Annual Report

2020





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Quick View





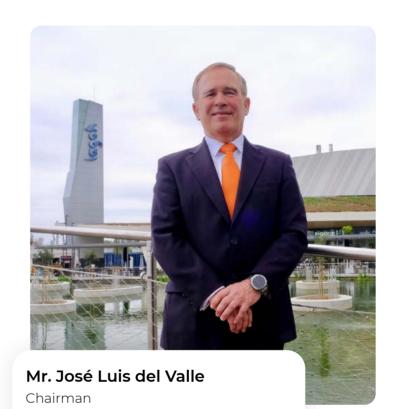
1.1 Letter from the Chairman

Dear shareholders.

I write to you today with a special sense of duty, as I attempt to summarise the unprecedented year that was 2020

The COVID-19 pandemic is a global tragedy that has altered how we live together as a society. On behalf of Lar España, I would first like to convey our deepest condolences and solidarity to every family that has suffered an illness or bereavement in recent months. I would like to believe that your example, your suffering and your forbearance will not be in vain. We must all remain committed to one another's safety, leaving no one behind and ensuring that everyone has access to safe and reliable spaces where public life can continue. That will be our highest tribute to the memory of those lost in this pandemic.

What was probably the most challenging year of our lives was also a year of big decisions – not only for politics and healthcare, but also for business and our own personal goals and consciences. At Lar España, we grasped our responsibilities on the very first day of the state of emergency. Since then, we have prioritised the safety of our professionals, tenants and end clients, with support and collaboration from different local authorities, and maintained a transparent and continuous channel of communication with our various stakeholders.





It is my belief that Lar España responded successfully to the shifting priorities that marked the progression of the year. I am proud to take this opportunity to assure you that these unstinting efforts have not gone unrecognised, and to convey publicly my sincere appreciation to all of our professionals. Our greatest achievement over this last year was safeguarding their health and that of our tenants, suppliers and end clients, while keeping essential services up and running at our shopping centres and retail parks throughout the lockdown and successive restrictions. No one let their guard down for even a second. Together, we reinforced the safety and close management of our spaces, leaving them well placed, when normality resumes, to become shining stars in the retail galaxy once again.

Furthermore, our business relationships with our tenants are now stronger than ever. We successfully negotiated revised agreements covering virtually the entire lettable area of all our centres combined, extending lease terms in line with the discounts offered. We look on our relationship as one of partners, working together in pursuit of the same long-term goals. We operate as a well-oiled machine, and this synthesis makes us stronger and more efficient with every passing day.

Meanwhile, we took quality management to new heights, never forgetting the values that make us unique. Our cashflow is robust and our gearing restrained. We took the decision to postpone investments and put new projects on pause, but not once did we abandon our commitment to our guiding philosophy: creating value for our shareholders.

Last but by no means least, in a year that we can all agree was the most challenging in our company's history, we continued to stand up for the abundant viability of the retail sector and the promising future ahead. As restrictions were lifted, we very quickly bounced back to pre-COVID sales and footfall. Our clients have lost none of their trust in our management and have assimilated our sector-leading, experiential and uncompromisingly safe shopping centres into their own identities.

Our retail model has been tested and found resilient, primed to adapt to a changing business environment and new consumption patterns.

There is no question that Lar España's retail parks and shopping centres exemplify the inherent values of the new model for family-friendly leisure that is now emerging – destined to take the retail world by storm as soon as the worst is over.



Our commitment to transparency

Throughout 2020, we successfully sustained a **fluid**, **transparent and open line of communication** with various local authorities, healthcare agencies, regulators and analysts, as well as our own shareholders and the market as a whole. We maintained a strong presence in all major arenas, adopted a proactive approach to media relations, extended encouragement and **embarked on major campaigns to raise awareness and offer our solidarity**. In the end, this difficult year was filled with moments of achievement and satisfaction.

I firmly believe that our retail expertise gives us a significant advantage. For many years now, the world of retail has been in a state of constant flux. **Shopping centres have always been at the forefront of change**, keeping pace with or even anticipating the next evolution of our society and behavioural norms. This capacity to **look ahead and adapt** is part of our DNA, and an extreme situation like COVID-19 brings out its true potential.

Looking at our 2020 results, it is clear that this extraordinary effort has paid off. As the pandemic raged, we grew our income by 15%, from \le 81.1 million to \le 93.3 million. In like-for-like terms – that is, removing Lagoh from the picture – income was up by around 2% on 2019. Our EBITDA rose by 18% to reach \le 69.7 million, while our recurring profit came in at \le 53.7 million, a 30.3% gain on 2019.

On top of this, despite the lockdown and all the restrictions that followed, our shopping centres and retail parks recorded **63.9 million visits over the course of the year**. Overall, **reported retail sales** came to **€696.1 million**. Our portfolio was valued at **€1,475 million** on 31 December 2020, which equates to a slight year-on-year contraction of -4.9% (which fell to just -2% in H2).

Meanwhile, we strengthened Lar España's financial position, steering a course marked by prudent **gearing**, with an **LTV ratio of less than 40%**. Our average borrowing costs equated to 2%, with almost all loans contracted on a fixed-rate basis.

This solid set of results and our sound financial performance allowed us, on the occasion of our annual shareholders' meeting, to propose a **dividend of €0.31 per share** for a total payout of €27.5 million. This translates to a **yield of 6.7% over market capitalisation**.

Even at this early stage in 2021, our **cashflow has been boosted** by the sale of 22 local shopping centres to European investment fund Blackbrook Capital, amounting to a combined area of approximately 39,000 sqm. The agreed sales price of €59 million **represents an uplift of 24%** on the acquisition price and a 2.2% gain on the pre-sale valuation. In light of this deal, Lar España holds liquidity of around **€200 million**, enough to cover operating costs for the next four years.







Formidable resilience

Looking beyond the numbers, throughout this pandemic our retail parks and shopping centres have demonstrated formidable powers of resilience. After each new round of closures, footfall and sales seemed to spring back to near-normal levels the moment they reopened their doors. There is no doubt that consumers altered their habits to a modest degree during these less restrictive intervals. While shoppers were less inclined to linger, the average spend per person invariably rose. At a time when more and more Spanish consumers are embracing online channels, they have nonetheless shown a steadfast loyalty to major shopping destinations. In fact, it seems safe to say that shopping centres and retail parks will remain the destination of choice for a great many purchases, whether conducted online or in-store. That is why we are confident of emerging from this crisis with redoubled strength.

With technology on our side, our sector will have a key role to play in facilitating restaurant bookings, home deliveries and click-&-collect services. We have at our disposal a collection of airy, modern and experiential spaces, offering plenty of room and an impeccable commitment to sustainability and accessibility, all run on cutting-edge technology by professionals at the top of their field. Long before the pandemic, our shopping centres were committed to some of the most stringent health and hygiene standards in the sector, and Lar España pioneered the use of independent consultants to unify safety protocols across our portfolio.

All of this dedicated work places **communication** at the heart of our operations. Customers are kept up-to-date through a continuous, real-time feed showing footfall in their chosen shopping centre, helping them plan their visit and identify periods when centres and parking areas are quietest. In turn, visitor data helps us to get to know our customers on a deeper level, so we can understand their needs and offer the kind of leisure and entertainment experience they are looking for. Working together with our tenants, we will be ready to interpret this data and use it to **develop unique**, **targeted experiences** for each of our primary customer profiles.

Commitment to sustainability and good governance

We aspire to full transparency, and this value features prominently in our sustainability and good governance strategy.

Over the course of 2020 we completed our migration to a single platform for analysing water, energy, waste and emissions use across our various centres. This accredited tool will help us optimise our resource use, control costs and develop effective, systematic plans for **meeting** our medium-to-long-term sustainability targets, as outlined in Lar España's ESG Master Plan. We also put the finishing touches on our **Energy** Performance Plan and developed a new Waste Management Plan, which came into effect in January 2021. Each of these projects testifies to Lar España's abiding commitment to protecting the environment in every aspect of our work, and to supporting sustainable development for business and for society as a whole.

In the final quarter of the year, we updated our company policy and regulations in line with the latest recommendations set out in the Spanish Securities Market Commission's Good Governance Code. We also carried out a review of the operating procedures for each of our committees and the board of directors and made various amendments to our Handbook on Internal Control Systems for Financial Reporting.

These efforts were **rewarded when the international FTSE Russell** division announced that Lar España would remain part of its FTSE4Good index, in recognition of its high score in an ESG evaluation carried out independently by its own teams.

From this brief summary of our company's activities in 2020, it is clear that Lar España can pride itself on being at the **forefront of change, innovation and adaptation to changing times**. Despite the impacts of COVID-19, our **operational and financial fundamentals remain solid**, generating a steady flow of recurring income and securing the confidence of our tenants and the abiding loyalty of our end customers.

This all goes to show that our **outstanding** properties, services and operational and financial management are at the heart of our success.

Although 2020 took a toll on the real estate sector in general, and on retail in particular, we move forward with the unanimous backing of industry analysts, every one of whom recommends Lar España as a share to buy or hold, positing a potential revaluation of 31.4% on average. That should be viewed as an opportunity. In short, when I cast my mind back over the progress made in 2020, I am convinced that there is plenty more good news ahead. Thanks to the confidence demonstrated by our shareholders and the stamina and tenacity of our professionals, you can rest assured that we will do everything in our power to keep sowing the seeds of success and harvesting our rewards, next quarter and every quarter to come.

Mr. José Luis del Valle

Chairman

April, 2021



1.2 Lar España's response to the **COVID-19** crisis

2020 has been a year of global disruption in the wake of the pandemic brought about by the Coronavirus SARS-CoV-2 and the disease it causes (COVID-19), producing a health, social and economic crisis that has affected, to a greater or lesser extent, every country around the world. According to the World Bank, COVID-19 caused the fastest and steepest decline in consensus growth forecasts since 1990.

As a result, Spain's GDP recorded its largest decline in 85 years, falling by 11.1% over the course of 2020, exacerbated by a drop in household spending, private investment, exports and imports. The retail sector has been hit particularly hard by the pandemic, feeling the full brunt of the resulting economic fallout, as well as being affected by periods of lockdown and travel restrictions.

The sector was therefore forced to confront enormous challenges in 2020, with Lar España proving its staying power thanks to its portfolio of high-potential, resilient and diversified prime properties, with a varied retail offering and its ongoing commitment to improving its spaces. These factors have given the company a unique edge up in the recovery phase.

The company's property management teams responded to the pandemic in record time, basing their efforts on four key principles:

1.2.1

Action Plan and certification of implemented protocols

1.2.2

Contact with tenants

1.2.3

Initiatives in our shopping centres and retail parks

1.2.4

Technology and **Innovation**

We would also highlight the extensive 50-year **track record of Grupo Lar**, the firm that manages Lar España's properties; as well as its unique and distinguished business model in the Spanish real estate industry; and its highly renowned senior management team with a wealth of experience. These factors have been crucial in the company's ability to react quickly and correctly to the COVID-19 pandemic, keeping any negative impacts on the company to a minimum.

Equally, Lar España benefits from its solid financial position, expertise in the retail sector and its constant drive for technological innovation in recent years, all of which have played a key role in reducing the impact of the pandemic.





1.2.1 Action Plan and certification of implemented protocols

From the moment the state of emergency was declared, Lar España set about designing an Action Plan, verified by the leading certification company SGS, to strengthen its approach to the COVID-19 pandemic. The Plan sets out a list of health and safety procedures to implement across all of the company's properties, in order to meet the various measures required by health authorities. The company also set up a process to monitor, adapt and continuously improve the Plan, to ensure it complies with all the measures required across all shopping centres and retail parks owned by Lar España.

Lar España continued with its strong leadership by adapting the services offered across its shopping centres and retail parks to constantly be on top of the shifting legislation, striving to ensure that tenants could remain open with as little disruption as possible, while complying with restrictions. This was achieved by launching new initiatives such as Click&Collect and Click&Car. All of its shopping centres have also adapted to new capacity limitations, social distancing rules, ongoing customer engagement, and hygiene measures in record time.

These measures evolved throughout the year to meet the changing requirements based on the evolution of the virus, along with the arrival of new safety measures, outlining on three main areas at all times:







Cleaning

- Disinfection via nebulisation programme for all areas of all assets.
- Routine cleaning of commun areas, lifts and toilets.
- Ultraviolet disinfection on travellators and escalators
- Multiple hand sanitizer stations.
- Stockpiling surgical masks.

Increased security

- Capacity limitations in walkways and stores at real time using Shoppertrack technology.
- Queue management in stores in order to mantain social distance.
- Ongoing communication with the main retailers to coordinate protocols for the opening and operation of stores.
- Delimitation of traffic lanes to maintain safety distance.

Information

- Physical and digital signage to remind visitors about safety measures.
- Real-time footfall tracking and up-to-date information on the websites and social media channels of each centre.
- Communication campaigns of these measures with the aim of transmitting them to the customer for their comfort and safety during their visit.





SGS certification

Over the course of 2020, the leading verification company SGS certified the sanitisation and disinfection procedures that were implemented across all assets. After receiving a favourable assessment for its protocols – with no issues at any properties – and following physical inspections to verify their implementation, there will now continue with monthly inspections to ensure that these processes remain in place. This clearly demonstrates the commitment and efforts of Lar España to adapt to the current situation and ensure the safety of both its workers and all those who visit its shopping centres and retail parks.

These protocols include the hygiene recommendations imposed by the national authorities, as well as the health regulations in force in each individual autonomous region. The inspection covered three key areas:

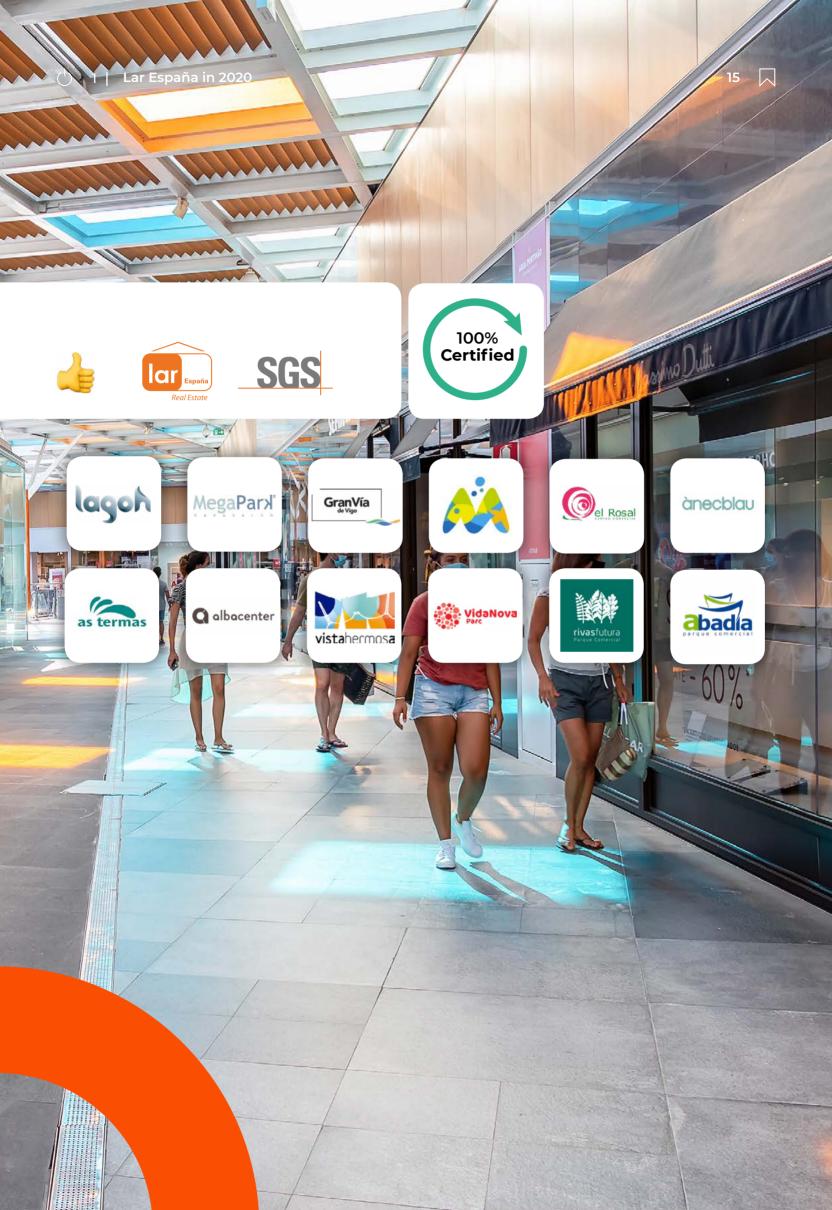
- Compliance with all regulations and best practices to be included in the design and drafting of all protocols.
- The implementation of all procedures and best practices across all shopping centres in the company's portfolio(*).
- Continued application of all measures in the months following the health crisis.



Audit Result: Certified

The SGS seal of approval and certification verify that the shopping centres and retail parks adhere to the highest health and safety standards, both for customers and employees. This project redefines and expands upon the required hygiene protocols, certifying that these spaces are clean, safe and reliable, thereby reaffirming strict compliance with the latest regulations, and confirming Lar España's unwavering commitment to safety and prevention.

