

Monthly animal care awareness and adoption sessions: 38 animals adopted.

Used clothing collection: 25 tonnes, +1% vs. 2017.

Loan of mall space to 8 NGOs (Cruz Roja, Unicef, Josep Carreras Foundation, Save the Children, ACNUR, Enriqueta Villavecchia Foundation, Salva una Huella, ISTEA, Corre per una causa).

Charity events taking up 53 days of the year.

Project **Wonderful**

Sponsorship of Canal Olímpic race.

Sponsorship of ISTEA (autism association) in the form of a charity race.

Sponsorship of the Playa Casteldefells basketball tournament.

Collaboration with the town council:

- Assistance with organisation of carnival celebrations
- Sponsorship of the Baix Llobregat business association
- Sponsorship of city charity races

City:

- Collaboration with institutions in the area for the provision of workshops advertising ANEC BLAU
- Electric vehicle charging stations
- Reading room installed in shopping centre all year round



EL ROSAL

Mall space loaned to 5 NGOs and one Brotherhood.

Premises loaned to local artists for exhibitions.

Drives with food banks.

Collaboration with the Cruz Roja on a back-to-school drive **to collect school materials.**

Collaboration with ADISBIER on a **drive to collect toys and books.**

Agreement with ALFAEM under which its therapists can visit the HypeStation twice a month.

Coordination between ALFAEM and EscapArte artists for guided tours of the **creative space.**

Project Wonderful Summit.

Sponsorship of the local **basketball team.**

Collaboration with the **football team.**

Collaboration with the **Karate Club** (national karate championship).

Participation in **Planet Day.**

Collaboration with the town council:

- Free loan of space for the installation of the citizen card machine

Collaboration with the local police:

- Publicity for the toy collection drive

Multiple charity collaborations:

- **Blood Donation** Brotherhood: Campaigns at the shopping centre in February and September.
- Piñera School (Vega de Espinareda): creation of a video and publicity on the social media and centre's website showcasing the school's work
- San Ignacio school tour during cultural week



ALBACENTER

Collaboration with:

- A number of entities on environmental, social, labour awareness campaigns, etc.
- Play Fitness event.
- Fitness Centre event.
- Third edition of charitable pilates event to raise money for AFANION (children with cancer).
- Collaboration with the Spanish Cancer Society: Charity tables.
- Collaboration with volunteers from the Spanish Parkinson's Association.
- Awareness and fund-raising campaign for children with leukaemia.

Collaboration with **ACNUR** (help for refugees) and the Cruz Roja (Earth Day).

Awareness workshop and fund-raising event for AMAC (women with cancer).

Mall space loaned to 12 NGOs and one foundation.

Charity events taking up 202 days of the year.

Collection of 12,000 kg of food.

Project ***Wonderful Summit***

Collaboration with the Spanish Cancer Society (AECC): workshops in collaboration with different entities to provide environmental, labour training, etc.

Collaboration with sports/fitness entities.

Fitness Centre event

Third edition of **charitable pilates event to raise money for AFANION** (children with cancer)

Collaboration with the town council:

- Christmas lights in Albacete
- Collaboration with the environmental education programme

Sponsorship of cultural events in Albacete:

- Sponsorship of children's shows
- Tickets sold online



LAS HUERTAS**Space loaned to:**

- Food banks
- Palencia Blood Donation Association.
- ALDEA.
- Promote the sale of a plush toy to raise money for charity.
- Spanish Cancer Society
- Toy collection drive.
- The Cruz Roja.
- Palencia's Down Syndrome Association (ASDOPA).
- Palencia's Mental Health Association (FEASFES).
- Octopus knitting workshop.

Avenida de Madrid neighbour's association: sponsorship of charity race.

Water saving awareness campaign championed by Carrefour Property in collaboration with AQUONA.

#icommitto to mark World Environment Day.

Collaboration with the **Spanish Cancer Society** for its seventh charity run

WWF's Earth Hour initiative.



GRAN VÍA DE VIGO

Project *Wonderful Summit*.

Earth Hour.

Collaboration with the town council by participating in the **Christmas parade** and donating to the Gran Vía street lighting.

Sundays on Gran Vía: Vigo **food banks**: 7 events.

Showcooking “Brunch with heart”: **Vigo food banks**.

Magazine charity casting: animal shelters.

Pet Week: shelters, adoption drives.

Christmas lighting: collaboration with paediatric ward at Hospital Álvaro Cunqueiro. Donation of 12 reindeer and Vaca Lola.

Mall space loaned to 14 NGOs.

Collaboration with two major food drives organised by the **Food Bank** in conjunction with Carrefour.

Awareness drives associated with **World Glaucoma Day**.

Help with **school material collection** drive in collaboration with the **Carrefour Foundation**.

Collaboration with a **Christmas toy donation drive**.





PORTAL DE LA MARINA

Collaboration with the **50th anniversary of the local police in Ondara**.

Multiple sports sponsorships: Volta a Peu La Marina, Volta Ciclista La Marina, Colaboración Campus Gayá.

Wonderful 17 projects presented.

Raquel Payá event: collaboration with a **special needs school in Denia**.

Mall space loaned to Cruz Roja, AAI and ACNUR.

Blood donation marathon with the Valencia regional transfusion centre.

Sponsorship of the Tronquet Rally by bringing material to **NGOs** along the rally route (Africa).

Magazine front cover, celebrities from the area with donations to their causes (**ELA and breast cancer**).



TXINGUDI

Space made available in the shopping arcade to advertise for new members:

WWF (World Wild Life), 2 and 3 February; 8 and 9 March; 20 and 21 July

Cruz Roja (Two sessions, August and October)

Save the Children, 25 and 26 June

Space made available in the shopping arcade for collection of food, other products and charitable donations:

TADAMUN food collection in aid of the Sahara (26 and 27 January)

AECC (The Spanish Association Against Cancer) collections, 12 May

Charity breakfast (RED CROSS) 13 April

PROVIDA (The Spanish Federation of Pro-life Associations), collection of products for mothers and children (27 October)

GIPUZKOA FOOD BANK, food collection (23 November)

Financial contribution to DYA (Stop and Help), an Association founded to provide assistance to people on the road.