These are also dynamic and flexible measures, constantly being adapted to the specific health and social requirements of the autonomous regions where each centre is located. These changes have also been duly certified and audited by SGS, allowing Lar España to offer its customers peace of mind, with a safe space to go shopping.



1 | Lar España in 2020



Employee COVID-19 protocol

Since the state of emergency was announced on 14 March 2020, all professionals working at Lar España and Grupo Lar have put protocols in place for their teams to minimise the risk of infection as much as possible, allowing their employees to carry out most of their work remotely. These teams have been provided with the right tools, devices and technology to allow them to continue carrying out all their work and daily tasks as usual. Attendance in person across our main offices and shopping centres has been reduced to the absolute minimum, and strict safety measures have been implemented for any employees who do have to attend their usual place of work.

To implement this, the company designed safety and hygiene protocols, approved by the leading certification company Applus. These protocols include specific rules for employees to follow, as well as the installation of multiple hand sanitiser dispensers in all workspaces and daily temperature checks for everyone who enters the premises.

Workspaces are now deep cleaned more regularly, more flexible working hours have been introduced, employees have been given preventative training and workstations have been spread out to ensure correct social distancing in the workplace. All protocols continue to be applied by the Company.







1.2.2 Contact with tenants

During 2020, the company has kept in constant contact with all of its tenants, dealing with every situation directly or through their managing agents, allowing it to quickly reach agreements tailored to each and every tenant and business case. These agreements were primarily reached under terms and conditions that involved a significant commitment from both sides, helping to strengthen our bond with retailers and building long-term and stable lease agreements at all of the shopping centres and retail parks.

At the end of 2020, Lar España has reached individualized rental agreements with its tenants in relation to the restrictions imposed by the health crisis of COVID-19. In this manner, it is estimated a total impact for the company round to 22^(*) million Euros in 2020. In line with applicable accounting legislation, these discounts will be reflected in the Company's income statement from the date the agreements are signed, apportioning the impact on revenue on a straight-line basis over the term of each lease agreement of between 6 and 7 years. Its negative impact on 2020 revenues amounted to €1.3 million

As of 31 December, 90% of all rent payments had been received, reductions were made in overheads of 30% to 70% in shopping centres and retail parks for the months that they were partially closed.

Lar España boasts a consolidated roster of extremely diverse, high-quality tenants. Its ten main tenants account for 34% of the company's rental income, while at 31 December 2020 more than 64% of retailer leases had expiries beyond 2024 and occupancy stood at more than 95%, close to full occupancy.

As of 31 December 2020, all of Lar España's shopping centres and retail parks were open and operational, with footfalls recovering to very healthy levels and all of the necessary safety measures in place and being observed. Lar España benefits from a premium collection of properties with high value-add that secures sustainable returns for shareholders. The total number of visits registered in the portfolio during the year was 63.9 million visits, which represents a decrease of 21.9% in Like for Like terms compared to those recorded in 2019. This evolution shows a greater recovery of the portfolio activity compared to the figures obtained by the Shoppertrak index whose evolution has stood at -33.7% compared to 2019.

In the large majority of cases, Lar España also fully owns its properties, affording a complete control over decision-making. This allows it to promote and implement measures and strategies efficiently that meet the requirements of the market and its customers at all times.









1.2.3 Initiatives in our shopping centres and retail parks

Over the course of 2020, Lar España conducted numerous social welfare campaigns at its shopping centres and retail parks, in many cases to minimize damage done by COVID-19. These actions **reflect their commitment to the communities they serve, as well as public institutions and non-profit organisations**. Some of its most notable initiatives include:

Food banks

Child food grants

Christmas gift donations

Blood drives

Collaboration
with various
organizations and
local solidarity
associations

The shopping centres and retail parks in the portfolio have never lost sight of their impact on their surrounding area, constantly striving to have a positive effect on local communities and **creating shared value** through their work. Although Lar España's properties have always strived to support local communities, the pandemic has prompted the company to carry out even more charitable or philanthropic work.

In section **3. ESG** of this report, collects information on the different initiatives that have been carried out in the centers and retail parks of the portfolio throughout the year.

Collaboration with Cáritas

As part of its unwavering commitment to helping local communities during the COVID-19 pandemic, Lar España Real Estate has teamed up with Cáritas, supporting them in their project to help the most vulnerable families hit the hardest by the pandemic. The main aim of the project is to improve living conditions for the communities in the surrounding areas of Lar España's main properties. This project will also allow our shopping centre teams and employees the chance to get involved in this charitable work.

The donation was for an amount of €150,000, and will be chanelled via the Albacenter, Portal de la Marina, Ánec Blau, Megapark Barakaldo, As Termas, Las Huertas, El Rosal, Txingudi, Lagoh and Gran Vía de Vigo shopping centres and retail parks.

This initiative with **Cáritas is just one of many charitable and social campaigns** promoted by Lar España's shopping centres and retail parks since the state of emergency was announced, helping to support the most vulnerable in our communities with food donations, healthcare equipment, technology and child food grants, among other actions.



1.2.4 Technology and innovation

Shopping centres have come to play a vital role in the communities they serve, helping to raise awareness about the pandemic restrictions. They have also put numerous measures in place and have designed multiple protocols aimed at making them safe places to visit, underscoring the importance of collaboration with local communities as a key factor.

In addition to the **numerous charitable initiatives carried out so far this year**, shopping centres have innovated and created technological solutions to help tackle the pandemic. Technology and innovation have played a vital role in forging links with local communities, as demonstrated by the following examples:

TeAyudo App

Albacenter, Ànec Blau, As Termas, El Rosal, Gran Vía, Lagoh and VidaNova Parc shopping centres are all actively promoting the App TeAyudo, a platform which puts communities and those in need safely and securely in touch with volunteers looking to help. An effective way of **encouraging people to help others**, via the use of an app that puts willing volunteers in touch with those in need.

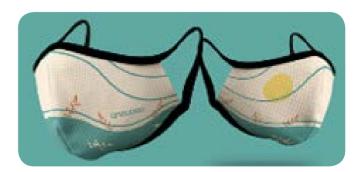
COVID-19 Notices

To remind customers of the **safety measures** adopted in the centre and also thank them for their trust and for collaborating, the company launched the initiative "Are you sure?".

This initiative, which was rolled out via the website and social media was divided into two parts:

- Thank-you video: an interview with shopping centre management and other employees at the centre, reminded everyone of the safety measures and helped us to bond with shopping centre visitors.
- "Qualified User" Pack: when customers gave
 the right answers to our safety measures survey,
 we gave them a Qualified User Diploma, as
 well as a specially designed UNE 0065 certified
 designer face mask that complied with all health
 and safety requirements.





(¹) 1 | Lar España in 2020

Lagoh Collect

The shopping centre is offering a collection service for all of its shoppers, as a way of **avoiding large crowds and reducing in-store waiting times**. Once customers have finished shopping at a particular store, staff at the centre will collect their order from the store and take it to the Lagoh Collect point, where the customer can pick it up once they have finished shopping.

Relaunch of Tucentro.com

In a bid to collaborate further with our tenants following the COVID-19 restrictions and help to drive sales, we **relaunched the online sales platform, tucentro.com,** in July. Thanks to input from the retailers operating on the platform, we were able to digitalise every single one of their products, making them available across multiple marketplaces affiliated with tucentro.com, such as **eBay and AliExpress.**

Online Showroom

On October 29th the company launched the Lar España digital platform, which showcases a wide variety of products sold by different retailers, with a special discount or offer for members of the Disfrutones Club (Enjoyment Club), with direct access to the online store of each tenant on the platform.

This new section, which is available on the Disfrutones app, is just one **part of our digital services strategy aimed at customers and retailers**, which aims to meet the following objectives:

- Boosting sales for tenants at the shopping centre, by attracting more visitors to their online stores when browsing the centre's digital platform.
- Building up the shopping centre's presence in the world of e-commerce.
- Rewarding loyalty for members of the Disfrutones Club.
- Expanding the number of retailers from the centre in the club, via specific products.

Currently **over 30 brands** are taking part in the online showroom, with **over 600 products** on offer.











1.3

Key figures 2020

Portfolio Information

GAV⁽¹⁾

1,475 Million €

Assets

15

WAULT

3.2

GLA

578,370

Gross
Annualised Rent

97.9

Million €

Financial Information

Rental Income

93.3

Million €

EPR/ Earnings

49.9

Million € (0.58 €/share)

EBITDA

69.7 Million €

Recurring

Profit

53.7 Million €

EPRA Net Asset

Value

881.4

Million € **(10.42 €/share)**⁽²⁾ Net LTV⁽³⁾

41.9%

Financial

Debt

757.1

Million €

Average Cost of Debt

2.2%

Dividend

27.5

Million € (0.31€/share) (1) Information based on valuations carried out by independent valuers on **31 December 2020**. / (2) When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/share). / (3) The net LTV after 22 supermarkets portfolio divestment, would be **39.4%**.



Operating Results

% Occupancy

95.5%(1)

GRI

+14.8%

+1.8% LfL(2)

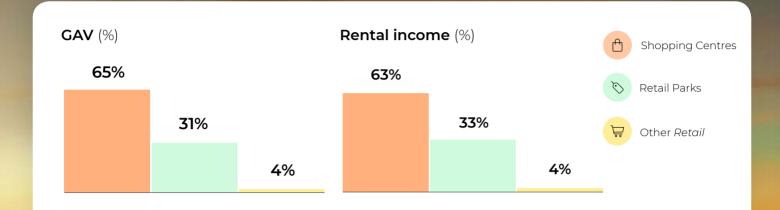
vs 2019

NOI

+12.4%

+0.8% LfL(2)

vs 2019



Leasing Activity

Rotated

25,658 sqm

Negotiated

rent

6 Million €

108



Accesibility

Accesibility audits performed on 100% of our assets. 5 assets certified in **AENOR Universal**

Accesibility

Consumption performance

34.2 kWh/sqm of energy consumption

(-17.4% vs

2019 LfL)

Emissions

541 Ton eq CO₂ of scope emissions 1, 2 & 3

(-18.6% vs 2019 LfL)

Certifications shopping centres certified in **BREEAM**®

Society

+17,000 jobs generated

9.1%

of indirect jobs are done by persons with disabilities



1.4 Key Indicators Performance

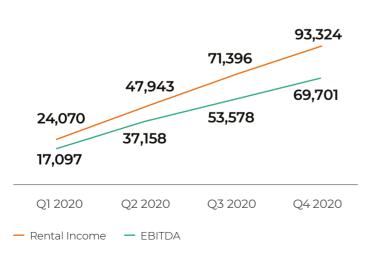
69,701Thousand Euros
EBITDA
+18% vs 2019

5.9% EPRA Topped-up NIY 31.12.20

A. Performance of main economic and financial result

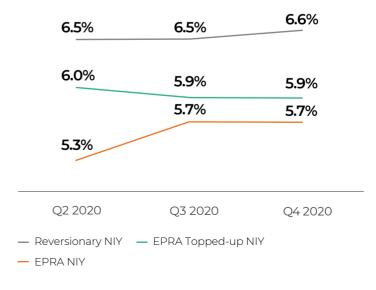
Rental income obtained at the close of the financial year was 93,324 thousand Euros, which means an increase of 15% versus the same period the previous year. Meanwhile, EBITDA amounted to 69,701 thousand Euros, which means an increase of 18% versus the same period the previous year, and the recurring net profit reached 53,700 thousand Euros, which means an increase of 30% versus the same period the previous year.

Performance throughout the course of 2020 is shown in the following figure (amounts shown in thousands of euros):



B. Performance of main EPRA indicators

As regards the performance of **EPRA Yields** during 2020 and their comparison with the Reversionary NIY, one can see the notable profitability of Lar España's portfolio and the potential growth that the company could still obtain, thanks to the active management of the portfolio:

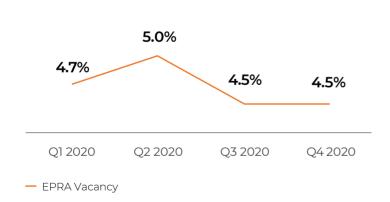


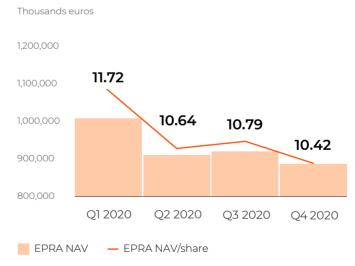
4.5% EPRA Vacancy 31.12.20

EPRA NAV per share 31.12.20
10.42
€/share(*)

Although the **EPRA Vacancy** rate throughout the year it has been reduced in spite of the reforms that are being carried out in various assets of the portfolio and the situation caused by the COVID-19 crisis, closing at **4.5%**. The following graph shows the evolution of the indicator in Like for Like terms during the year 2020.

The following figure shows the performance of the company's EPRA NAV. At 31 December 2020, the EPRA NAV stood at 881,376 thousand Euros (10.42€/share)^(*).





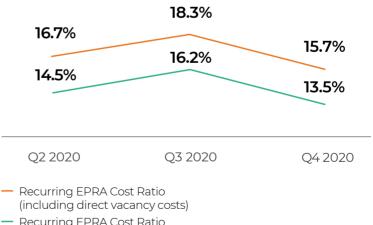


EPRA Earnings per share +29% vs 2019

The following graph shows the change in the operating income figure (EPRA Earnings), which at the close of 2020 stood at 49,902 thousand Euros, an increase of 23% on the previous year. This is mainly due to the efficient management of the assets held in the portfolio, along with some excellent sales and letting work.

The performance of the **EPRA Cost Ratio** over the course of the year demonstrates Lar España's efficiency in reducing the costs associated with operational management.





Recurring EPRA Cost Ratio (excluding direct vacancy costs)

C. Major operative milestones evolution

The performance of the **key retail indicators** in 2020 is detailed below. Lar España booked total sales in the shopping centres of **696.1 million Euros**, driven by the growing number of people visiting our shopping centres **(63.9 million visits)**. A total of **25,658 sqm** has been rotated

Footfall 2020 **63.9 Million of visits**

Footfall indicator in our shopping centres LfL since reopening 2020 vs same period in 2019.

Sales 2020 **696.1**⁽³⁾ **Million €**

Sales performance LfL since reopening 2020 vs same period in 2019.



(1) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 31 December 2020: -21.9% Lar España footfall and -33.7% ShopperTrak Index / (2) ShopperTrak Index / (3) Declared sales / (4) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 31 December 2020 of total sales: -19.9%



Leasing Activity

Negotiated rent

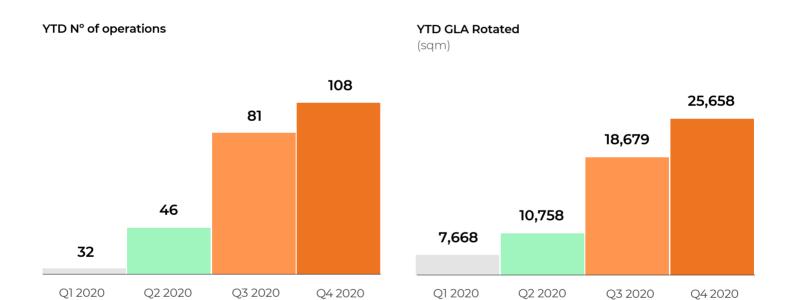
6 Million €

Operations

108

Rotated area

25,658 sqm









€2,250 Mn Retail investment in **Quick View** 2020 **Environment** Commercial investment volume (€Mn) 12.000 10,000 8,000 6,000 4000 2 000 2006 2007 2008 2009 2010 2011 2012 2013 2014 2017 2019 2020 2015 2016 2018

Nota: los volúmenes excluyen operaciones <5 M€, suelos, desarrollos y operaciones corporativas/M&A Source: JLL Research

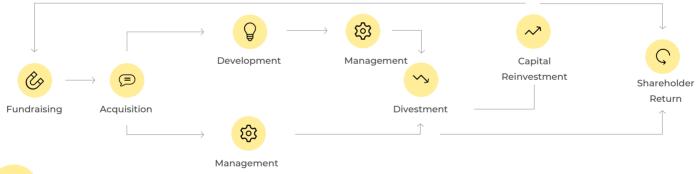


Retail Logistics

Offices

The company's investment policy is mainly focused on:

- Strategic assets, shopping centres and retail parks.
- Investment opportunities in retail assets, that are dominant in their areas of influence.
- Risk diversification, expanding in Spain mainly through the investment and development of large commercial areas.





Governance

Corporate governance

- Updating of regulations of the Board of Directors and its committees, and of policies governing ESG, corporate governance, director selection and diversity, and communication, in accordance with the latest recommendations of the CNMV Good Governance Code published in June 2020.
- Creation of a matrix of Board of Directors' skills and capabilities.
- Approval of a reduction in remuneration for the Board of Directors in 2020 due to the exceptional situation triggered by COVID-19.

Ethics and compliance

- Oversight of compliance with the Code of Conduct and internal regulations.
- Monitoring of the Whistle-Blowing Channel, and the Corporate Crime and Anti-Money Laundering Model.
- Fine-tuning of the Enterprise Risk Management (ERM) System.

ESG

- Filing of the company's 2018 and 2019 carbon footprint with MITECO
- >€500,000 worth of investments earmarked for community collaborations, sponsorships and initiatives
- Collaboration with more than 25 NGOs and foundations in 2020
- Implementation and design of an automated platform for collecting data to track asset consumption metrics.





Risks and Opportunities

- Risk Control and Management Policy as a dynamic framework.
- Implementation of the corporate Enterprise Risk Management (ERM) System.
- Updating of Risk Map, Response and Monitoring Plans.

The main risks that Lar España faces are as follows:

Main strategic risks

- Outbreaks, epidemics and pandemics.
 Political climate and socio-economic factors.
- Regulatory changes / legal uncertainty.
- Climate change and environmental sustainability.

Main operational risks

- Loss of value of properties.
- Health and safety of employees, collaborators, customers and visitors of the shopping centres and retail parks.
- Loss of internal talent.
- Cybersecurity and data security.
- Changes in contractual obligations.
- Solvency and customer credit risk.
- Dependence on the Investment/Asset Manager.

Main financial risks

- Market risk.
- Compliance with financing covenants.

Main regulatory risks

Management of REIT requirements.



Outlook

Enhancing cash flows from portfolio properties and value creation in order to maximise shareholder returns.

Continuing the process of consolidating the company as one of the most active REITs in Europe and as a benchmark in the Spanish real estate sector, especially in the shopping centre and retail park segment.



Innovation and Technology

Lar España is leading the digital transformation in the sector, creating value through the "TES" (Technology, Engagement & Sustainability)

Project, the three main goals of which are:

- To position Lar España at the forefront of the digital transformation of the retail sector.
- To create shared value in order to drive economic and social progress.
- To advance towards the implementation of an omnichannel strategy in the asset portfolio.

TES project 2020 results

Implementation of new tools to enhance our assets' value and positioning:

- Asset management (Seeketing, Mallcomm, Dotgis and Customer Journey) to evaluate and measure the visitor experience, and to optimise shopping centre and customer relationship management.
- Web tool showcasing Lar España's vision for its shopping centres (Lar Experience).
- Environmental information management system to increase control and efficiency of assets.
- Dedicated project for improving air quality across the shopping centres.



Strategy

- Real Estate Investment Trust specialising in commercial properties managed exclusively by Grupo Lar.
- Carefully selected market acquisitions.
- High returns for shareholders: annual gross income of €97.9 million.
- Competitive profit distribution policy.
- Dividends of €0.31 per share.
- Active and diversified management.

2020 results

- Valuation of assets of €1,475 million
- Recurrent profit of €53.7 million, an increase of 30% on 2019.

Our Business

2.1

Market context

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Business model

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Corporate strategy and positioning

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Company chart 31.12.2020

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Main milestones

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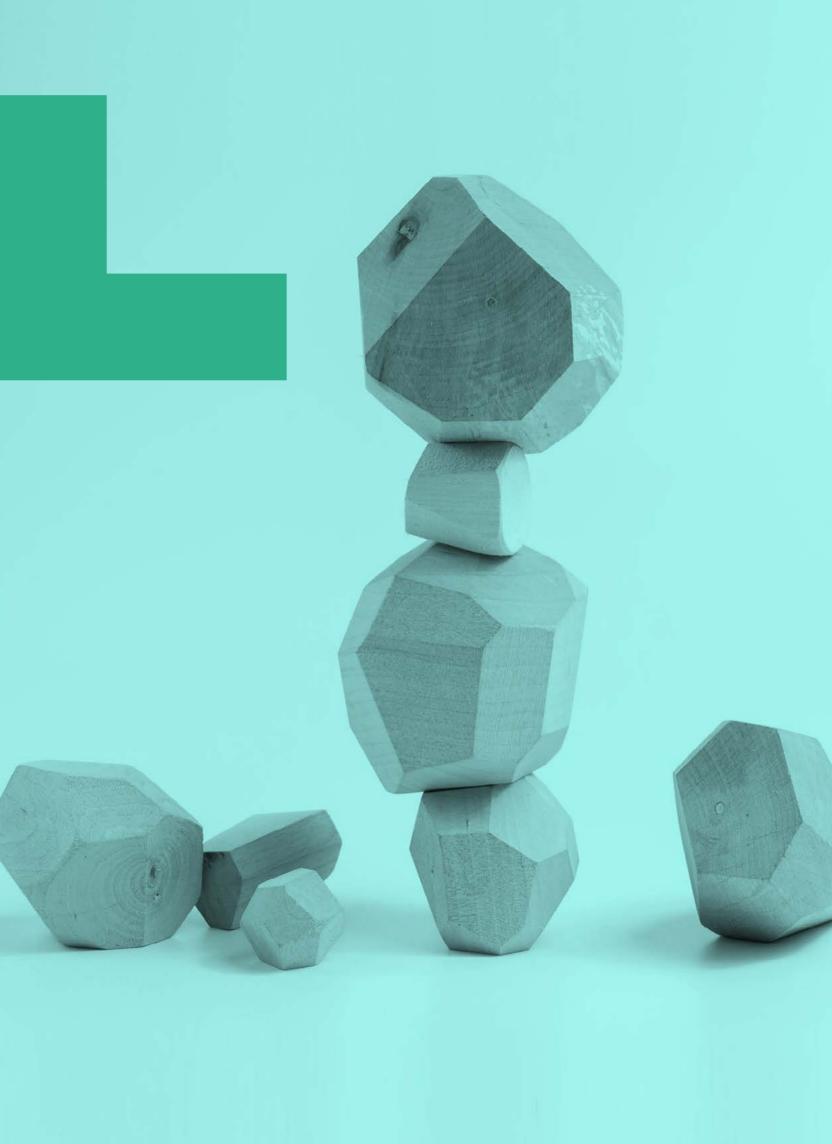
2.6

Grupo Lar, Lar España's Manager

p. 70

2.7

Innovation and technology





2.1 Current climate and trends

I. Economy: a year of global disruption in the wake of COVID-19

Growth and GDP

An upbeat mood following positive growth forecasts was quashed in early 2020, the gravity of the global COVID-19 pandemic leaving the Spanish government no choice but to introduce **stringent lockdown measures from mid-March onwards**.

This triggered an unprecedented contraction in economic activity over the first half of the year, resulting in GDP loss of 17.8% – with the services sector taking the brunt of the impact. Economic and confidence indicators hit rock-bottom in April, recovering slightly in May as restrictions were gradually eased to varying degrees across different sectors and regions.

The Spanish population was thrust into a "new normality" at the end of June, and as a result the economy bounced back strongly in Q3 once barriers were lifted and both internal demand and exports began to pick up steam. Unfortunately, the infection rate rose again towards the end of the quarter, prompting a fresh round of restrictions. This had a dampening effect on economic growth in Q4, dragging Spain's GDP down 11.1% for 2020 as a whole

The Spanish economy should make a swift turnaround in 2021, after the setbacks inflicted by COVID-19 in 2020

According to data from the ECB, 2021 should bring a rebound in economic growth at the global level. For Spain, we expect GDP to recover to 6.3% growth in 2021 as the economic outlook gradually brightens thanks to the rollout of the vaccination programme. Consistent with forecasts for Europe, Oxford Economics estimates that it will be late 2022 or into 2023 before we see a return to pre-pandemic form.

Inflation

When we talk about **inflation** in Spain, we often refer to the Consumer Price Index, or CPI. Spain's **CPI** tracks variations in the prices of a fixed 'basket' of goods and services purchased by Spanish households for their own use or consumption.

Over the course of 2020, **Spain recorded a price slump of 0.3%** – giving a boost to household purchasing power. This is thought to be a temporary situation brought about by the pandemic. Forecasts for the next few years remain tepid, with Oxford Economics pointing to an **average CPI of 1% in 2021–2022**, up from 0.7% in 2019.





Employment

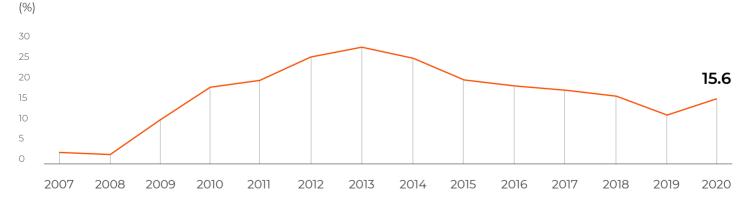
Unemployment crept up in 2020 in response to pandemic impacts, reaching **15.6% at year-end** (vs 13.8% at year-end 2019). Although the employment rate rose in 2019, resulting in the lowest levels of unemployment in half a decade (down 67 basis points on 2018), what happens in the next few years is likely to depend on the success of the pandemic response. Oxford Economics foresees employment growth of **0.4% in 2021 and 2.7% in 2022**, following a 3% dip in 2020.

Source: JLL

Unemployment rate in 2020 in Spain

15.6%

Unemployment rate in Spain



Source: National Statistics Institute (INE)



We expect economic activity to rally strongly over the second half of 2021

Consumer Confidence Index

The annual average CIS **Consumer Confidence Index (CCI)** stood at **59.9 points** in 2020, 29.4 points down on the figure for 2019. This is more than 10 basis points above the 2012 low.

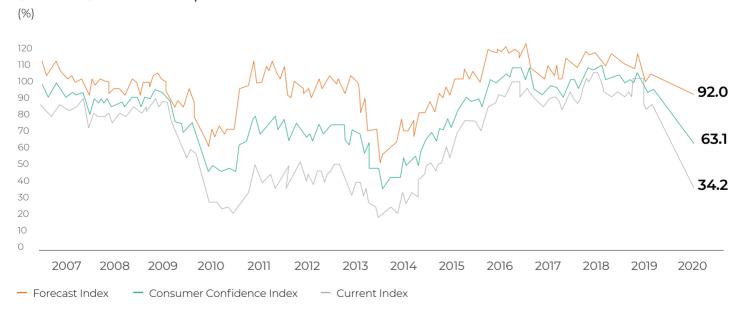
Consumer spending, after a headlong slump in the first half of 2020 on account of the lockdown and social distancing measures, **marked a decisive recovery when restrictions were eased**. Even so, consumers continued to show signs of trepidation following several successive waves of the virus, dragging household spending down by 13.3% for 2020 as a whole

Forecasts from Oxford Economics indicate that consumer spending is on track for 6.4% growth in 2021, putting Spain ahead of the Eurozone average.

All predictions are subject to change as the pandemic evolves and the vaccination drive, which has been slow to hit its stride, progresses. In light of the risk of new strains, more extensive measures were back in place in early 2021, with implications for consumer spending and for the tourism sector. Inevitably, this has hampered growth in the first quarter of the year.

Once the most vulnerable groups have been vaccinated there will be scope to roll back certain restrictions, and so we expect economic activity to rally strongly over the second half of the year, bolstered by fiscal stimulus measures when European funds kick in.

Consumer Confidence Index, current Index and forecast Index evolution



Source: Centro de Investigaciones Sociológicas (CIS)

Source: JLL



Tourism

Tourism, one of Spain's key economic drivers, spluttered to a stop in 2020, its **contribution to national GDP tumbling eight points, from 12% to 4%**. Data from the Spanish National Statistics Institute (INE) reveals that the number of international tourists visiting Spain fell by 77% (70% for European travellers).

Meanwhile, tourist spending reached just €19,739 million, down 78.52% compared with 2019's record figures.

19 million international tourists in Spain in 2020







II. Retail market

Prime rents

Rental values for Spanish retail properties fell in 2020, caught up in the trail of disruption left by the COVID-19 crisis:

- Mobility restrictions.
- Dwindling tourist numbers had the greatest impact on footfall in city centre shopping hubs.
- We saw a surge in vacancy rates and available units in the market (chiefly in secondary locations) and in occupier churn.
- E-commerce continued its dizzying ascent.

In a bid to mitigate pandemic effects where possible and keep their tenants afloat, many property owners negotiated rental discounts in acknowledgement of the difficulties faced in 2020.

This set in motion a significant adjustment in prime retail rents, both in Spain and in most other European markets, although we foresee a gradual recovery from 2021 on.

The prime rent on Madrid's high street – based on units of 100 sqm – was €245 per sqm/month at the close of 2020, a dip of 16% year on year. In Barcelona the descent was somewhat steeper (-18%), with the prime rent finishing the year on €241 per sqm/month.

Meanwhile, **shopping centres** were sucked into a downward spiral. By the end of the year, the prime rent had fallen back to €90 per sqm/month, signalling a year-on-year decline of 10%. Retail parks suffered rental contraction of over 12.5% compared to 2019; here, the prime rent stood at €17.5 per sqm/month at the end of the year.





Growth in prime rents for Spanish retail properties is set to outpace the bulk of European markets over the coming years

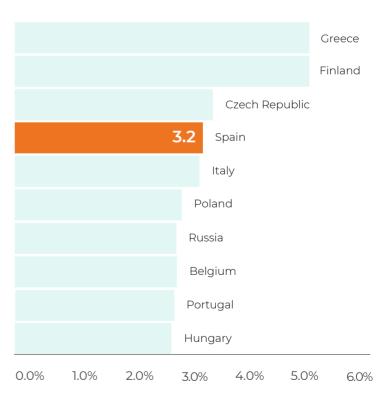
On the cards for shopping centres in 2021 is **prime** rental growth of 3% year on year, a fairly modest figure that will hinge on the strength of the recovery in economic activity and retail sales. In the next three years, we are confident that rents will head steadily upwards, with average annual growth of 3%, regaining pre-COVID levels towards the end of 2023 or in early 2024.

Rents for retail park units have held up better, thanks partly to booming grocery sales and the rich potential for repositioning as last-mile logistics centres. Here, year-on-year rental growth is forecast to hit 10%. We anticipate that Spain's retail parks will see a return to pre-pandemic rental values sometime in late 2022 or early 2023.

Source: JLL



Forecasts of average annual growth of prime rents in shopping centers (% 2021-2024) Top 10 Europe



Source: JLL Research, december 2020.



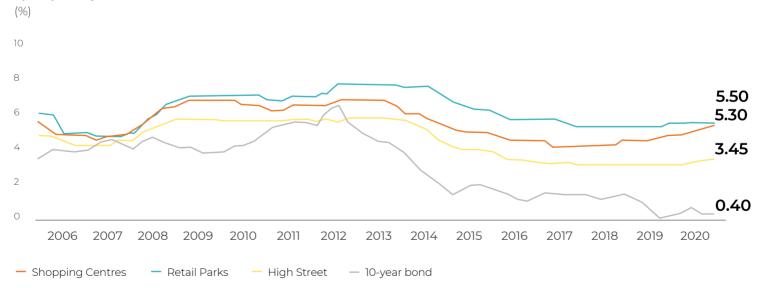
Prime yields

The retail sector was battered by the COVID-19 storm in 2020, between the national lockdown and global measures to curb the spread of the virus. Perceived risk and high uncertainty were reflected in rising yields, although a recovery was observable as the year drew on.

By the end of December, prime yields for highstreet properties had jumped by 30 basis points to **3.45%**, while shopping centres rose by 40 basis points to **5.30%**. For retail parks, the prime yield stood at **5.50%** at the close of 2020, a rise of around 10 basis points. Consistent with forecasts released by JLL, we expect further slight prime-yield growth for both the high street and shopping centres, stabilising from 2022.

On the other hand, it looks like yield compression may be on the horizon for retail parks, closing the gap with shopping centres thanks to their specific characteristics and plenty of investor enthusiasm.

Spain prime yields





Shopping Centres *prime* yield

5.30%

Retail Parks *prime* yield

5.50%

Outlook for the coming years

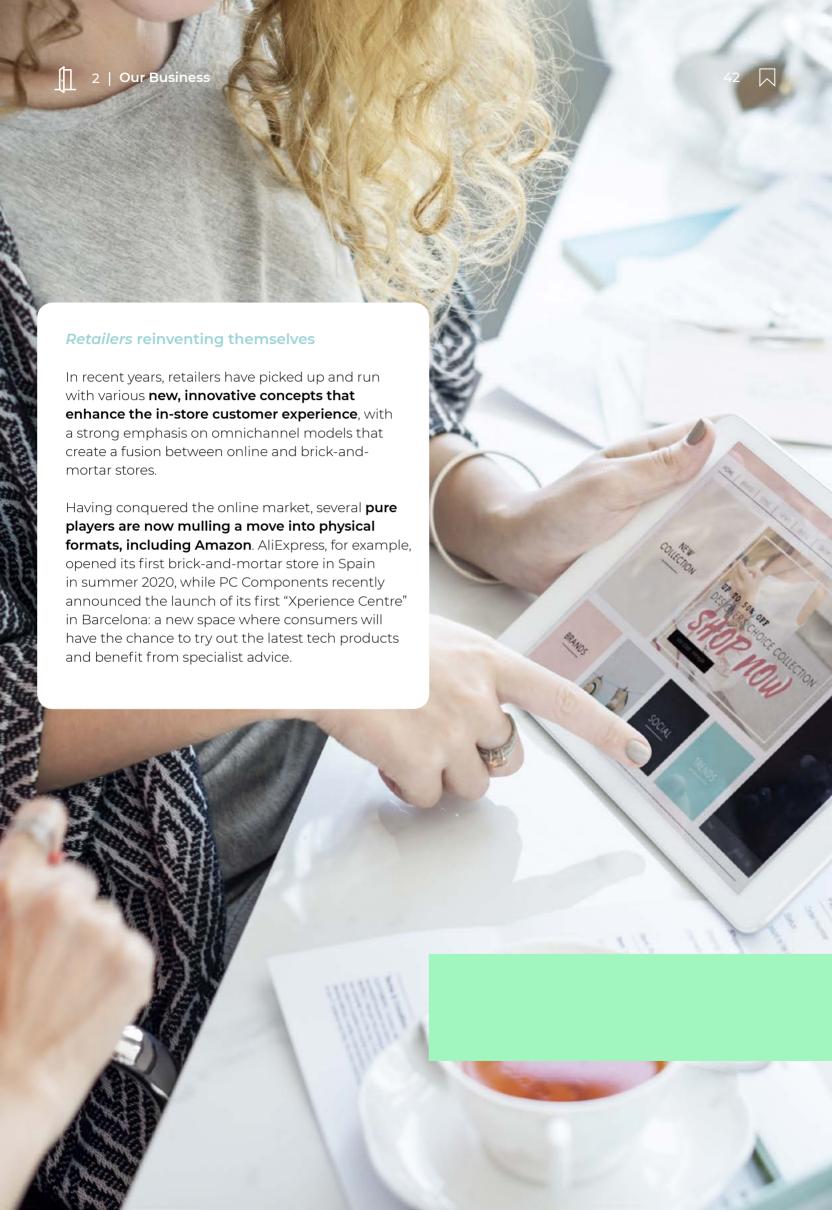
As 2021 progresses, **investor interest in the retail sector is expected to heighte**n as vaccination campaigns reach critical mass and life gradually settles into a "new normality." Low interest rates and an abundance of liquidity in the market will keep nudging investors towards real estate compared to other sectors.