Collaboration with Irun Council's Consumer Department, donating shopping vouchers for the 10th Consumer Awareness Day, 2018



Activities implemented by the Company



Norte Joven Foundation

Assistance provided to this foundation's programme for the provision of scholarships, training and food to students by means of:

- Monthly charity lunches
- Assistance from Lar España employees to help the Foundation's youth members prepare for job interviews
- Regular financial donations
- Employment (administrative tasks) for Norte Joven students via 6-month long internships



Créate Foundation

Collaboration with their professional training area as part of this Foundation's "Promotion and facilitation of enterprising initiatives" programme.

- Mentoring assistance for the definition and preparation of an entrepreneurship and innovation project for the Foundation's vocational training student members.



Acción contra el Hambre Foundation

- Lar España employees donated restaurant cheques. The total sum was earmarked entirely to therapeutic foods by this NGO, which tackles the causes and effects of hunger around the world.



Fundación Aladina

Aladina Foundation

- Christmas raffle to raise money for this charity.

Collaboration agreement with AUARA

Lar España, framed by its commitment to society, has entered into a new agreement with **AUARA**, which earmarks 100% of its dividends to the development of drinking water projects for the neediest, raising money by selling uniquely designed and sustainable products. So far AUARA has brought drinking water and sanitation facilities to over 23,000 people. Its goal is to lift that number of 200,000 in the next five years.

Lar España wants to help it do so, which is why from April 2019 it will install the company's water vending machines in its shopping centres. All of the money collected from the sale of those products will be used to

fund drinking water projects.

The company will also place stickers on its doors to encourage its customers to feel involved by making them see they are buying more than just water.

The agreement places Lar España at the forefront of a **charitable initiative that fosters sustainable packaging while raising awareness** about the lack of drinking water in many places.



1.3 Environmental initiatives

Building projects have a **significant impact on their natural surroundings**. The **building certifications** Lar España is in the process of obtaining provide a roadmap for minimising their impact in the short, medium and long term. In parallel, the company **safeguards the economic viability** of and **financial returns on its investments**, while striving to boost aspects that benefit society.

Lar España continues to make proactive progress on the commitments assumed under the scope of its **Corporate Social Responsibility policies**, specifically including those assumed along the environmental dimension. Lar España is committed to the use of tools for rating and certifying its assets in order to vouch for their sustainability. Note that **100% of the shopping centres owned by Lar España are now BREEAM® certified**. BREEAM® (Building Research Establishment Environmental Assessment Methodology) is the world's foremost environmental assessment method and rating system for buildings.

In its property developments (both its shopping centres and its residential development - Lagasca99), the company is applying all of its know-how and the latest technology to develop **sustainable, environmentally- and user-friendly buildings**. Indeed, it is specifically designing and planning the projects in order to obtain the prestigious BREEAM® sustainability seal. Lagasca99 has obtained "Very Good" New Construction BREEAM® certification for the design phase.

In September 2018, Lar España obtained the **EPRA Gold Award** for the information provided in its **Corporate Social Responsibility and Sustainability Report**. That accolade represents a new milestone in its transparency effort, improving upon its achievements in 2017: the EPRA Silver Award and EPRA Most Improved Award. Lar España is currently in the process of implementing its **CSR Master Plan, which is articulated around the most stringent sustainability standards** (general and sector-specific), the recommendations made by the securities market regulator, its stakeholders' legitimate expectations, the United Nations Sustainable Development Goals (SDGs) and the priorities for the business for the years to come.



In 2018, Lar España participated for the first time in the Global Real Estate Sustainability Benchmark (**GRESB**) assessment, which in the last five years has emerged as a benchmark framework for assessments of performance along environmental, social and governance (ESG) aspects in the real estate sector. In 2017, 850 property companies and real estate investment funds from 62 countries, which between them represented USD 3.7 trillion of assets under management, participated in this assessment. More than 70 institutional investors, including pension funds and insurance companies (representing over USD 18 trillion in institutional capital) use GRESB data and analytical tools to engage with investment managers to enhance and protect shareholder value.



Submission to this assessment evidences Lar España's commitment to transparency and is framed by the company's ongoing effort to improve continuously in the CSR arena.

Indeed, the **CSR Master Plan** articulates the targets and programmes devised to enable Lar España to continuously enhance its real estate activities.



Environmental Performance

A) Environmental initiatives in the shopping centres

Lar España has implemented a series of activities at its shopping centres with the goal of **enhancing their environmental performance** and raising user awareness in order to engage them in this effort. Specifically, it has taken the following measures:



Electricity

Negotiation of capacity charges and rates.

Lighting: light sensors and LED technology.

HVAC: Free-cooling technology.

Process systematisation: BMS and SCADA.

Power generation: installation of photovoltaic solar panels



Gas/Gasoil

Boilers: Replacement of burners, utilization of waste heat from other installations, use of thermal plates, use of ecological fuels, etc.

Solar thermal panels: Installation of solar thermal panels for the production of hot water (hot water and hot water for heating).



Water

Irrigation systems: Control of water consumption for gardening, efficient irrigation systems, use of autochthonous plants (have fewer needs), wastewater reuse purified, etc.

Toilets and common areas: Reduction of working pressure of the pumps, replacement of fluxor cartridges, taps with presence sensors, installation of counters in different areas, etc.



Environmental actions

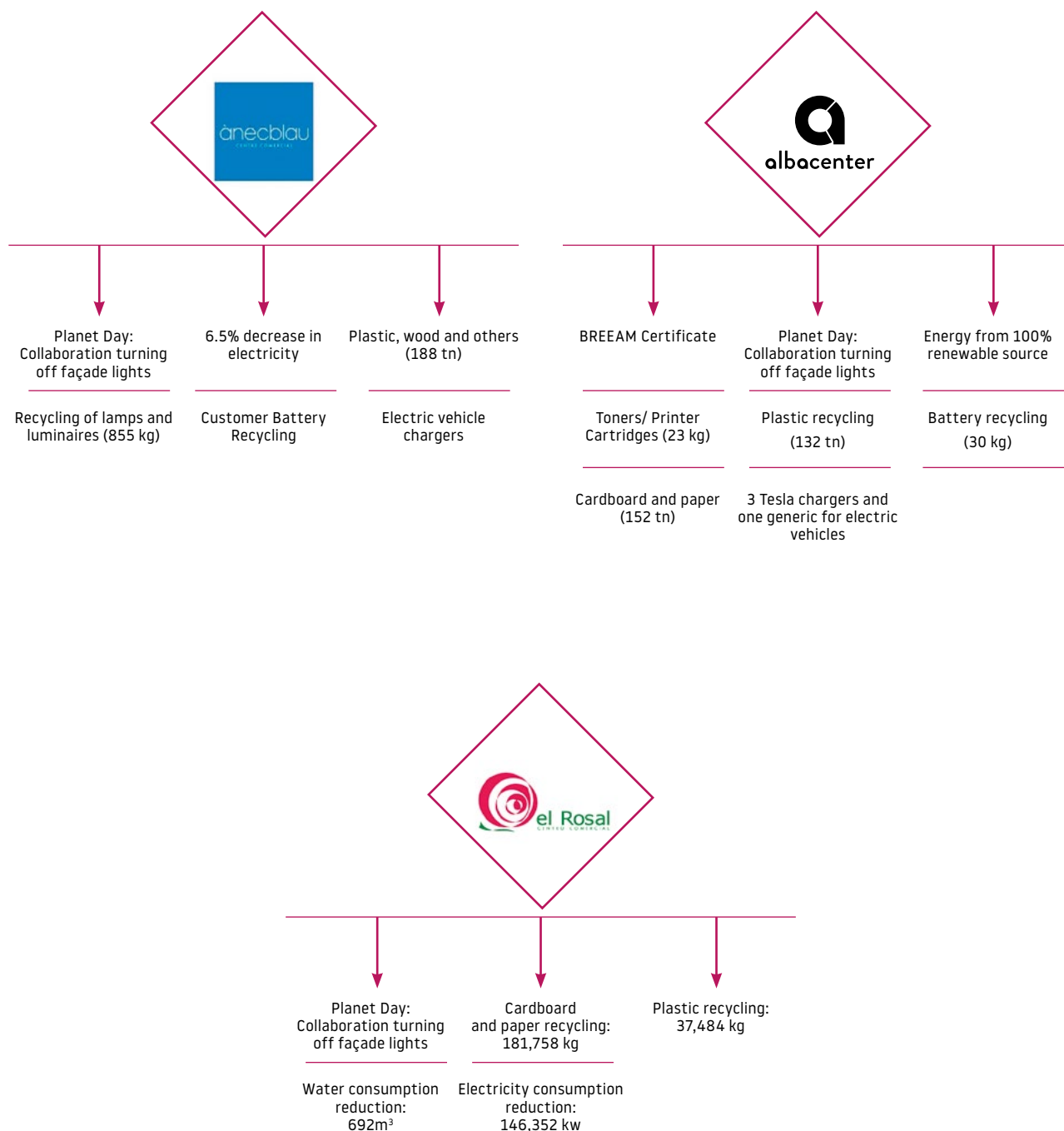
Encouraging the use of public transport, municipal bicycles and parking.

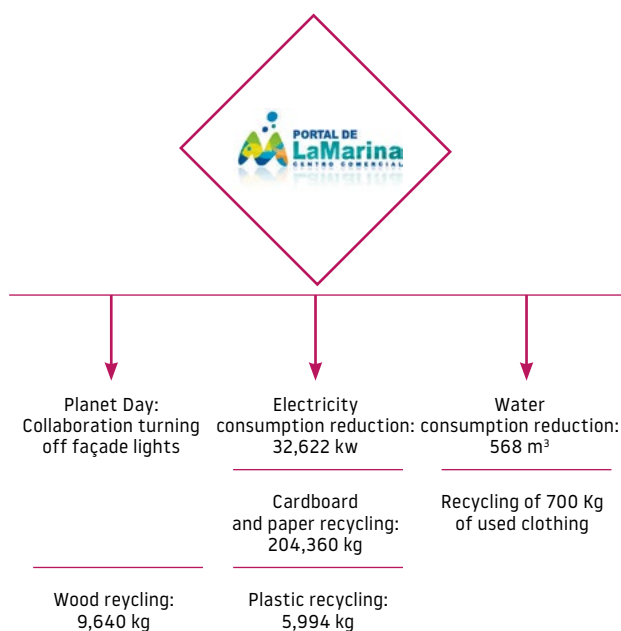
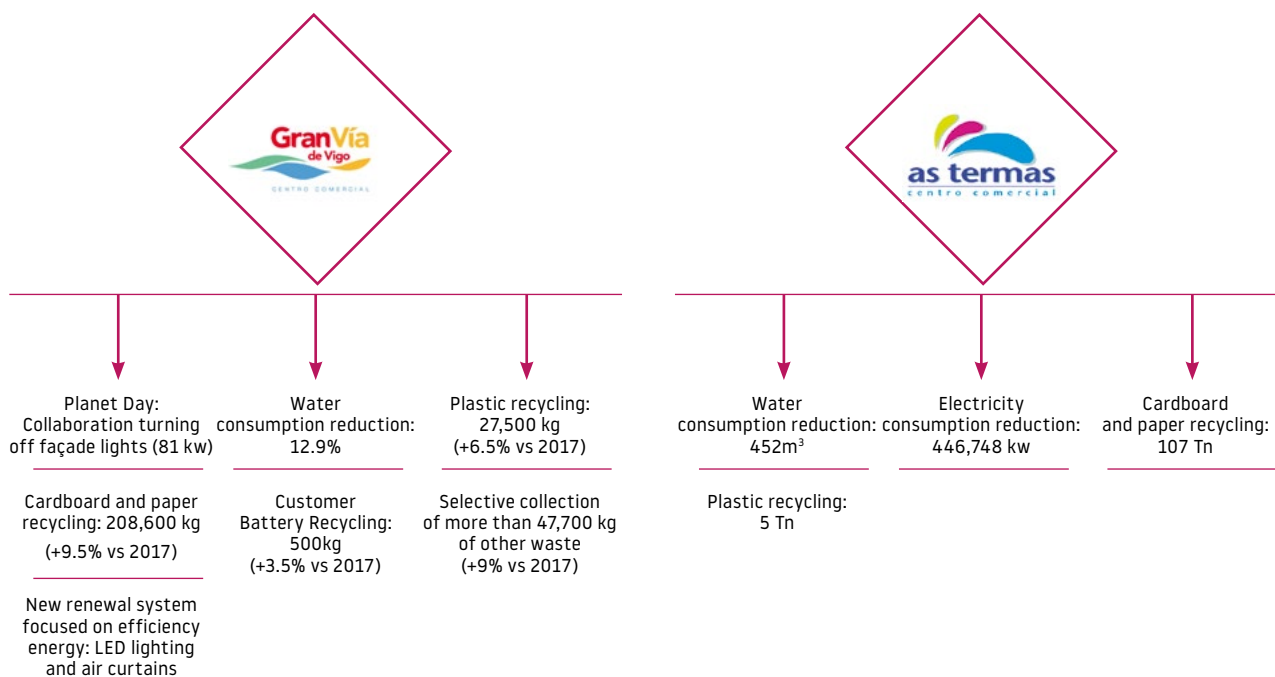
Trigeneration: an absorption system is incorporated into the process (of heat) that allows to obtain refrigeration from a heat source (heat from cogeneration). During the winter the heat is used for DHW and heating, and in summer, it allows to generate refrigeration for air conditioning.