Strategic divestments will drive yields back up, until rents stabilise during 2021.

Source: JLL









Footfall

Amid the COVID-19 crisis, many **retailers were forced to mothball their operations in 2020 for 10 to 12 weeks**. During this time, only stores providing essential goods were permitted to open, with some geographical variation. Footfall plummeted more than 80% in April and May compared to the same period of 2019.

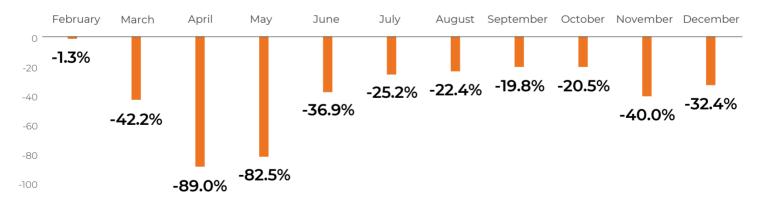
As restrictions were progressively eased, stores were given the go-ahead to welcome customers once again, but footfall remained sluggish compared to 2019. Still, year-on-year variation revealed a gradual improvement. By October, footfall was just 20% below pre-pandemic levels, thanks to a restoration of freedoms as infection rates stabilised and to safety and hygiene measures put in place by owners and operators.

Then, in the latter months of 2020, certain autonomous regions hit the brakes, compelling stores, shopping centres, bars and restaurants to close once again, whether fully or partially. As a result, footfall suffered a fresh setback and some progress was lost, with the year culminating on an overall slump of **-33.7% compared to 2019**.

Below is a breakdown of the **y-o-y percentage change each month for visits** to retail properties in Spain during the past eleven months, according to the leading ShopperTrak index:

Spain shopping centres footfall

(% year-on-year variation)



Sales

As 2020 wore on, restrictions imposed at the onset of the COVID-19 pandemic, national lockdowns and the need for social distancing combined with a sudden spike in remote working and an equally dramatic plunge in tourism to produce a substantial decline in footfall, reflected in retail sales figures posted at the end of the year.

Spain's household spending and retail sales were pulled down by around 13.3% and 7.7% respectively, according to data from Oxford Economics.

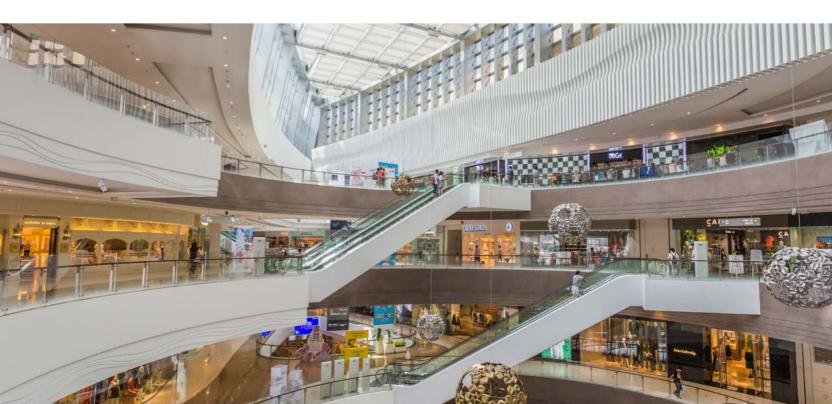
Fashion and F&B came off worst, whereas electronics, DIY and home improvement and furnishings reaped the benefits of pent-up demand; with so many continuing to work remotely, consumers were spending the vast majority of their time at home.

Out-of-town retail parks and local shopping centres fared better than prime high-street hubs in terms of both footfall and sales, since many consumers, reluctant to risk public transport, felt more comfortable shopping in destinations with ample free parking.

Forecasts suggest that a successful vaccine campaign will allow authorities to lift restrictions sometime after mid-2021: a shot in the arm indeed for mobility, office-based working and consumer confidence.

In conjunction with the barrage of **health and hygiene measures** rolled out by property owners and operators, allowing consumers to shop in relative safety, a vigorous rebound in retail sales is widely anticipated, estimated by Oxford Economics to hit **6.3% in 2021 and 6.7% in 2022**.







Spanish retail sales will start to look up from early 2021, with projected growth of 6.3% for 2021 and 6.7% for 2022

Omnichannel strategy

The pandemic has given new impetus to a societywide shift in consumption patterns linked to soaring uptake of online shopping. This means that a strong omnichannel strategy has become critical to retail success, along with new store formats that are sending chains on a journey of reinvention.

On one hand, major players have been busy expanding their logistics networks, adding storage capacity or ironing out their systems. On the other, many companies and operators have had to watch their margins being whittled away by higher logistics expenses, in light of the step-up in transport and staff required to fulfil orders and the need to absorb the growing cost of home deliveries. All the while, they are having to deal with a flood of returned orders

In addition, according to the 'Sustainability and COVID-19' study carried out by EAE Business School and the Head of Business Development for Sustainable Mobility, e-commerce is having a notable impact on sustainability. The B2C (Business to Client) study carried out by Businesses for Sustainable Mobility demonstrates how current e-commerce policies are not sustainable and have led to a 15% increase in household packaging waste.

It is also worth noting that the rise in consumers who want everything now and want to "buy to try" have led to an uptick in return rates, causing:

- A greater direct and indirect environmental impact due to over-packaging, delivery issues and excessive traffic in delivery areas.
- Loss of revenue for retailers.

All of the data suggests that e-commerce will continue to grow over the coming years, having proven to be an invaluable solution for businesses to keep operating in spite of mobility and business restrictions. However, there are still a great deal of environmental, economic and social concerns that will need to be ironed out in order to achieve a sustainable and viable business model.

This all suggests that brick-and-mortar stores will hang on to their role as a primary sales channel in Spain. Indeed, there is a distinct trend towards a hybrid model: a perfect pairing between physical and online stores that will help brands retain their competitive edge in a new market reality.

We should also be prepared for the **emergence** of new concepts and activities designed to grab consumer attention, with brands opting for formats such as Click & Collect and "marketplaces" that could see shopping centres and retail parks pressed into service as last-mile delivery hubs.



19 new retail developments are currently in the pipeline

Stock

Despite everything that was thrown at us in 2020, shopping-centre developers and investors did not stand idle, pushing forward with plans to launch new projects with at most the odd delay.

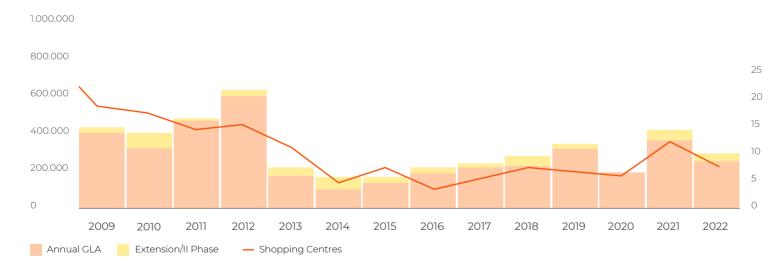
As a result, **24 new centres should make their debut between 2020 and 2022**, some of which are already up and running, which translates into a Gross Lettable Area of approximately 800,000 sqm.

Over the course of 2020, **5 new shopping centres** opened their doors, adding over 170,000 sqm of additional GLA to the market. The vast majority of this space took the form of **retail and leisure parks**, accounting for **80%** of new GLA.

Looking forward to the rest of 2021, 9 new retail and/or leisure projects are scheduled for delivery this year, representing a GLA of around 250,000 sqm. Expansion works at two existing centres are expected to add a further 31,000 sqm of GLA. As for 2022, there are 10 new retail projects in the pipeline with a combined GLA of over 300,000 sqm – the majority being retail parks.

Retail stock and future supply

(GLA sqm)



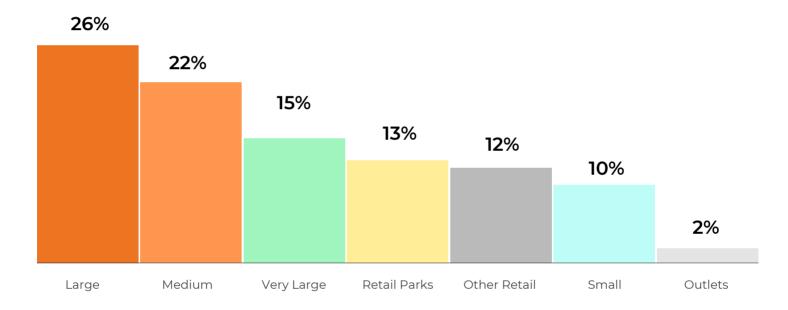
NB: retail stock includes shopping centres, retail parks, outlets and leisure centres comprising over 5,000 sqm GLA. The figure for shopping centres does not include extensions.

Source: JLL Research, December 2020.



Stock distribution by asset class (*)

Overall, Spain's current stock of shopping centres and retail parks, as at 2020 year-end, stands at **567 properties and 16.4 million lettable sqm.**



(*) According to Spanish Association of Shopping Centres (AECC): Very Large (>79,999 sqm) Large (40,000-79,999 sqm) Medium (20,000-39,999 sqm) Small (5,000-19,999 sqm)





III. Investment buoyant despite pandemic woes

The COVID-19 pandemic put a severe dent in the real estate investment market, with a sharp drop in transaction volume. Over 2020 as a whole, real estate investment in Spain (excluding hotels) plunged by more than 40% (23% if we disregard the Santander Financial City deal, closed in 2019), although volumes are expected to pick up by around 15% in 2021.

Pandemic notwithstanding, accumulated investment in retail in 2020 reached €2,250 million. Representing 42% of total investment in commercial real estate (encompassing offices, logistics and retail), that's more than any other real estate sector. Investors soon woke up to the need to reposition assets such as "last-mile" logistics platforms, ready to act as nerve centres for the "Click-&-Collect" and "Click-&-Delivery" services to which brands were pivoting.

Comparatively, accrued investment in the retail sector was 40% greater in 2020 than in 2019 (€1,600 million). However, 2019 was marked by a distinct lack of major transactions, while 2020 figures got a leg up from two sizeable deals completed at the start of the year. Overall, retail emerges as the top real estate sector for investment over the last few years.

Source: JLL

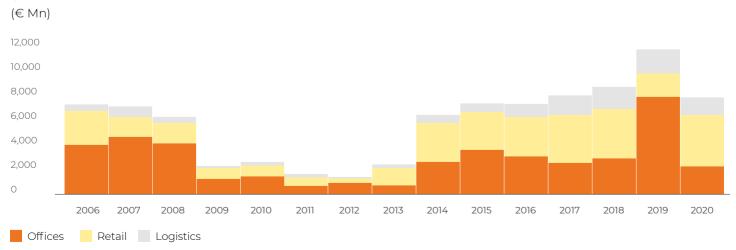
Reactivation of investment in the second half of the year

Shopping centres suffered particularly acutely in 2020, as operators were forced to close their doors and a succession of restrictions kept consumers at home, the upshot being a severe blow to property valuations. Nonetheless, investors in this sector seemed remarkably unperturbed, chalking up a total volume of €1,100 million: equivalent to 50% of all retail investment.

Second place went to **supermarkets**, which put in a record-beating performance in 2020 thanks to their inherent resilience. Here, investment reached €600 million, representing **30% of the retail total**.

Accumulated investment in the *retail* sector in 2020: €2,250 million or 42% of all investment in commercial real estate (Offices, Logistics and Retail)

Commercial investment volume



NB: investment volumes do not include transactions below €5 million, land, developments or corporate deals/M&A. Source: JLL Research



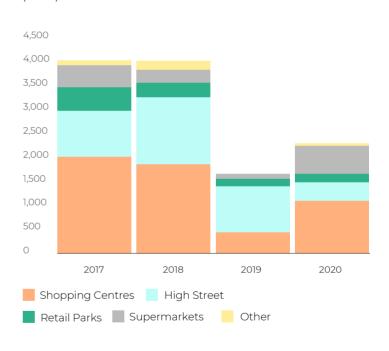
Retail parks continued to draw plenty of interest, with investment growing 25% year on year

Similarly, the appeal of **retail parks** has not dimmed during the pandemic, attracting **more than €200 million in 2020:** again, a year-on-year **advance of 25%**. These assets present certain advantages over other property types, namely their ease of access, plentiful free parking, direct open-air entrances and big-box formats, all of which help allay fears of overcrowding and social mixing.

Moreover, they tend to be dominated by brands specialising in homewares, sporting goods and groceries: sectors that enjoyed soaring sales in 2020.

Finally, high-street retail attracted an investment volume of approximately €375 million in 2020, the most precipitous drop (-60%) for any retail asset class. Properties at the prime end of the spectrum proved more resilient, while those hardest hit by plummeting tourism levels were clustered in central prime areas and secondary locations, where units are more readily available

Retail investment volumen by asset class $(\in Mn)$



NB: investment volumes do not include transactions below €5 million, land, developments or corporate deals/M&A.

Source: JLL Research

Investor profile

Overall, 2020 saw international investors entrench their position, contributing 80% of the total investment volume. This is a dramatic turnabout from 2019, when the split between domestic and international capital was fairly even.

Above all, international investors honed in on supermarket portfolios (30% of all transactions) and shopping centres (50%). Rather more of their Spanish counterparts opted for the high street, although the proportion investing in shopping centres was practically identical.

It was a year marked by lively activity among investment funds, which stumped up **50% of all retail investment**, a striking advance on 2019 (25% of the total). Meanwhile, SOCIMIs/REITs scaled back their investment activity in 2020, contributing just **7% of total retail investment** – a far cry from the torrent of the last few years (typically 25%-40%).

Investment flows from **institutional and private investors** were weaker in 2020 than the previous year, but still packed a greater punch than in 2017 or 2018.





% over total investment

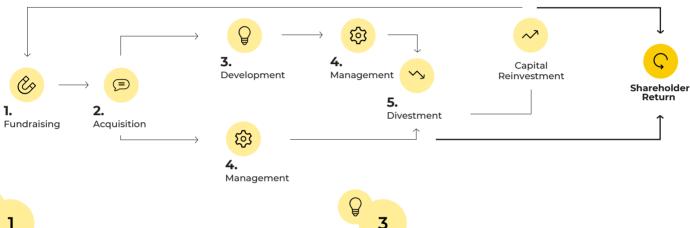
60%
50%
40%
20%
10%
Funds Institutional Investors SOCIMIs/REITs Private Investors







2.2 **Business model**





The investment and real estate management process begins at the level, where investment decisions are made and financing obtained through:

- Financial Markets (IPO and share capital increases).
- Bank Financing.
- Alternative Financing (Bonds).



Once and in-depth analysis of the investment opportunity and its future returns has been carried out, a decision to purchase is then made.



In the property development, construction and refurbishment phases, we pay special attention to reducing negative environmental and social repercussions.



We look at the deal from an active management point of view, analysing the most efficient way to conserve the properties paying particular attention to aspects such as sustainability, innovation, accessibility, ensuring value creation for all of our stakeholders.



We sell our properties at the optimal moment, after maximising their value creation, and ensuring that returns have been achieved in line with those approved in the acquisition process.





2.3

Corporate strategy and positioning

Who are we?

Lar España Real Estate SOCIMI, S.A, (hereinafter Lar España) is a SOCIMI (Listed Real Estate Investment Company) that has been listed on the Madrid Stock Exchange since 5 March 2014.

It was founded at an **ideal juncture in the Spanish property cycle**, when real estate prices had just bottomed out at record lows and the real estate market was entering a new cycle. Lar España also ushered in a change of trend for the Stock Market, as it was not only **the first Spanish SOCIMI to be floated**, but it was also the very first listing to take place following a threeyear dearth, and the first listing of a real estate company in seven years.

The objective set out for the Company when it was first created was to invest in the Spanish real estate market under a long-term asset management plan. A plan, aimed at generating **high returns for its shareholders**, via the payment of considerable annual dividends, and creating value by increasing the Company's EPRA NAV.