Reduction of electricity consumption.

Reduction of water consumption.

We highlight the following actions carried out in 2018 in our main shopping centres:





B) Environmental initiatives in office buildings

The main initiatives undertaken at Lar España's office properties in 2018 were aimed at **reducing power consumption and enhancing energy efficiency**.

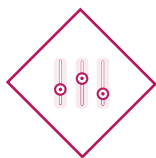
Egeo Building	Situation	Divestment 17/01/2018
	Environmental Initiatives	Obtaining BREEAM Certification (Part 1 - Building) rating GOOD In process: BREEAM Certification (Part 2 - In Use)
Eloy Gonzalo Building	Environmental Initiatives	Air-conditioning: Completion of renovation work on air-conditioning and insulation installations and putting into use in 2018.
		Obtaining BREEAM Certification (Part 1 - Building) rating VERY GOOD. Obtaining energy rating A
Marcelo Spínola Building	Situation	Divestment 30/01/2019
	Environmental Initiatives	Obtaining BREEAM Certification (Part 1 - Building) rating VERY GOOD Two charging points have been installed for electric vehicles.
Joan Miró Building	Situation	Divestment 28/12/2018
	Environmental Initiatives	HVAC: Refurbishing process including the improvement of HVAC and insulations



C) Environmental Initiatives in residential buildings

The Lagasca99 residential property, construction of which began in 2016 and was completed in 2018, is **BREEAM®-certified**, thereby guaranteeing more stringent sustainability standards in the construction, operation and maintenance of this property along with the reduction of its environmental footprint.

The following measures have been taken to **reduce its environmental impact**:



An envelope designed to deliver higher insulation performance standards than are required in Spain's Building Code.



LED lighting.



Homes to be fitted with class A or A+ household appliances.



Home automation systems to maximise energy efficiency in the common areas and housing units.



Individual heating system with independent thermostats.

Indoor Air Quality measurement

Lar España, as part of its commitment to improving the well-being of society, has initiated a systematic process of **measuring air quality inside its assets**. To date, the following buildings have been evaluated:

- **Shopping centres:** Albacenter; Anec Blau; A Termas; Gran Vía de Vigo; Las Huertas and Portal de la Marina
- **Offices:** Cardenal Marcelo Spínola and Eloy Gonzalo

Indoor air quality has a direct impact on quality of living: it is estimated that city dwellers spend between 58% and 78% of their time inside contaminated interiors.

The indoor air quality problem has been exacerbated in recent years by the construction of increasingly hermetically sealed buildings, making it harder to recycle the air inside and, often times, resulting in poorer quality air indoors than outdoors.

Indoor air can contain mould, pollen, bacteria or a range of volatile organic compounds that are bad for our health and accentuate the respiratory problems suffered by people with allergies. In addition, many of the materials used widely in the construction industry have harmful health effects, making it vital to measure indoor air quality regularly and roll out measures for improving it.

The measurements carried out by Lar España pave the way for a forward-looking action plan to **offset the majority of the ramifications of poor indoor air quality for health and wellbeing**.



Methodology

With the goal of compiling and reporting on the information needed to comply with the **EPRA Sustainability Performance Measures**, Lar España has used the following sources of information and made the following assumptions:

All properties

In 2018, **the criterion by which annual consumption is imputed to the surfaces of Shopping Centres has been revised**. Common outdoor spaces have been excluded, such as: landscaped areas, passable roofs, uncovered car parks, etc. Although these spaces consume electrical energy in their lighting and irrigation water, they do not constitute constructed surfaces nor are they rentable surfaces. This has led in some assets to a review of the consumption intensities per square metre allocated in 2017 with respect to this 2018 report.

Based on the bills paid by Lar España, the Company reports on its energy and water consumption; the electricity, gas and other fuel consumption figures exclude the utilities contracted directly by its tenants. None of Lar España's assets use district heating and cooling.



Retail

The owner does not supply HVAC services in this instance, although it does supply warm water for use in the tenant's HVAC systems.

In calculating CO₂ consumption and emission intensity performance measures, the consumption for paid by the owner is allocated to the common parts area of the shopping centres. In addition, the GHG emissions ratio and energy and water consumption intensities are calculated per visitor and year.

$$\text{Water consumption intensity} = \frac{\text{Consumption paid by the owner}}{\text{Communal areas}}$$

$$\text{Energy intensity} = \frac{\text{Consumption paid by the owner}}{\text{Communal areas}}$$

$$\text{CO}_2 \text{ emissions intensity} = \frac{\text{Emissions generated by the consumption paid by the owner}}{\text{Communal areas}}$$



Offices

The owner pays for all of the water consumed in the buildings. Water consumption intensity is calculated by dividing total consumption by the common parts area.

$$\text{Water consumption intensity} = \frac{\text{Consumption paid by the owner}}{\text{Communal areas (ZCE)}}$$

The owner supplies the tenants with heating, ventilation and air conditioning (HVAC) services. To calculate energy consumption and CO₂ emission intensity, the total energy consumption paid for by the owner is allocated to the sum of the floor area of the common areas of the building and the lettable floor areas, measured using the standard prescribed by the Spanish Office Association (AEO, 2014).

$$\text{Energy intensity} = \frac{\text{Consumption paid by the owner}}{\text{Sup. elem.com.(ZCE)+Sup.elem.priv.(MI)}}$$

$$\text{CO}_2 \text{ emissions intensity} = \frac{\text{Emissions generated by the consumption paid by the owner}}{\text{Sup.elem.com.(ZCE)+Sup.elem.priv.(MI)}}$$

The GHG emissions and energy and water consumption ratios are also calculated per job and year.

2018 environmental performance scope

With the aim of comparing in a proportional way the consumption for the years 2017 and 2018, in the following tables are not include the assets acquired during 2018:

- Abadía retail park
- Rivas Futura retail park
- Cardenal Marcelo Spínola office building
- Two new lots at the Megapark shopping centre

The consumption for the year 2018 including those assets is the following:

- **Electric consumption:** 21.863.357 kWh
- **Fuel consumption:** 1.936.433 kWh
- **Water consumption:** 122.162 m³
- **Waste generation:** 2.122,8 toneladas
- **Equivalent CO2 emissions:** 2.057.372 kg eq CO₂

Regarding BREEAM certifications, including those assets, the total of **BREEAM certified** buildings is 11.

a) Assets 100% owned by Lar España

In its two wholly-owned and fully operative office buildings and six wholly-owned shopping centres, **Lar España can report on the energy and water consumption** it contracts and pays for in its capacity as owner. Note that it does not yet have information about the consumption directly contracted by its tenants.

c) Lar España properties in planning or under construction

The following ongoing **developments are excluded** from Lar España's environmental performance reporting effort: Lagoh **shopping centre** (Seville), VidaNova Parc **retail park** (Sagunto) and the Lagasca99 **residential development** (Madrid).

b) Assets co-owned by Lar España

In the case of the properties jointly owned by the Company (four shopping centres: Las Huertas, Txingudi, As Termas and Megapark) **Lar España does not have full autonomy to introduce and apply its sustainability policies**. However, it Lar España influences the adoption of sustainability and energy efficiency measures at these properties.

d) Lar España assets managed by the tenants

Assets in where it **tenants directly contract their utilities are excluded from Lar España's environmental performance** reporting effort. They also directly manage their waste collection and recycling.



OPERATIONAL LIMITS AND COVERAGE

At the corporate level, Lar España leases two floors of an office building that is not part of its property portfolio (it shares its offices with the Management Company's employees). Therefore, the environmental policies outlined in this report can only be applied to a limited extent.

In this instance the data are reported as a corporate expense and are therefore excluded from the Company's environmental performance calculations.



Environmental Performance

Lar España's environmental performance in 2018 was calculated on the basis of the **EPRA Sustainability Performance Measures**, bearing in mind the limits, coverage and information-sourcing methodology outlined above.

At the asset level:

Below are the performance calculations:

A. Energy consumption performance

In 2018, overall **electricity and gas consumption** across Lar España's shopping centres (retail) and office buildings **decreased by 3.8% and 3.4%**, respectively, compared to 2017.

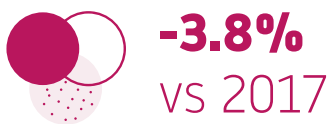
EPRA Sustainability Performance Measures

EPRA code	Unit of measurement	Indicator	TOTAL LAR ESPAÑA ASSETS			TOTAL LAR ESPAÑA RETAIL			TOTAL LAR ESPAÑA OFFICES			
			2017	2018	Like for-like change	2017	2018	Like for-like change	2017	2018	Like for-like change	
Elec-Abs, Elec-LfL	kWh	Electricity	Consumption of electricity from non-renewable sources	3,288,458	3,201,711	-2.6%	2,673,066	2,593,609	-3.0%	615,392	608,102	-1.2%
			Consumption of electricity from renewable sources	18,090,143	17,351,196	-4.1%	18,090,143	17,351,196	-4.1%	No data	No data	No data
			Consumption sub-metered to tenants	No data			No data			No data		
			Electricity generated and dispatched to the grid	261,915	229,202	-12.5%	261,915	229,202	-12.5%	0	0	0.0%
			Total landlord electricity consumption	21,116,686	20,323,705	-3.8%	20,501,294	19,715,603	-3.8%	615,392	608,102	-1.2%
EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	Not applicable. None of Lar España's assets have district heating & cooling systems (DH&C-Abs)								
Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption	1,877,563	1,813,015	-3.4%	1,659,072	1,813,015	9.3%	218,491	0	-100%
Energy-Int	kWh/sqm/year		Energy intensity in buildings per sqm	41.7	40.2	-3.7%	41.3	40.1	-2.9%	57.9	42.2	-27.1%
Number of assets within boundary				12 out of 12			10 out of 10			2 out of 2		
Proportion of disclosed data estimated				0.00%			0.00%			36.00%		
Cert-tot	Applicable assets			12 out of 12			10 out of 10			2 out of 2		
	%	BREEAM certifications			91.7%			100.0%			50.0%	

(*) The "proportion of disclosed data estimated" was not provided in 2017.