Lar España is exclusively managed by **Grupo Lar**, a real estate company whose extensive experience in the sector is of particular note. It boasts a large team of professionals that actively manage and work to diversify the portfolio in order to maximise its operational efficiency, as well as each asset's yield.

The Group's **investment strategy** focus is now entirely on retail properties, after a desinvestment process of the considered as non-strategic assets:

- Shopping centres and retail parks: Retail unit
 and retail warehouse lettings. Its strategy is
 focused on identifying shopping centres that are
 poorly managed and that have strong upside
 potential, especially centres where there is an
 opportunity for repositioning or extending them.
- Offices: Lar España has implemented a valueadd plan for the properties in its portfolio, with the aim of maximising shareholder returns when they are sold.

During 2018 and 2019, Lar España carried out the divestment of logistics and offices assets, to focus the investment strategy on retail assets.

Lar España also made an unprecedented investment in the residential sector through a joint venture with PIMCO, taking a 50% stake in luxury housing development Lagasca99. All apartments delivery in this new complex were completed and delivered in 2020.

The Company's investment policy is mainly focused on:

- Strategic assets, shopping centres and retail parks, with strong growth potential.
- Investment opportunities in dominant retail
 assets in their catchment area that offer
 significant upside via management, avoiding the
 segments where there is greater competition.
- Risk diversification, expanding in Spain and primarily investing and developing in retail spaces. The Company's pipeline remains solid, allowing it to continue to comfortably meet its forecast investment targets.

The Company's pipeline remains solid, allowing it to continue to comfortably meet its forecast investment targets.



Shareholder structure

Lar España's shareholders include some of the most important investment and financial groups in the world, such as **PIMCO and Blackrock.**

Shareholder structure 31 December 2020 (%).



Shareholder structure by profile

Institutional Individual
89%

Institutional shareholders by geographic area (%)





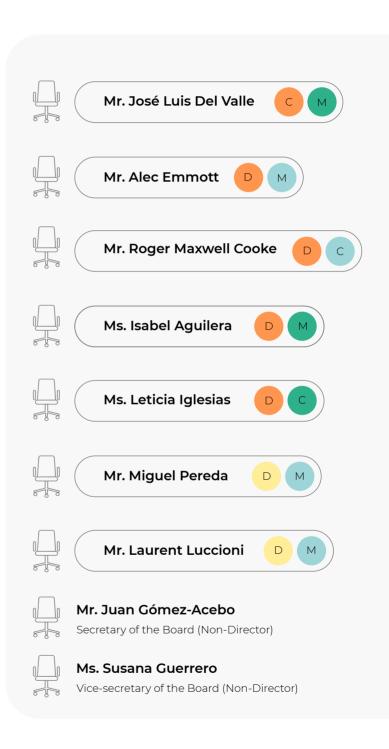
Organisational structure

The **Board of Directors** is Lar España's main governing body, whose role is to supervise the management of the Company with the common aim of championing social interest.

It is also Lar España's internal ruling structure and possesses the most far-reaching powers in terms of the running of the company, except for those matters that require approval from the Annual General Shareholders Meeting.

It comprises 7 members, **5 of whom are independent** and **2 of whom are proprietary**, from PIMCO and Grupo Lar.

All of the members of the Board of Directors hold or have held senior executive positions in listed companies in the financial and real estate sectors. (See the information provided in section 3 – **ESG).**



Independent Director

Propietary Director

Committee

Audit and Control Committee

Appointments and Remuneration

Chairman

Member

Director



Lar España also features a **Management Team** that runs Lar España and is comprised of three people (two men and one woman) that benefit from extensive experience in the real estate sector, as well as an expert knowledge of the market.

100% is covered by a Collective Agreement, and the absenteeism rate in 2020 stood at 0%.

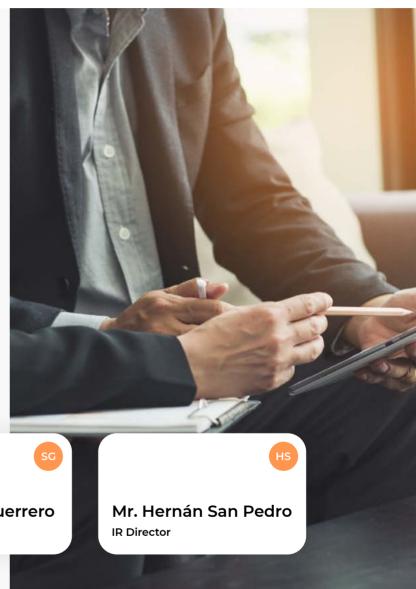
Its structure is detailed below:



Mr. Jon Armentia
Corporate Director & CFO

Ms. Susana Guerrero Legal Director

At the same time, Lar España has an **Internal Audit Service (SAI)**, which, although it is not the Company's employees, reports directly to the Audit and Control Committee.





Mr. Jon Armentia is the Corporate Director & CFO of the Company. He joined Lar España in 2014.

Mr. Jon Armentia was appointed CFO of Grupo Lar in 2006, covering the area of retail properties. Previously he worked in Deloitte (formerly Arthur Andersen) for four years.

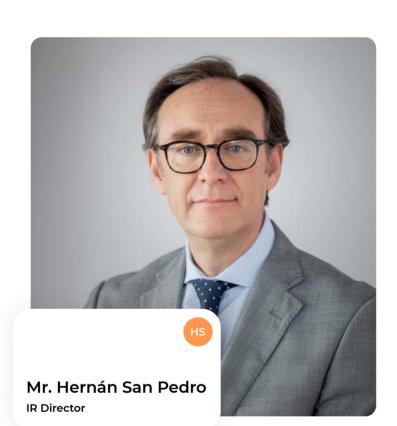
Mr. Jon Armentia has a Bachelors Degree in Business Management and Administration from Universidad de Navarra and a General Management Program (PDG) from IESE and has over 19 years of experience in audit, finance and real estate, in which he has participated in several Committees and Boards of Directors.



Ms. Susana Guerrero is the Legal Manager and Vice-secretary of the Board of Directors of the Company. She joined Lar España in November 2014.

Previously she worked as a corporate and M&A lawyer at Uría Menéndez for 10 years and boasts extensive experience in corporate governance, serving as Secretary of the Board of Directors at companies across a range of different sectors. Furthermore, she is currently Deputy Director of the ESADE Center for Corporate Governance and head of its opinion and public debate area..

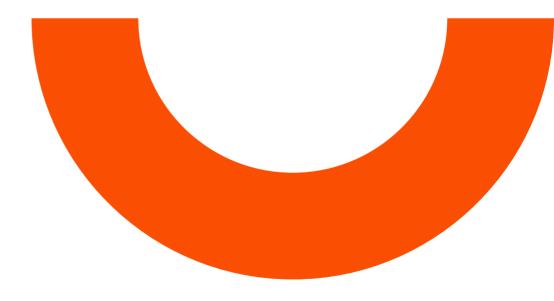
Ms. Susana Guerrero studied Law at the Complutense University in Madrid and has an LLM in Business Law from Instituto de Empresa (IE).



Mr. Hernán San Pedro is the Head of IR of the Company. He joined Lar España in January 2016.

Previously he worked at Grupo Sacyr Vallehermoso as Head of IR, Skandia-Old Mutual Group and Banco Santander.

Mr. Hernán San Pedro studied Law at Universidad San Pablo CEU (Madrid), holds an MTA from Escuela Europea de Negocios and has over 30 years of experience in different positions in the financial, insurance, construction and real estate sectors.





60

Lar España continues to be the leader SOCIMI in terms of **financial and sustainability reporting** according to **EPRA** standards



Vision

To create unique shopping experiences by combining leisure and *retail* via an omnichannel approach.



Mission

To maximise shareholder returns via the responsible and efficient management of our retail properties, incorporating technology as a key element to then add value for both our retailers and customers.



Values

Corporate focus
Responsibility

Customer focus

Quality And Respect

Market focus

Innovation

Investor focus

Transparency and Honesty







International standards

Lar España aims to comply with the highest international standards of transparency, comparability and commitment. Hence, it is a member of the **European Public Real Estate Association (EPRA)**, the leading international association in the sector, which aims to provide comparable financial information between publicly listed Real Estate companies.

On June 4 2015 the SOCIMI joined the **FTSA EPRA/ NAREIT index**, a select global index designed to showcase general trends, which includes some of the biggest real estate companies in the world.

On 7 September 2020, Lar España was awarded for the sixth year running with the Gold Award from the European Public Real Estate Association (EPRA) in recognition of the quality of the financial information provided by the company. Lar España was also awarded for the third consecutive year with the most prestigious recognition from EPRA, the Gold Award, related to the information about ESG. This highlights the international recognition of the information reported by Lar España and made available to its shareholders.







This highlights the international recognition for the information reported by Lar España and made available to its shareholders.

We would particularly note that all of the EPRA indicators in relation to ESG/Sustainability included in this report have been verified by an independent third-party. The independent third-party review can be found in Annex 6.3.

Lar España also collaborates with MSCI-IPD and forms part of its annual real estate index, (IPD Spain Annual Property Index), which provides additional information and visibility of the real estate sector.



For the third year running, Lar España has taken part in the GRESB (Global Sustainability Real Estate Benchmark) assessment process, which has become the benchmark for assessing commitment to environmental, social and governance (ESG) issues in the real estate sector. The score obtained represents an increase of 25% compared to the previous year, a percentage that rises to 50% if the score is compared to that obtained in 2018. This increase reflects the commitment that Lar España has always maintained with sustainability, with society and with the best practices of good governance

+25%

+50% 2020 vs 2018



During 2020, the FTSE Russell Global Index kept **Lar España as a constituent on its FTSE4Good index**, based on the results it obtained in the independent assessment of its ESG criteria by FTSE Russell. This confirms Lar España's fulfilment of the requirements for being an index constituent, having demonstrated its strong environmental, social and governance practices.

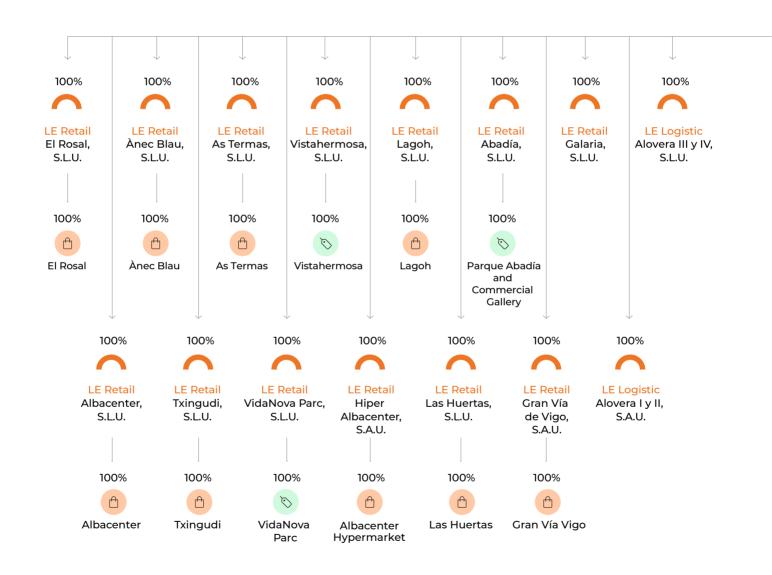






2.4 Company chart 31.12.2020

Group scope of accounting/financial consolidation as of 31 December 2020 is as follows:



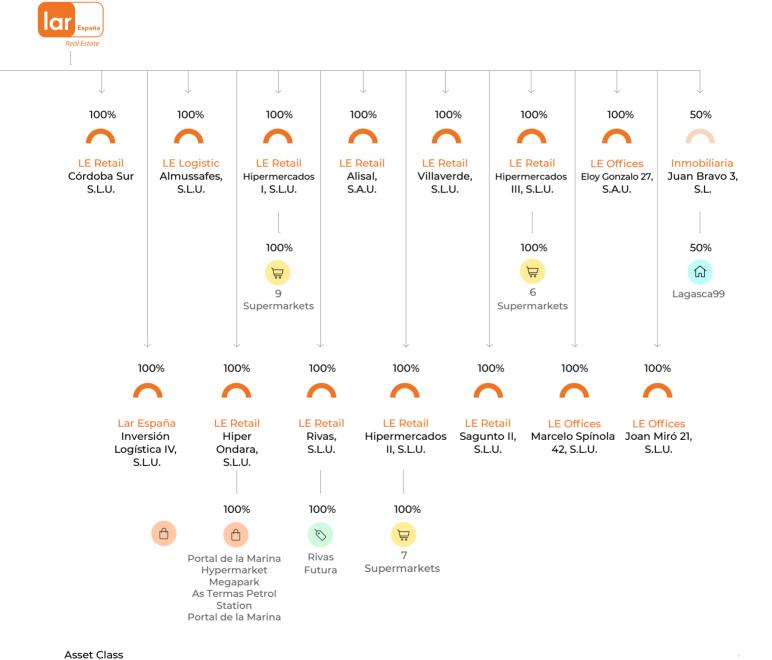


Shopping Centres

Retail Parks







Residential

Other Retail



2.5 Main milestones



JANUARY.

01.14.2020

New Share Buy-Back Program

A new share **buy-back programme** has been launched, with a maximum buy-back limit of **€45 million**. The maximum number of shares that the Company can buy back is **4,500,000 shares**, equating to 5% of share capital. The buy-back programme has been implemented by JB Capital Markets, S.V., S.A.U., and has a maximum term of **nine months**.

01.28.2020

Registration of share capital reduction in the Company Registry

Lar España reported the registration of a public deed in the Madrid Company Registry, **relating to** a share capital reduction via the cancellation of treasury shares granted on 20 December 2019. The Company reduced its share capital by €5,907,662 via the cancellation of 2,953,831 treasury shares, with a par value of €2 per share. Following the reduction, the Company's share capital stood at €175,267,460 equivalent to 87,633,730 shares, with a par value of €2 per share.

MARCH.

03.17.2020

Annual General Shareholders Meeting

The Lar España **Annual General Shareholders Meeting** was held on 17 March 2020, to approve the agreements submitted for their consideration. It followed the emergency measures and recommendations of the Market Authority during the COVID crisis, and the meeting was streamed live online.



APRIL.

04.16.2020

Dividend

Following approval at the Annual General Shareholders Meeting, the shareholder dividend payment was distributed, amounting to a total of **€0.63 per share.**



SEPTEMBER.

09.07.2020

EPRA Gold Awards

On 7 September 2020, Lar España was awarded for the **sixth year running** with the **Gold Award** from the European Public Real Estate Association (EPRA) in recognition of the quality of the financial information provided by the company.

Lar España was also awarded for the **third consecutive year** with the most prestigious recognition from EPRA, the **Gold Award**, related to the information about **ESG**. This highlights the international recognition of the information reported by Lar España and made available to its shareholders.

2016 2016 2016 2017 2018 2018 2019

OCTOBER.

10.14.2020

Extended Share Buy-Back Program

Lar España has informed the market of its additional **six-month** extension to its third share buyback programme. The scheme was launched on January 14th and the maximum buyback was set at €45 million and a maximum of 4,500,000 shares, equating to 5% of the share capital.

10.27.2020

El Economista Investment Awards

On 27 October, Lar España was presented with the "Highest earning non-Ibex dividend" award by El Economista newspaper. The award was accepted by Chairman of the Board, José Luis del Valle, at a ceremony where special safety measures were put in place.







NOVEMBER.

11.12.20

2018 & 2019 Carbon Footprint

Lar España has registered the Carbon Footprint generated by its activity during 2018 and 2019 in the Ministry for the Ecological Transition (MITECO) together with an Emission Reduction Plan, demonstrating a commitment to transparency and good practice with regard to sustainability. This allows the company to align with national and international reduction targets and continue to collaborate in the fight against climate change and mitigate the potential impact Lar España may have on the envirorment.



11.16.20

GRESB

For the **third year running**, Lar España has taken part in the GRESB (Global Sustainability Real Estate Benchmark) assessment process, which has become the benchmark for assessing commitment to environmental, social and governance (ESG) issues in the real estate sector.

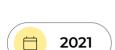
The score obtained represents an **increase of 25%** compared to the previous year, a percentage that **rises to 50%** if the score is compared to that obtained in 2018. This increase reflects the commitment that Lar España has always maintained with sustainability, with society and with the best practices of good governance.

+25% 2020 vs 2019

+50%







FEBRUARY.

02.23.2021

22 Supermarkets portfolio divestment

On 23 February 2021, the Company has transferred to European real estate investment fund **Blackbrook Capital** the societies LE Retail Hipermercados I, S.L.U., Hipermercados II, S.L.U. and LE Retail Hipermercados III, S.L.U, corresponding to the **portfolio of 22 Eroski supermarkets**, with a total gross leasable area (GLA) of 27,909 square meters.

The aforementioned sale has been formalized in public deed dated 23 February 2021, for a total price of **59 million euros**. The sale price agreed for the transfer of the mentioned property represents (i) a **capital gain of 24%** on the acquisition price paid by the Company for said property in March 2017; and (ii) an **increase of 2.2%** over the last valuation of these assets made in June 2020.

The sale of the **premises will allow Lar España to increase liquidity and cash strength**, a strategic priority for the company.