Energy intensity per square metre declined by around 3.7% in 2018, thanks to the efforts made by Lar España during the year to reduce energy consumption across its portfolio.

Electricity consumption in KWh



2017

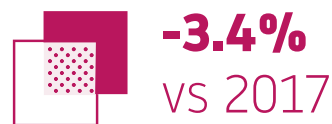


2018



■ Retail ■ Offices

Gas consumption in KWh



2017

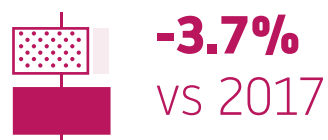


2018



Gas consumption per square metre decreased by 3.7% across Lar España's overall asset portfolio. The decline was observed in its retail assets (-2.9%) and in its office buildings (-27.1%).

Change in energy consumption in kWh/sqm



2017



2018



B. GHG emissions performance

Greenhouse gas emissions are calculated by multiplying electricity and fuel consumption (kWh) by the corresponding emission factor, provided by the Spanish Ministry of Ecological Transition, as shown below:

2017

- 0.051 kg CO₂e / kWh of electricity
- 0.252 kg CO₂e / kWh of gas

2018

- 0.052 kg CO₂e / kWh of electricity
- 0.029 kg CO₂e / kWh of gas

In 2018, Lar España consumed **electricity generated from renewable sources** at eight of its shopping centres (one more property than in 2017). This effort had a positive impact on the reduction in GHG emissions attributable to Lar España's property portfolio in comparison with 2017.

EPRA Sustainability Performance Measures

Area of Impact	EPRA code	Unit of measurement	Indicator	TOTAL LAR ESPAÑA ASSETS			TOTAL LAR ESPAÑA RETAIL			TOTAL LAR ESPAÑA OFFICES		
				2017	2018	Like-for-like change	2017	2018	Like-for-like change	2017	2018	Like-for-like change
Greenhouse gas emission allowances	GHG-Dir-Abs, GHG-Dir-LfL	kg CO ₂ e	Direct emissions Scope 1 (fuel)	473,146	456,880	-3.4%	418,086	456,880	9.3%	55,060	0	-100%
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect emissions Scope 2 (electricity)	1,088,479	1,059,766	-2.6%	884,785	858,485	-3.0%	203,695	201,282	-1.2%
			Indirect emissions Scope 3		No data			No data			No data	
			Total Scope 1 + 2	1,561,625	1,516,646	-2.9%	1,302,871	1,315,364	1.0%	258,754	201,282	-22.2%
	GHG-Int	kg CO ₂ e/sqm/year	Greenhouse gas emissions intensity per square metre	2.8	2.8	-2.9%	2.4	2.4	1.0%	0.5	0.4	-22.2%
Number of assets within boundary				12 out of 12			10 out of 10			2 out of 2		
Proportion of disclosed data estimated				4.00%			0.00%			36.00%		

(*) Note: the floor area used to calculate the GHG-Int indicator corresponds to the common parts area for shopping centres and the common parts and private areas for office buildings.

In 2018, **Lar España managed to cut its GHG emissions by 2.9%**, from 1,562 tonnes of carbon dioxide equivalent to 1,517 tonnes. The reduction in GHG intensity (kg CO₂e/sqm) was the same in percentage terms.

GHG emissions in kg CO₂e/sqm

2017



2018



■ Retail
 ■ Offices

Change in GHG intensity in kg CO₂e/sqm

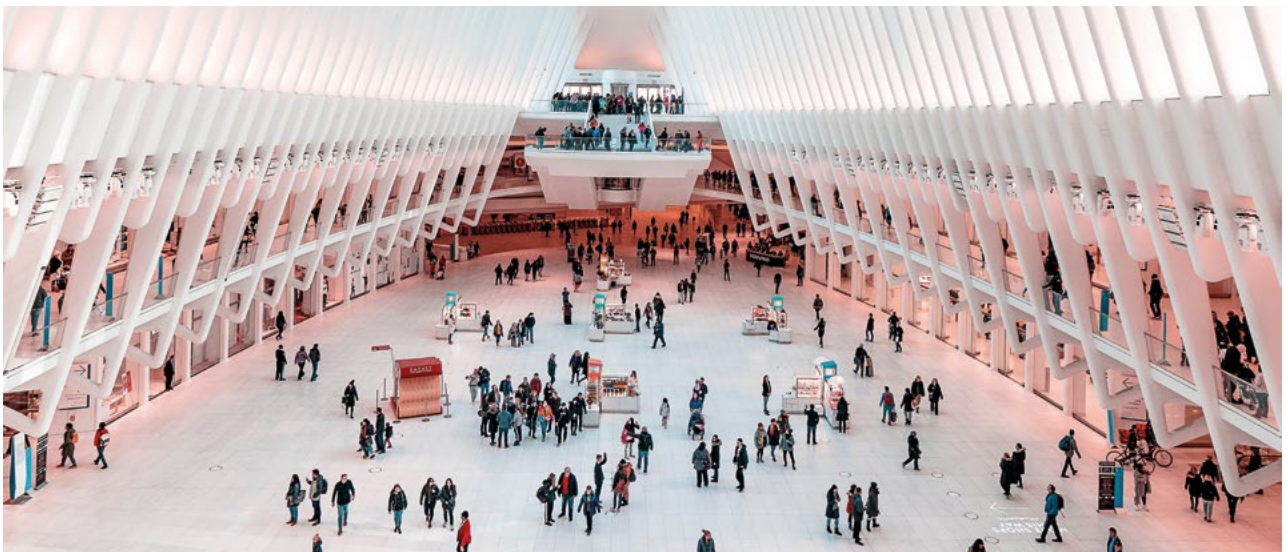
2017



2018



-2.9%
 vs 2017



C. Water consumption performance

Lar España's properties' total water consumption increased by 0.7% from 2017, which translates into a 1.5 litre increase per square metre.