2.6 Grupo Lar, Lar España's Manager

Lar España Real Estate SOCIMI, S.A. is exclusively managed by Grupo Lar, a seasoned, family owned, Spanish private real estate developer, investor and asset manager with more than 50 years of experience, working both national and internationally.

In February 2018, Lar España entered into an agreement with Grupo Lar in **order to novate the investment management** agreement until 31 December 2021.



Investment Management Agreement









Grupo Lar's competitive advantages



1. Stable ownership & governance

The Pereda Family owns 100%.

Application of advanced **corporate governance** measures. The company has highly experienced professionals from the world of real estate and finance.



2. Strong management team

246 employees in **6 countries** with on-going training programmes in each country and talent selection processes in order to build on middle management capabilities.

Large **experience and knowledge** of the Spanish real estate market.



3. Geographical diversification

Internacional presence: the Company portfolio is spread across **6 countries** in Europe and the Americas.

Strong management team with large experience and knowledge of the Spanish real estate market

Weighting of each country in the Grupo Lar's portfolio













Spain Mexico Brazil Colombia Peru Poland







4. Product diversification

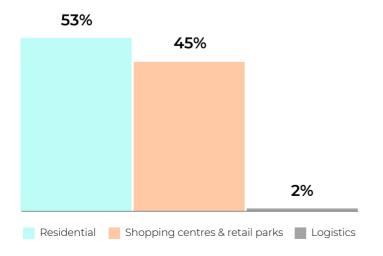
Grupo Lar is a **developer, investor and asset manager** in shopping centres, offices, residential, industrial and logistics.



5. Reliable manager and partner of third party funds

Co-investor and operational partner for Institutional Investors and Hedge-Funds. Grupo Lar has a unique track record of successfully letveraging on JVs and Alliances with tier 1 Investor and Corporations, in order to maximise the return on investment for its partner.

% GAV managed by Grupo Lar at 31 December 2020





6. Strong balance sheet

It boasts a **solid financial position** and the ability to adapt to different property cycles thanks to the **diversity of its assets and their locations**.



Below we **detail the management team**, which is involved in the day-to-day running of Lar España:





In 2020 Grupo Lar entered into a partnership with the French firm Primonial backed by a €400 million investment.

Proven partner in Alliances/JVs

One of the key differentiating values of Grupo Lar is its proven experience of establishing alliances with **prestigious international investors**, such as Green Oak, Grosvenor, Goldman Sachs, Henderson Global Investors and Ivanhoe Cambridge, among others.











THE BAUPOST GROUP

Long term successful Joint Ventures

- Grupo Lar has successfully partnered with the Real Estatef unds of highly regarded international institutions.
- JV al 50% con Grosvenor, de 2000 a 2008, para desarrollar, invertir y gestionar oficinas y centros comerciales en España (6 parques industriales, 6 edificios de oficinas y 13 centros comerciales).
- Grupo Lar and Whitehall (Goldman Sachs) set up an alliance (1998-02) to invest in shopping Centres and offices.
- Group Lar and Centerbridge have created a
 Joint Venture in the year 2019 with the objective
 to develop and to create a portfolio of logistic
 ships grade A in Spain, with an expected volume
 is of €250 million. Centerbridge is a private
 investment firm that has invested over \$8 trillion
 in the real estate sector in North America and
 Europe. que ha realizado inversiones por encima
 de los 8 billones de dólares en el sector de real
 estate en Norte América y Europa.

Alliances and JVs to invest in different assets and locations

Germany:

In 2007, Grupo Lar invested in Office and residential business for La Caixa Private Banking Clients.

Spain:

Shopping Centres:

JV with Invanhoé Cambridge, Eroski, Vastned Retail, Acciona Inmobiliaria, GreenOak, Sonae Inmobiliaria, GE Capital, Henderson and Rockspring.

Residential:

In 2020, partnership with Primonial to manage a portfolio of 5,000 homes. On the other hand, has managed more than 3,850 dwellings under alliances with Banco Sabadell, Bankia, AXA RE and Catalunya Caixa, and Real Estate developers.

LatAm:

Strategic Alliances and JVs with Grupo Acción in México; RB Capital, Mero do Brasil and Concima en Brasil; and Cosapi in Peru.

In 2020, Grupo Lar entered into a **partnership with the French firm** Primonial to create a new rental housing platform, which will develop and manage a portfolio of 5,000 homes in the biggest cities across Spain, backed by a **€400 million** investment. As well as 3,850 homes in partnership with Banco Sabadell, Bankia, AXA Re, Catalunya Caixa and real estate developers.





Grupo Lar's extensive experience and in-depth knowledge are clearly emulated in **Gentalia**, the largest retail property manager in Spain and in which Grupo Lar owns 100% of the capital.

Gentalia's business covers the areas of **consultancy**, **asset management**, **letting and shopping centre and retail park management**. Gentalia carries out these activities for the vast majority of Lar España's retail portfolio.

As well as exemplary management, having its own team enables it to win the loyalty of a large number of retailers. It also optimises the operating costs of the shopping centres via the establishment of economies of scale.

Gentalia's portfolio currently comprises **32 shopping centres and 3 projects** of varying types, operating throughout Spain. This equates to a gross lettable area of **1,082,243 sqm**, providing the company with access to up-to-date knowledge and constant contact with the tenants of over 2,270 retail units, including all the **prestigious retailers on the market**.







I.

Grupo Lar fees as Lar España's Manager in 2020

On 19 February 2018 Lar España signed an agreement with its managing company, Grupo Lar, with the aim of renewing the terms of the investment management contract or Investment Manager Agreement (IMA) signed by both parties on 12 February 2014.

Among the most important modifications, the structure of commissions corresponding to the Management Company stands out (fixed commission or base fee and variable commission or performance fee) modified with the aim of improving the cost structure of Lar España and strengthening the existing alignment between the interests of the Investment Manager and the the Company's shareholders.



Base fee (Fixed fees)

According to the management contract, the base fee payable by Lar España is calculated on the basis of an annual amount equivalent to the higher of:

- €2 millon.
- The sum of (a) 1.00% of the portion of the EPRA NAV (excluding net cash) as of the prior December 31 which is up to and including €1,000 million, and (b) 0.75% of the portion of the EPRA NAV (excluding net cash) as of the prior December 31 which is in excess of €1,000 million.

As a result, the fixed fees entered in the Global Consolidated Income Statement for Lar España at 31 December 2020 total **8,496 thousand Euros.**

Base Fee	Thousands of Euros
EPRA NAV 31.12.19	1,003,760
Gross fee	10,028
Grupo Lar expenses incurred by Lar España	(170)
Fees indirectly paid in subsidiary companies (*)	(1,028)
Fee reduction due to the COVID-19 crisis	(334)
BASE FEE	8,496







Performance fee (Variable fees)

Likewise, Grupo Lar has the right to a **Performance Fee** that is paid to the manager depending on the **profitability obtained by Lar España shareholders**.

In this respect, the annual profitability of shareholders is defined in the contract as the sum of the change to EPRA NAV of the Group during the period, less net funds obtained from the issue of shares during the period, plus the dividends distributed during said period.

The performance fee to be drawn by the Investment Manager will be linked to both the EPRA NAV and the market capitalisation of the Company, and subject to an overall cap equivalent to 3% of the EPRA NAV of the Company as of 31 December of the preceding year.

The amount of this remuneration will be accrued by the Management Company from the moment that:

- Annual EPRA NAV increase (net of capital increase and shareholders distributions) over 10%

 16% of the amount beyond the 10% of annual increase.
- Annual increase of the market capitalization (net of capital increase and shareholders distributions) over 10%

 4% of the amount beyond the 10% of annual increase.





The Company's **EPRA NAV** variation is calculated as follows:

EPRA NAV Evolution	Thousands of Euros
EPRA NAV 31.12.19	1,003,760
EPRA NAV 31.12.20	881,376
Gross difference	(122,384)
2019 Dividend paid in 2020	55,000
Net difference	(67,384)
Increase % 31.12.19 - 31.12.20	(6.71%)
Return above 10%	0.00%
PERFORMANCE FEE	-

Market **capitalization annual** increase has not exceed 10%. Indeed, **not amount has been accrued** linked to this concept.

Therefore, the sum of **8,496 thousand Euros** that results from adding the base fee to the performance fee is entered in the Global dated Income Statement at 31 December 2020 under the heading "Other Costs". See section 5, "Financial and EPRA information".

Fixed and variable fees have been taken into account in the EPRA Cost Ratios calculation (section 5, "Financial and EPRA information").

Therefore, no performance fee will be paid based on the change in EPRA NAV.

The Company's **market capitalisation** evolution is also displayed in the following table:

48,621
+0,0∠1
20,949
7,672)
55,000
2,672)
5.62%)
0.00%
-

^(*) Calculated taken into account the average closing price of the last 20 sessions







2.7

Innovation and technology

The emergence of COVID-19 in 2020 has accelerated changes in the public's consumption habits. The closure of shopping centres due to the health restrictions has led to a significant rise in the number of e-commerce users. However, the high level of product returns, the costs associated with home delivery and the resizing of staffing levels needed to put together orders and provide customer service has caused **margin erosion for companies**.

All these factors have led to a decisive focus on **new trends in the industry**, in which the physical store concept continues to play a key role, a point that evidences the evolution towards a **hybrid omnichannel model** that combines the physical and online channels. Consequently, initiatives such as Click&Collect and Click&Car were launched in 2020 to attract consumer attention, while ensuring user safety.

Lar España has continued to work on **technology-driven projects** that are a tool to gain a better understanding of user behaviours and profiles and to improve their experience at the assets. The various technology initiatives that have been implemented provide essential information on customer habits, enabling the company to make decisions tailored to the latest trends and to create new opportunities that respond to these needs. It is crucial to learn constantly about what sort of experiences customers are looking for.

At an industry level, Lar España is participating actively in the **transformation of the real estate sector**, gathering feedback about what its tenants, customers, investors and other stakeholders need and expect, in order to guarantee **sustainability and value creation in the long term, through the exchange of experiences and search for new innovative solutions**.

This commitment by Lar España to innovating across the board, as well as to making its properties **more efficient and sustainable and to attracting the finest talent**, has enabled the company to adapt to the changing needs of the market, ensuring that Lar España has the ability to meet the needs and expectations of customers, shareholders and other stakeholders.

All these initiatives are framed by the **Technology**, **Engagement and Sustainability - TES** - project, Lar España's unique response to prevailing sector trends and needs: innovatively leveraging **technology**, **experience and sustainability** to optimise the customer journey. This ambitious project additionally taps the innovation taking place on the PropTech front

Although some of the projects initiated in prior years were impacted by the emergence of the pandemic, Lar España forged ahead on other unique projects, such as apps to enhance user communication and loyalty, which help to foster contact with local communities and optimise customer management. Also of particular note is Lar España's commitment to sustainability, through the roll-out of an in-house system for automating the consumption data generated by the assets, which provides the company with relevant performance metrics with greater control over enhancing their efficiency and with improved regularity.







TES project

Lar España is spearheading the sector's digital transformation in Spain and creating value under the scope of its **TES project** (Technology, Engagement & Sustainability).



Technology

Assess and quantify the **visitors experience** and optimise the management of the shopping centres and client relationship.

- Retail Artificial Intelligence
- E-commerce
- Seeketing
- Social Media
- Wi-Fi
- Omnichannelling
- SEO Positioning



Experience

Provide a **unique value-add offering** by transforming shopping centres into experience-led destinations.

- Certification of the COVID-19 safety and hygiene protocols
- Optimal retail offering
- High-quality and bespoke services
- Attractive Food & Beverage areas
- Increased leisure and entertainment offering
- Inviting, vibrant and urban spaces



Sustainability

Strategic positioning of each and every one of our properties, considering aspects such as the environment, sustainability, accessibility and society.

- Sustainability certifications
- Responsible management
- Commitment to the environment
- Active listeners
- Ethical practices and integrity
- Transparency

The TES project has three main objectives.

- Firstly, to position Lar España as the leading player in the digital transformation of the retail segment, by creating new and more efficient ways of digitally interacting with external and internal customers.
- Secondly, to create shared value in order to lead economic and social progress, have a real impact on society and make a difference in people's quality of living and socio-economic development.
- Finally, to contribute to sustainability
 by deploying technologies that foster a
 more efficient management of the assets
 and exercise greater control over the
 properties' environmental impact.





Technological innovation remains a key component of Lar España's business development. The crisis triggered by COVID-19 in 2020 forced retailers to reinvent themselves. Lar España was already one step ahead of the **transformation of retail** and has continued to **roll out digital tools** in two key areas: portfolio information management and asset management. These new tools combined with the projects already in place are helping the company understand how its shopping centres are performing and to make more informed decisions. Below is a description of each of these tools and the value they add for Lar España.

Retail Artificial Intelligence

In order to enhance control over and knowledge of the customers that visit the assets in the portfolio, Lar España has teamed with **Necsum-Trison** to create a state-of-the-art system called Retail Artificial Intelligence, which has already been deployed and is undergoing trials at the Lagoh shopping centre in Seville, **the first in Europe to be equipped with this technology**.

Through the use of artificial intelligence programmes and a vast array of facial recognition sensors located throughout the shopping centre, the company is able to identify individuals to gather pseudonymised data about their unique visits, demographic profiles, dwell times at the centre and the frequency of repeat visits.

The feedback it generates makes it possible to know which stores or promotions are generating the most footfall and to learn more about user profiles and behaviour. Lar España can therefore fine-tune its offering and strategy in response to the data gathered and better understand the dynamics in its shopping centres in order to enhance the customer experience.

Mallcomm

Mallcomm is a platform that enables the creation of a **communication channel** between the retailers and the various levels of management and services within the shopping centres. This system enables management of the retailers' sales indicators, discounts for employees, job offers, events and marketing, critical safety and communication, maintenance and cleaning, as well as feedback collection.

Thanks to this **real-time communication-enhancing tool**, Lar España can manage its shopping centres better. The platform is **fully operational** at the shopping centre in Lagoh, while its impact is being analysed to roll it out in the other centres.





Dotgis

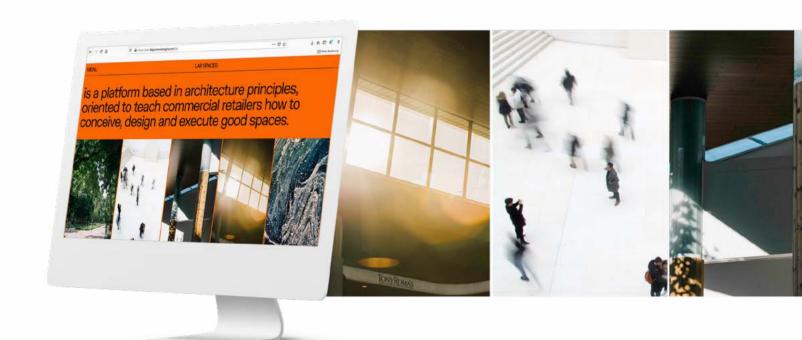
This solution is a multi-user web application (dashboard) based on a dynamic map which enables the Grupo Lar and Lar España teams to look up all of the metrics related to the operation of the commercial premises in their shopping centres, thus creating better overall visibility and a deeper understanding of the assets. The result is the ability to analyse, shortly after the data is collected, how the various retailers are performing in each shopping centre or as a whole, using different KPIs, thus gaining a deeper understanding of the trends in the various retail segments.

This web platform analyses internal data in order to optimise resource allocation and generate sales intelligence which is used to define the returns on investment of the premises comprising the assets targeted by this software development.

Lar Experience

This is a modern, dynamic web tool for internal use which showcases Lar España's vision for its shopping centres and retail parks. The web contents show the centres' design and architectural concepts and the future plans for the properties, with the aim of engaging collaborators in Lar España's vision for the future of its assets and keeping them abreast of any reforms and upgrades underway.

It also sets out the fundamental design principles that have been and are being applied in the refurbishments undertaken in order to create usercentric spaces with unique design features in its shopping centres, which prioritise accessibility, top quality materials, the presence of natural light and the use of the latest design techniques. It is not only an internal tool, but a calling card for Lar España's shopping centres.





Seeketing

Lar España's omnichannel solution known as **Seeketing** is testament to its position at the cutting edge of market trends. This platform integrates the information generated via its shopping centre channels, enabling it to then cross reference and analyse the data with the aim of generating value for direct and indirect customers. The Seeketing system uses nodes or beacons (antennae) that are installed in the shopping centre (hardware) combined with powerful **marketing intelligence** software in order to better understand user habits.

This tool has already been implemented at the Albacenter, Ànec Blau, As Termas, El Rosal and Portal de la Marina shopping centres. Its key objectives include:

- 1. Developing proximity marketing initiatives to drive footfall and customer satisfaction.
- **2. Enhancing shopping centre management** by means of advanced data analytics.
- 3. Tracking the shopping centres' unique visitors.
- **4.** Gaining a better understanding of traffic by store, area, **frequency of visit and dwell time**.

Those sensors tell the company whether they are getting an **optimal rent at each of its units** and enable Lar España to measure the impact of the promotional campaigns undertaken at its shopping centres. They also enable the company to compare occupancy costs and identify the scope for boosting returns at certain stores.

Tucentro.com

Lar España, as a pioneer in the integration of the offline and online shopping channels, has launched an additional sales channel for its shopping centres, tucentro.com, through which customers can shop in its offline stores from an online platform. In order to cooperate with the tenants at its centres in the wake of the restrictions imposed due to the health crisis and to drive sales, the platform was re-launched in July 2020.

Thanks to the cooperation of the operators participating in the platform, a digital catalogue of each store's products was created and then made available in the various marketplaces in which tucentro.com is present, such as **eBay and AliExpress**.

The aim of this e-commerce project is structured around:

- Providing an **onmi-channel shopping platform**, enhancing its customers' shopping experience.
- Adding value to the company's properties and differentiating them from the competition.
- Transforming the perceived risk posed by e-commerce into a **new business opportunity**, creating a new source of revenue.
- Providing retailers with a new e-commerce outlet for the sale of their products online and to enhance their visibility.

TU CENTRO COMERCIAL ONLINE

ENVÍOS GRATIS
a partir de 50 euros

GARANTÍA
de nuestras tiendas

DEVOLUCIONES
hasta 14 días









SEO Positioning

SEO positioning refers to the visibility of a website in search results across the various search engines. Lar España is working to continuously **improve its online positioning** by designing and adapting elements of its websites to be smarter and more effective with the ultimate goal of:

- Improving its shopping centre websites' positioning in search engine results.
- Analysing and selecting the best keywords for positioning purposes.
- Improve positioning of the URLs, website content and maps, among others.
- Defining and tracking the right KPIs.
- Creating corporate websites (to provide information) that are compatible with the transactional websites (e-commerce).

Employee training

Lastly on the technology front, Lar España believes the skills of its employees and the people working at its management firm, Grupo Lar, are of vital importance. As part of its **goal to engage its professionals in the delivery of the company's objectives** on the innovation front, it has rolled out an **Executive Digital Transformation Programme** and sessions at the Valley Digital Business School, as part of internal involvement in the achievement of **innovation objectives**.

In turn, training related to other innovation platforms launched in the Company has been carried out throughout the year.

Total number of sessions

2,089,842

Website views

5,632,782

Users

1,567,281







Lar España, in addition to prioritising technological innovation, **seeks to enhance the customer experience** in each of its assets.

This initiative is essentially a research programme to learn about the **customer's journey through our shopping centres**, from when they plan their trip to the centre to the moment they leave our premises, flagging all of the stops along the way, including the key 'pains and gains' during that journey. Lar España has divided the process into four phases: comprehension, observation, definition and consolidation.

Other high-profile projects for Lar España include the "Customer Journey", which continued despite being impacted by the pandemic, and the process to reopen assets while ensuring that all safety and health requirements are being met.

Customer Journey

An analysis of the 'Customer Journey' at the main shopping centres in the asset portfolio identifying the specific characteristics of each centre was completed in 2019.

The company also analysed the market environment to gain a full comprehension of the factors that influence user experience, detecting new opportunities to create a better customer experience and designing a template to address the three main areas of influence: the city, the shopping centre and the users.

This initiative is essentially a research programme to learn about the **customer's journey through our shopping centres**, from when they plan their trip to the centre to the moment they leave our premises, flagging all of the stops along the way, including the key 'pains and gains' during that journey. Lar España has divided the process into four phases: **comprehension, observation, definition and consolidation**.

The objectives set for each phase are outlined below:



Phase 1. UNDERSTAND

Obtain a clear understanding and alignment among stakeholders of the challenge that must be overcome during the project, in order to understand the work context



Phase 2. OBSERVE

Carry out an in-depth study to identify the Shopping Centre house archetypes and prioritise them in order to map out the experience of the most significant ones.



Phase 3. DEFINE

Identify and evaluate areas of opportunity (Top Pain points) in order to reach a better understanding of customer experience at the Centre.



Phase 4. CONSOLIDATE

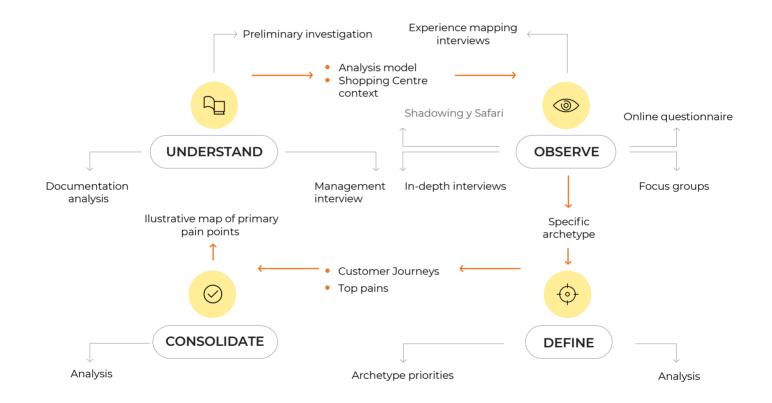
Reach comprehensive conclusions that allow a global view of the satisfaction at the Group's Centres, based on previous analysis from different centres.

By mapping out the Customer Journey, the company has identified its users' 'ideal experience', based on a research project designed to establish a unique strategy. Following that field work, and having drawn the key conclusions, Lar España, driven by its commitment to providing an excellent customer-centric experience, has made improvements to its properties with a view to closing in on its users' ideal experience.

Based on the Customer Journey results, action plans were drawn up for the Albacenter, Ánecblau, As termas, El Rosal, Gran Vía de Vigo and Portal de la Marina centres with the aim of enhancing customer experience, taking into consideration aspects such as transport, children's areas, restaurants available, rest areas, events, parking, etc.

However, the activity was affected in 2020 by the health crisis triggered by COVID-19, meaning many of the foreseen measures were not carried out because the results could have been corrupted and not in line with reality following the abnormal situation experienced.

Nevertheless, following the easing of COVID-19 restrictions, several events were hosted, each adapted to the new capacity requirements and health and safety measures (for example, 'Ecosistema moda' (fashion ecosystem) and showcooking at Gran Vía de Vigo). The purpose of these events was essentially to mark the launch of promotional activities aimed at mitigating the effects of COVID-19 on vendors and attracting consumers.















Hola Familia

Hola Familia" [Hello Family] is a project that Lar España embarked on in 2016 with the **aim of creating a comfortable, welcoming, humane and cheerful space** in which parents can breast or bottle-feed their babies and toddlers during their visits to our shopping centres.

The services offered as part of this project include:

- Breast-feeding room.
- Special family parking spaces.
- Highchair lending service, nappy delivery and birthday party reservations in collaboration with the restaurants.
- Store discounts.
- Fun Play Area for kids.

In relation to the Hola Familia project, the company has also set up the Hola Familias Club to gather information on the member families, creating a segment called "Familias Disfrutonas" [Fun-Loving Families] where further targeted activities can be generated to develop a bond with the shopping centre. This initiative has already been rolled out in the Gran Vía de Vigo shopping centre, attached to the Club de los Disfrutones where the "Familias Disfrutonas" section is available.

Launch of the Disfrutones app and its new functions

Following its online debut on 21 September, on 11 December the <u>Club de Fidelización Disfrutones</u> [the Fun-Lovers' Club] mobile app was rolled out at the Albacenter, Ánec Blau, As Termas, Gran Vía Vigo, Lagoh, El Rosal and Portal de la Marina shopping centres.

The app allows users to enjoy discounts at the shopping centres, enter prize draws and access services, and find out the latest news at the centre at any time and directly through their phones. Signing up is free and can be done through any of the available channels.

Members have exclusive access via the website or the mobile app, the aim being to secure customer loyalty at the shopping centres to increase footfall, drive sales and learn more about the consumer.

This launch strengthens the commitment to digitalise services offered to all customers; it forms the bedrock for the **creation of a digital community**, while constituting a new way for the shopping centre to communicate with its customers. To coincide with the launch, on-site activities were prepared, signage was erected at the centre, and special prize draws tied to downloading the app were arranged, as was a promotional campaign on social media. Some of the improvements made to the club in 2020: the app, external partners, the blog, existing offers, reservation of services and appointments and product showrooms, among others.







Online Showroom

On 29 October **Lar España launched a digital showroom platform** displaying a selection of various operators' products. The platform offers discounts and special offers to club members, as well as direct access to the e-commerce site of participating tenants.

This new section within the app forms part of the **digital services strategy being offered to customers and retailers**. the aims of which include:

- Increasing sales of shopping centre tenants thanks to re-routing traffic from the centre's digital platform to the retailer's website.
- Positioning the shopping centre in the e-commerce landscape.
- Rewarding Disfrutones club members for their loyalty.
- Encouraging other operators at the centre to join the club through specific products.

The Online showroom currently has **over 30** participating brands and an array of **over 600** products.

Thanks to this initiative, Lar España has taken another step forward in its **omnichannel approach** for its centres, harnessing its advantageous positions to stay abreast of new market trends and to satisfy the needs of both customers and operators.





Participating brands

+30

Products available online

+600

Lagoh Collect

The centre launched a shopping pick-up service for its customers, helping to avoid overcrowding at the centres and cutting waiting times to enter stores. On requesting the service at participating stores, centre personnel gather the purchases and takes them to the Lagoh Collect point, where the customers can pick them up when they finish their shopping.

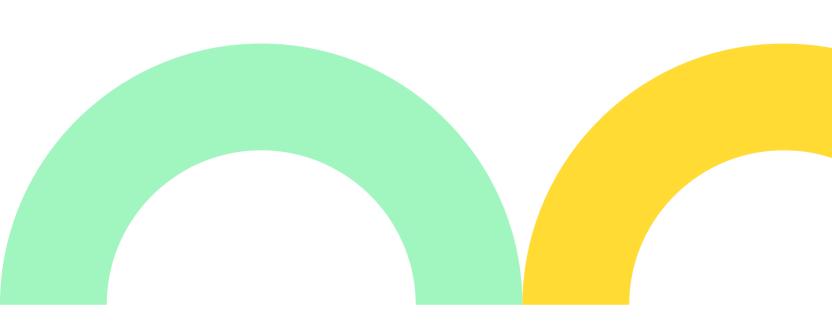


Ecosistema Moda

Ecosistema Moda was a series of fashion events held at the Albacenter, Lagoh and Gran Vía shopping centres. The aim was to position the centres as a focal point in their respective catchment areas for fashion and training thanks to the **partnership with magazine Telva**.

A master class was held at each shopping centre, allowing participants to hear the secrets of one of the most happening professions at the minute, that of a **fashion editor**. The training day included a Shopping Tour with one of Spain's leading stylists and was broadcast **via streaming** to show viewers what the different fashion, accessories and beauty stores have to offer, while explaining fabrics, fashion concepts and trends.

One of the most interesting projects was **Influencia2**, which included a prize draw via digital channels related to fashion and the world of influencers. Every one of the ten people selected was given a gift card to spend at the centre.





Sales through WhatsApp

This initiative, which aims to offer the best possible experience to shopping centre visitors through both the offline and the online channels, was launched at the start of 2021. With it, the company makes a **new sales and personal advisory service available to shoppers at the Lagoh shopping centre through WhatsApp**. This brings together an Internet-based service with the face-to-face experience while offering greater security and taking one more step towards an omnichannel experience and a 360° service.

The system will not only help to enhance the shopping experience but also serve to consolidate **new relationship models** between the firms present at the shopping centres and visitors to the centres. Thanks to this new development, vendors are able to **offer personal advice to each customer, while customers** can obtain accurate information on the products they want and their availability in the shops, all without first having to travel to the shopping centre.

The website for Lagoh will incorporate an online directory showing all the stores on the platform. Customers **will be able to contact them easily** by clicking on the WhatsApp icon for each store. This will trigger a conversation in which each vendor can send photographs, make videocalls and indicate product availability at their physical premises.















Sustainability

The third cornerstone underpinning Lar España's innovation thrust is the design and implementation of policies that foster **sustainable development** in the real estate sector. At the core of environmental-related innovation for the company lies its commercial real estate assets, specifically in the fields of energy efficiency, water management, air quality, solar energy and sustainability certification.

Within this framework, in 2020 Lar España continued to promote its sustainable projects and environmental management. For example, the progress that has been made in the implementation in the renewable energy portfolio: mainly photovoltaic solar energy and geothermal energy.

Additionally, the design and implementation of the **automatic data collection platform** was completed in 2020. The platform provides regular data via a dynamic dashboard on the use of resources at the shopping centres and retail parks (energy and water), as well as steps to mitigate their environmental impact (waste management and control of emissions).

Renewable energies

Upon completion of the **Energy Efficiency Master** Plan in 2019 and 2020, the company has now begun to implement its content at the various assets held in the portfolio.

Work therefore commenced on a **call to tender** for two solar photovoltaic energy plants for self-supply at the Portal de la Marina shopping centre and the Rivas Futura retail park. Once conclusions have been reached as to the development and launch of these two pilot projects, Lar España will then study **extending the initiative to the remaining centres**. In this regard, work is ongoing in conjunction with consultancy firm KPMG to draft a global study to analyse the various implementation options and to define a **company-wide strategy** for the installation of photovoltaic energy at all portfolio assets.

The process to set the parameters and install the Lagoh shopping centre's **geothermal heating system** was also concluded in 2020. This system can generate **potential energy consumption savings of 35%** with respect to a conventional HVAC system.





Data automation at the shopping centres

Over the course of 2020, Lar España completed the development of its automated platform which analyses data on the consumption of resources at its shopping centres and retail parks (water and energy) and the mitigation of their environmental impact (waste management and control of GHG emissions), feeding the information into a dynamic dashboard. This is a customised system that was designed and installed specifically for the company.

The platform, which went live on 1 January 2021, has already been fed with the consumption data for 2020 and prior years. The objective is to collect more regular and comparable key data to increase the analysis capabilities of the departments involved in management, leading to resource optimisation.

This will allow for a tighter control over expenses and sharper response capabilities to implement corrective measures whenever necessary. Thanks to the enhanced data analysis capabilities provided by the platform, action plans can be drafted over the coming months to improve asset performance; this will become an essential tool in order to make progress towards the sustainability goals contained in Lar España's ESG Master Plan. This tools also enables the company to assess the efficiency and cost-effectiveness of the various projects and initiatives planned for the assets.



Air quality

The health and wellbeing of visitors is a cornerstone of the company's business model. Work continued in 2020 to **improve indoor air quality and temperature control** at its buildings:

- Air quality audits were put out to tender. The aim is to build a database for each asset and create methodologies to improve current parameters.
- A pilot study was conducted to study the effectiveness of innovative indoor air quality treatment systems at Parque Abadía.
- **Temperature policy**: all of Lar España's properties comply with Spain's building heating regulations (RITE per its Spanish acronym).

Work is ongoing to study and assess different technology and systems that can bring about **greater analysis and control** of indoor air quality at the assets in the portfolio.

Too Good to Go

In 2020 Lar España has continued establishing a collaboration with the company Too Good To Go to contribute to the fight against food waste.

To do this, Lar España joins forces with restaurant operators present in the assets through the design and development of a platform that allows the commercialization of the products that have not been sold at the end of the shift of each meal. With this initiative the Company it also contributes to caring for the environment through a **responsible and smart solution.**

3 ESG

3.1

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Stakeholder Engagement

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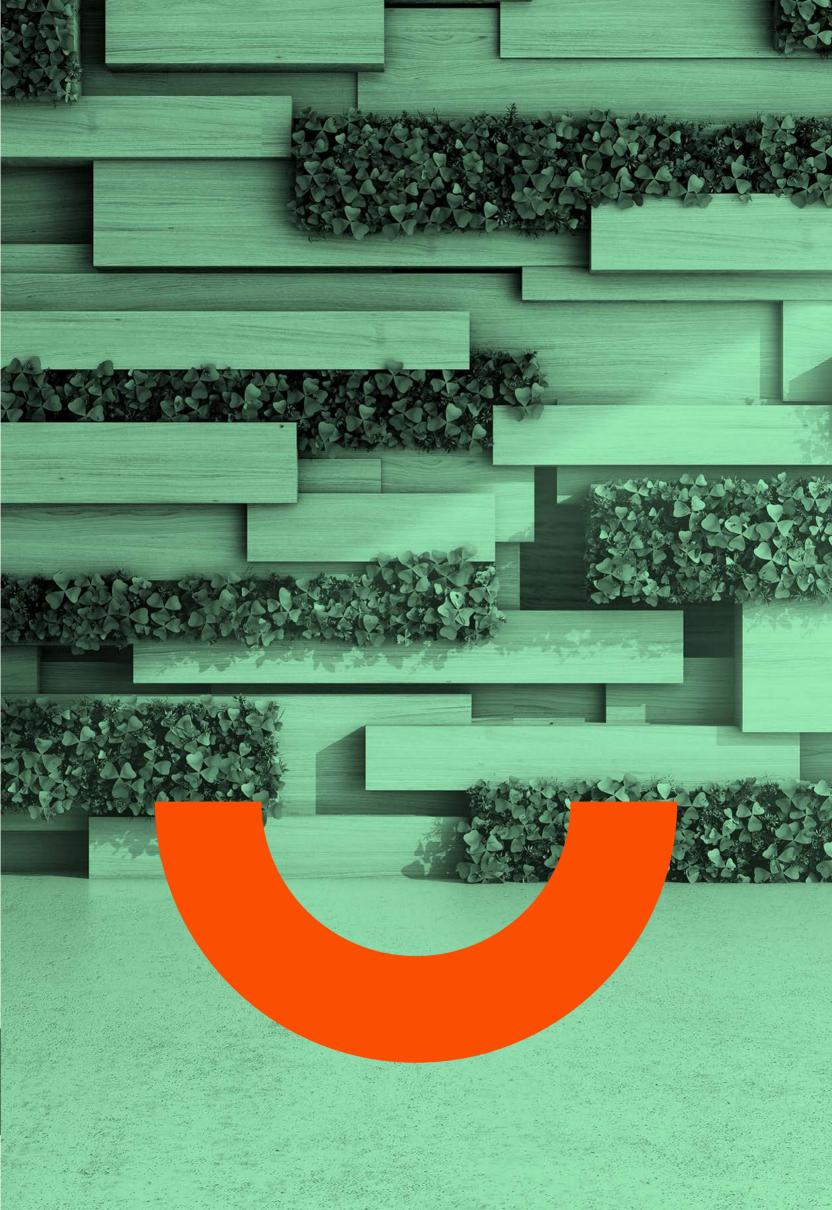
Commited to the Environment

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3.4

Outlook

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Doing business better and creating shared value

Environmental, Social and Corporate Governance

Approach and Policies

Lar España endeavours to carry out its operations and decision-making in an ethical, responsible and sustainable manner in order to make a positive contribution to society and the environment.