EPRA Sustainability Performance Measures

Area of Impact	EPRA code	Unit of measurement	Indicator
Water	Water-Abs, Water-LfL	m ³	Water consumption in common parts area
		litres / sqm / year	Water consumption intensity per square metre
	Water-Int	litres/ person / year	Water consumption intensity per visitor in the retail segment and per employee in office segment
Number of assets within boundary			
Proportion of disclosed data estimated			

(*) Note: the floor area used to calculate the Water-Int indicator corresponds to the common parts area for both the shopping centres and the office buildings.

(**) The number of office jobs averaged 887 in 2018 compared to 608 in 2017.

Water consumption in m³

2017



108,526

2018



109,326

Change in water consumption in litres/sqm/year

2017



201.1

2018



202.4

■ Retail ■ Offices

Variation of water consumption in litres/person

2017



2018



TOTAL LAR ESPAÑA ASSETS			TOTAL LAR ESPAÑA RETAIL			TOTAL LAR ESPAÑA OFFICES		
2017	2018	Like-for-like change	2017	2018	Like-for-like change	2017	2018	Like-for-like change
108,526	109,326	0.7%	104,793	105,150	0.3%	3,733	4,176	11.9%
201.0	202.4	0.7%	195.2	195.9	0.3%	1,183	1,324	11.9%
2.0	2.0	1.9%	1.9	2.0	1.5%	6,139	4,709	-23.3%
12 out of 12			10 out of 10			2 out of 2		
1.00%			0.00%			18.00%		



D. Waste management performance

In total, Lar España's properties generated 5.6% more waste in 2018 than in 2017. Thanks to Lar España's waste management, **54.6% of this was recycled, meaning that the total amount of recycled waste rose 1.8% y-o-y.**

Waste management was particularly effective across its retail properties, where there was an **8% y-o-y increase in the amount of materials** incorporated into the circular economy – thus avoiding natural resources going to waste.

EPRA Sustainability Performance Measures

EPRA code	Unit of measurement	Indicator	TOTAL LAR ESPAÑA ASSETS			TOTAL LAR ESPAÑA RETAIL			TOTAL LAR ESPAÑA OFFICES		
			2017	2018	Like-for-like change	2017	2018	Like-for-like change	2017	2018	Like-for-like change
Was-te-Abs, Waste-LfL	Tonnes	Waste generation	2,009.3	2,122.8	5.6%	2,009	2,108	4.9%	No data	14.9	-
	%	Waste recycled	52.9%	54.6%	1.8%	45%	52.9%	7.9%	No data	11.9%	-
		Number of assets within boundary	10 out of 15	9 out of 12	-	8 out of 10	8 out of 12	-	0 out of 4	2 out of 2	-
	%	Proportion of disclosed data estimated	0%	0%	-	0%	0%	-	No data	0%	-
Cert-tot		Applicable assets	12 out of 12			10 out of 10			2 out of 2		
	%	BREEAM certifications	64.3%	91.7%	27.4%	80.0%	100.0%	20.0%	25.0%	50.0%	25.0%

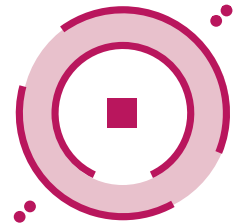


At the corporate level:

Below are the energy consumption, GHG emissions, water consumption and waste generation performance measure calculations at the corporate level:

EPRA Sustainability Performance Measures

Area of Impact	EPRA code	Unit of measurement	Indicator	
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Landlord electricity consumption - shared utilities
				Consumption sub-metered to tenants
				Electricity generated and dispatched to the grid
				Total landlord electricity consumption
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption
	Energy-Int	kWh/m ² / year	Building energy intensity per square metre	
		kWh/ employee / year	Building energy intensity per employee	
Greenhouse gas emission allowances	GHG-Dir-Abs, GHG-Dir-LfL		Direct emissions	Scope 1
			Indirect emissions	Scope 2
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect emissions	Scope 3
			Total	Scope 1 + 2
	GHG-Int	kg CO ₂ e / m ² / year	GHG emissions intensity per square metre	
		kg CO ₂ e / employee / year	GHG emissions intensity per employee	
Water	Water-Abs, Water-LfL	m ³	Water consumption	
	Water-Int	litres/m ² /Year	Water consumption intensity per square metre	
		litres/ employee / Year	Water consumption intensity per employee	
Waste	Waste-Abs, Waste-LfL	Tonnes	Waste generation	
		%	Waste generation	
		%	Proportion of disclosed data estimated	



Coverage	LAR España Corp Offices - Contribution by the 4 LAR España employees			TOTAL Lar España Corporate Offices		
	2017	2018	Like -for- like change	2017	2018	Like -for- like change
	7,585	3,842	-49.3%	149,332	90,170	-39.6%
1 out of 1	N/A			N/A		
	0	0	0.0%	0	0	0.0%
	7,585	3,842	-49.3%	149,332	90,170	-39.6%
1 out of 1	N/A					
1 out of 1	0	0	0.0%	0	0	0.0%
1 out of 1	108.4	60.7	-44.0%	108.4	60.7	-44.0%
1 out of 1	1,896.3	1,024.7	-46.0%	1,896.3	1,024.7	-46.0%
	0	0	0.0%	0	0	0.0%
1 out of 1	2,511	1,272	-49.3%	49,429	29,846	-39.6%
	N/A			N/A		
	2,511	1,272	-49.3%	49,429	29,846	-39.6%
1 out of 1	35.9	20.1	-44.0%	33.3	20.1	-39.6%
1 out of 1	627.7	339.2	-46.0%	627.7	339.2	-46.0%
1 out of 1	38	30	-21.6%	751	702	-6.5%
1 out of 1	0.5	0.5	-13.4%	0.5	0.5	-13.4%
1 out of 1	9.5	8.0	-16.4%	9.5	8.0	-16.4%
	No data	No data	-	No data	No data	-
0 out of 1	No data	No data	-	No data	No data	-

1.4 Accessibility

In 2018, the company concentrated its efforts on the accessibility measures identified as 'urgent' in an assessment of the starting situation at Lar España's properties. In 2019, the focus will shift to addressing the key 'necessary' measures, in some instances implementing some of the 'recommended' measures. The company's objective is to obtain the **universal accessibility seal at as many shopping centres** as possible. To this end, Lar España has hired a consultant to help it with the guidance provided in the **ILUNION report**, making practical adjustments in order to achieve the company's objectives.

In recent years, Lar España has been working on obtaining ISO 21542 certification (accessibility and usability of the built environment) and on meeting the UNE-EN 170001 standard (universal accessibility), thus demonstrating its **commitment to inclusion**.

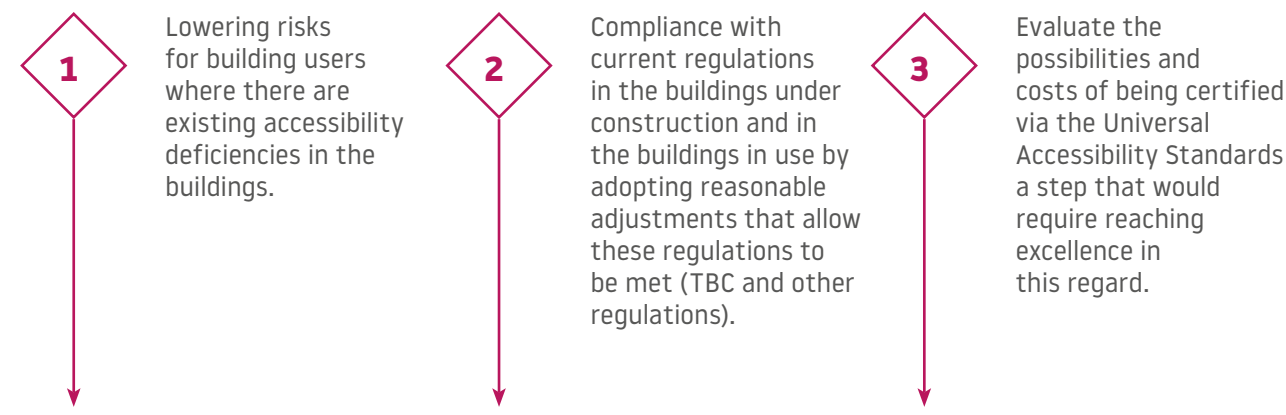
In 2018, Lar España continued to execute the work plan it formulated in 2017, which established priorities and the actions to be taken to make the company's properties **more profitable, healthier, safer and more efficient**. To organise the work, the company has separated the measures into urgent, necessary and recommended measures with the aim of executing the urgent and necessary measures at the shopping

centres which are majority-owned by Lar España. In this regard, Lar España's objectives are extremely ambitious, with **€1.6 million of investment forecast for the coming years**.

Since launching its regular accessibility auditing in January 2017, Lar España has invested a total of over €113,000 in improving the accessibility of its properties.

As a result, in December 2018 the VidaNova Parc shopping centre obtained the **Aenor Universal Accessibility seal**. The Eloy Gonzalo office building also obtained Aenor accessibility certification. Those milestones evidence Lar España's commitment to providing adequate and easy access to its shopping centres for all individuals, regardless of their mobility issues.

The overall approach is the result of a diagnosis undertaken in collaboration with **ILUNION, ONCE and AENOR** (the Spanish certification body). Their **accessibility audits** highlight the level of compliance with prevailing regulations and make **recommendations as to how to obtain universal accessibility certification**. These audits report on three levels of initiative:



The main achievements in 2018:

- **100%** of refurbishments at Lar España assets are factoring in the accessibility requirements laid down in the new building code.
- An accessibility diagnosis has also been performed at all **office buildings**.
- **90%** of the non-residential assets have had their accessibility audited.; that figure is expected to increase to **93%**.
- **75%** of the assets managed by Lar España are in the process of obtaining certificates and **10%** have already obtained AENOR certificate according to UNE 170001.
- The company has hired an **accessibility consultant**, specialised in architecture, with the aim of implementing the upgrades more efficiently and effectively.



Lar España is firmly committed to **fostering integration**: it is working to achieve and maintain high accessibility standards through designs conceived of for and by people



1.5 Outlook

In order to achieve the objective of continuing to create shared value, Lar España is **firmly committed to increasing its good practices in the area of corporate social responsibility**.

Its commitment is reflected in specific actions to be carried out in 2019:



Creation of a stakeholder management model



Elaboration and implementation of an action plan

One of Lar España's sustainability objectives is to draw up an action plan to improve stakeholder management and thus implement a management model based on prior analysis and diagnosis.



Corporate Social Responsibility Master Plan



Monitoring of the implementation of the ambitious CSR Master Plan

Lar España has been implementing its CSR Master Plan for the last two years. This is aligned with the most demanding sustainability standards, both sectorial and general, and is improved with the Action Plan for Stakeholder Management and the implementation of the Sustainable Development Objectives (ODS).



Improve its positioning in sustainability indices



The objective is to improve data collection to improve environmental performance through an automated system

One of Lar España's priorities is to **improve its environmental performance**, being aware of the impacts they generate on the environment. Its objective is to improve the collection of these data by means of an automated collection system.

All the objectives that Lar España assumes in terms of sustainability and the environment for the future are intended to be a benchmark in its business model as a creator of shared value in the long term. Its ambition is reflected in a desire to **improve its positioning in the different general and sector-specific sustainability indices**.