With this in mind, and in order to achieve its objectives, the company has laid down its core principles, commitments, goals, strategy and values in a Sustainability/ESG Policy.

With a focus on creating shared value and furthering socio-economic progress while generating a return for investors in a sustainable fashion, the company created the ESG Master Plan.



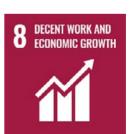
Priority SDGs

Lar España is committed to embedding the Sustainable Development Goals (SDGs) across the company. The company performed a study in which it identified and prioritised the following SDGs as the areas in which it can make the biggest difference.

Responsible business model

Lar España's business model is based on the guiding principles, commitments, objectives and lines of action of the United Nations Global Compact, the principles of the Organisation for Economic Co-operation and Development (OECD), the contents of the United Nations Universal Declaration of Human Rights, and the International Labour Organisation (ILO) Declaration.





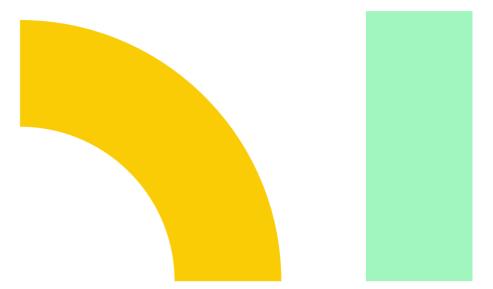






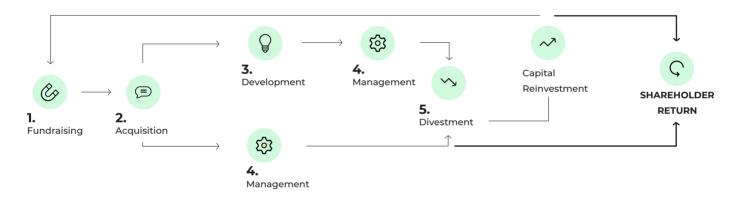






Phases

Lar España has designed a procedure with the aim of improving the company's performance in sustainability, thus creating value for all stakeholders.





Fundraising

Lar España promotes responsible investing.



Asset acquisition

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



Development

The development and improvement of sustainable and more efficient shopping centres. Innovation and adaptation to emerging technological, demographic and economic trends and to unanticipated social or climatic events.



Management

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



Divestment

Asset assessments take into consideration social and environmental criteria.







Lar España's Principles

Lar España relies on four strategic cornerstones in its bid to build shared value:



Environment

Understood as both the physical and active environment that directly impacts our financial returns and generates value for the company:

Socio-economic impact

Lar España has a considerable impact on the economy, creating jobs directly and indirectly in the wider region, and specifically in the communities where its properties are located. In 2020, through its business activities, it provided over 17,000 jobs. This is lower than the prior year due to the completion of the Lagoh shopping centre development in Seville, which opened in September 2019.

Responsible investment

Framed by its desire to create a responsible business, Lar España's goal is to invest in sustainable assets. In 2020, 100% of the shopping centres over which the company has full managerial control were BREEAM certified.

Climate change resilience and mitigation

In 2020 Lar España reduced GHG emissions (scope 1+2) across its entire property portfolio by 18.9%, mainly through the signing of renewable energy supply contracts.

In 2020 it also added the calculation of scope 3 emissions, which include electricity and thermal energy billed to tenants, achieving a like-for-like reduction in scope 1+2+3 GHG emissions of 18.6%.

Lar España generates 17,000 jobs through its business activities



Corporate governance

Lar España places great importance on underpinning the company with pillars that allow it to do business responsibly. With this in mind, it always strives to encourage good governance, actions, ethics and transparency in the company, with proper risk management.

One of the foundations of favourable business development is a solid **good governance** structure, understood as the suite of rules, principles and procedures that regulate the structure and functioning of the governing bodies in a company, establishing relationships between the different members and determining the rules for decisionmaking. Good governance in the company fosters stability, growth and transparency.

Such transparency is exemplified by the efforts made to report on non-financial aspects in Lar España's 2020 Annual Report.

The company also works on values such as ethics, resolving and responding to complaints and claims that may occur. As a result of this commitment, the Company has established a Complaints Channel providing a solution and response to complaints and claims that may occur.

In terms of **risk management**, the company carried out an environmental and social due diligence (ESDD) in respect of the various stages of the business model. This analysis covers significant risks and their possible consequences.

Since 2015 Lar España has had an Integrated Risk Management System with the aim of ensuring a reasonable level of assurance regarding the company's ability to achieve its strategic and operating objectives.

FSG Committee

Taking a top-down approach to foster sustainability involving various departments, in 2020 the company set up the ESG Committee, comprising senior managers from several areas tasked with supporting Lar España's commitment to:

- Environmental initiatives
- Health and safety at our properties
- Corporate social responsibility measures
- Sustainability measures
- Other matters of public order

In 2020 three committee meetings were held with clear objectives and open dialogue between all members.

Social capital

Lar España is aware of the importance of people in the company's activities and bears in mind all the elements involved in the company and their role:

- Partners. Financial background checks, references and cross-checks with the Office of Foreign Assets Control for all partners and potential vendors.
- Supply chain. Fair, objective and transparent tendering processes which factor in ESG criteria
- **Customers**. A communication channel is in place to strengthen the ESG Master Plan with quality surveys.
- **Employees**. Work-life and equal opportunities policies, training courses, talent retention programmes, among other initiatives.



Assets

Sustainability strategy

Sustainability plays a pivotal role in our business model, with the company having a specific Sustainability/ESG Policy as well as the ESG Master Plan. True to its philosophy of continuous development, identifying new opportunities and launching numerous initiatives to offer the best service, in 2020 the company, among other actions, rolled out a data automation system to facilitate more precise and dynamic reporting.

100% of the real estate assets over which Lar España has full management autonomy have implemented environmental and/or social sustainability initiatives.

The company has also received **various accolades** such as the GRESB assessment, the EPRA Gold Award, and inclusion on the FTSE4Good index.

Sustainability certification

BREEAM is a certification scheme that assesses a building's sustainability based on analysis of 10 categories (management, health and well-being, energy, transport, water, materials, water, land use, pollution and innovation). 100% of the shopping centres owned by Lar España and 60% of eligible retail parks have this certification.

In 2020, following the asset disposals and inaugurations during 2019, the 14 ^(*) assets owned by Lar España are potentially BREEAM certifiable, with **86%** currently certified.

Innovation in the service of enhanced environmental management

Investment, planning, monitoring and mitigation. Lar España invests in **innovative solutions** to improve its analytical capacity and environmental management, allowing the company to establish plans and actions to reduce its environmental impact and be more sustainable.

Creation of shared value

The actions described above, in tandem with the importance placed by Lar España on **fluid, constant dialogue with stakeholders**, translate into the creation of shared value of enormous worth to the company.

By understanding that corporate investment and commitment to the environment are necessities, rather than obligations, the company is able to transform many areas into opportunities.

The commitments undertaken by the company can be summarised as follows:

- Continue the efforts to **improve each and every** day, for **instance increasing the disclosure of information**, having added scope 3 emissions to the Carbon Footprint calculation this year.
- Tenders and studies to offer the best services.
- Incorporation of digital management tools to facilitate procedures and provide more dynamic values.
- Energy efficiency measures.



Environment

Understood as both the physical and active environment that directly impacts our financial returns and generates value for the company

Corporate Governance

Business model that aims to have a positive effect on the environment and society, as well as generate financial returns; easing environmental and social pressures generated by the business activity









AFFORDABLE ANI CLEAN ENERGY





Real Estate

CREATING SHARED VALUE FOR OUR SHAREHOLDERS AND INVESTORS AS WELL AS FOR THE ENVIRONMENT WE OPERATE IN

Social Capital

People's talent forms the cornerstone of the economic model and the company's value

Assets

Properties that have a positive effect on their urban surroundings and generate a high return for our shareholders and investors



3.1 **Corporate Governance** at Lar España

PEACE, JUSTICE AND STRONG INSTITUTIONS

Since Lar España's creation in 2014, corporate governance has been a top priority, promoting the adoption of best practices in the composition and functioning of its governing bodies, and addressing the growing demands of regulators, investors and shareholders.

Lar España's commitments are reflected in its Corporate Governance Policy, which was approved in 2016, updated in 2018 and revised in 2020. This policy constitutes the company's frame of reference for all corporate governance matters. The policy was drawn up in accordance with prevailing applicable legislation and with the recommendations laid down in the Good Governance Code for listed companies approved by the Spanish National Securities Market Commission (CNMV). The general principles enshrined therein apply to the entire organisation.

Lar España has rolled out an Action Plan that ensures compliance with prevailing regulations and puts the company on a par with the main Spanish and international benchmarks with regard to corporate governance.

Some of the **initiatives undertaken in 2020** under the Corporate Governance Action Plan were as follows:

- Adapting the company's regulations, policies and practices to the CNMV's new Good Governance Code, including its recommendations on ESG.
- Reviewing and extending the **training plan** for Board members.
- Reviewing and updating the skills matrix for the Board of Directors.
- Developing a tool for the automation of environmental indicators.
- Identifying and mitigating the main climate change risks, continuously assessing updated risks that reflect both existing and future environments and updating the risk/control matrix.

Lar España's commitment to following best practices in the field of corporate governance is reflected in its alignment with the CNMV's Good Governance Code. Thus, in 2020 the company complied fully with 91.11% of the applicable recommendations set down in the Code, and partially with the rest (8.9%) of applicable recommendations

The Action Plan is articulated around the following objectives:

Ensuring strong governance

by means of transparency, ethics, corporate social responsibility and regulatory compliance.

Improving the activities, selection, remuneration and training of directors in terms of management and transparency.

Making progress on evaluating and improving the performance of the Board of Directors.

Our commitment to sustainability

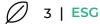


As part of its commitment to sustainable business growth, Lar España has in place a Sustainability/ESG Policy that sets down the core principles and values that should provide the basis for managing and running Lar España and its investees in order to create a business model that will generate long-term value, satisfy the needs and expectations of its stakeholders and generate socially responsible externalities. This policy was updated in the last quarter of 2020.

Lar España's Board of Directors is the body tasked with supervising the company's sustainability policies and strategies. Its duties are delegated to the Appointments and Remuneration Committee, which is responsible for policy supervision and compliance, monitoring of corporate social responsibility strategy and practices and assessing the level of compliance before reporting to the Board of Directors.

The sector in which Lar España operates is central to some of the most pressing issues facing society at large: urban development, the availability of housing solutions, the design of sustainable cities, responses to demographic shifts and resource scarcity. Therefore, the company not only has a policy in place but has also developed an ESG Master Plan articulated around the most stringent general and sector-specific standards in order to comply with the main objectives defined in its Sustainability/ESG Policy.

In 2020 Lar España set up an **ESG Committee** comprising the heads of various company departments involved in sustainability issues for the purpose of laying down a common sustainability strategy. This committee met three times in 2020.



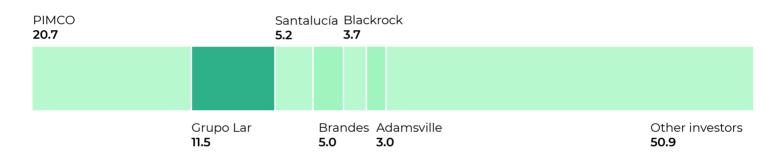
3.1.2 Governing bodies

Annual General Meeting

The Annual General Meeting is Lar España's **highest decision-making and control body**, embodying the shareholders' right to take part in essential company decisions that fall within their purview.

Shareholder structure at 31 December 2020

(%)



Share Capital at 31 December 2020

175,267,460Share
Capital (€)

67.6% Free Float

87,633,730Number of Shares



Functioning and activities

The General Meeting Regulations, which were passed in 2016 and amended in 2017, set down the shareholders' powers and how the meeting should be run. An amendment to this procedure will be proposed at the 2021 Ordinary General Shareholders Meeting, to include the latest recommendations from the Good Governance Code and adapt the procedure to the Corporate Governance best practices, as well as making other technical improvements.

The General Meeting represents all of the company's shareholders and its duties include: approving the management and running of the company, approving the annual accounts, establishing the number of seats on the Board of Directors between the minimum and maximum number stipulated in the by-laws, appointing and removing Directors, appointing company liquidators, approving share capital increases and reductions, issuing bonds and other marketable securities, approving transformations, mergers, spin-offs and assigning the company's assets and liabilities, among others.

In 2020, Lar España held its Annual General Meeting on 17 March. The main agenda items addressed were as follows:

1

Approval of the individual annual accounts of the company and the consolidated annual accounts of the company and its subsidiaries for 2019.

Ratification of the company's individual and group management reports for 2019.

3

Approval of the Board of Directors' management and activities during 2019.

4

Approval of the proposed allocation of profits and dividend distribution for 2019

Re-election of the company's statutory auditor.

Re-election of Mr José Luis del Valle Doblado, Alec Emmott and Roger Maxwell Cooke as independent directors for a three-year period, and of Mr. Miguel Pereda Espeso as proprietary director for a threeyear period.

Waiver of the prohibitions contained in article 229 of the Spanish Companies Act pursuant to the provisions of article 230 of the aforementioned law in relation to the director Mr. Miguel Pereda Espeso.

Delegation of powers to enter into and execute all resolutions adopted by the General Shareholders' Meeting, to place them on public record, interpret, remedy, complement, implement or register them.

Advisory vote on the **Annual Report on Director** Remuneration for 2019.

10

Note for the record on the amendment to the **Board of Directors' Regulations** and to the Regulations of the Audit and Control Committee.

11

Note for the record on the approval of the **Regulations** of the Appointments and Remuneration Committee



Ongoing dialogue with shareholders, investors and proxy advisors

Lar España has a Policy for Information,
Communication, Contacts and Involvement with
shareholders, investors and proxy advisors. This
policy was approved in 2017 and updated in 2018
and 2020. Its purpose is to generate trust and
transparency vis-à-vis Spanish and international
shareholders and investors. It outlines the analytical
procedures and develops the main tools, channels
and reporting mechanisms vis-à-vis shareholders,
investors, proxy advisors and other stakeholders.

It is articulated around the **following principles** governing communication with stakeholders:

Veracity, transparency of all information provided and equal treatment of all recipients. Ongoing dialogue, accessibility and timeliness of information.

Strict, timely compliance, in due form, with all legally stipulated communication and reporting obligations.

Equal treatment of all shareholders' rights for purposes of the recognition

of the recognition and exercise of these rights. Protection of the legitimate rights and interests of all the shareholders.

Commitment to encouraging informed shareholder participation and exercise of their rights at the Annual General Meeting.



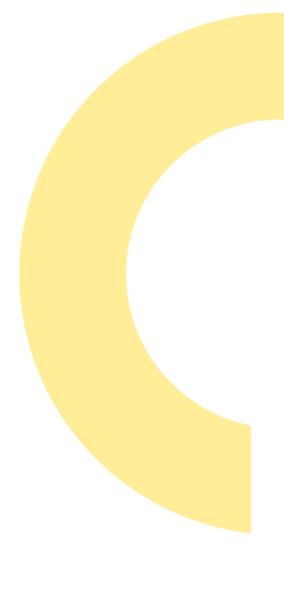


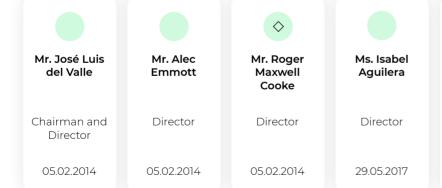
The Board of Directors is the management body tasked with the running of the company, except for those matters reserved for the Annual General Meeting.

Composition

The composition of the Board of Directors in 2020 was the same as in the two previous

years. At the Annual General Meeting held on 17 March 2020. Mr. Jose Luis del Valle Doblado was re-elected as Chairman of the Board, Messrs Alec Emmott and Roger Maxwell Cooke were re-elected as independent directors and Mr. Miguel Pereda Espeso was re-elected as proprietary director. Mr. Laurent Luccioni was re-elected as proprietary director based on the proportion of equity represented.







Legend

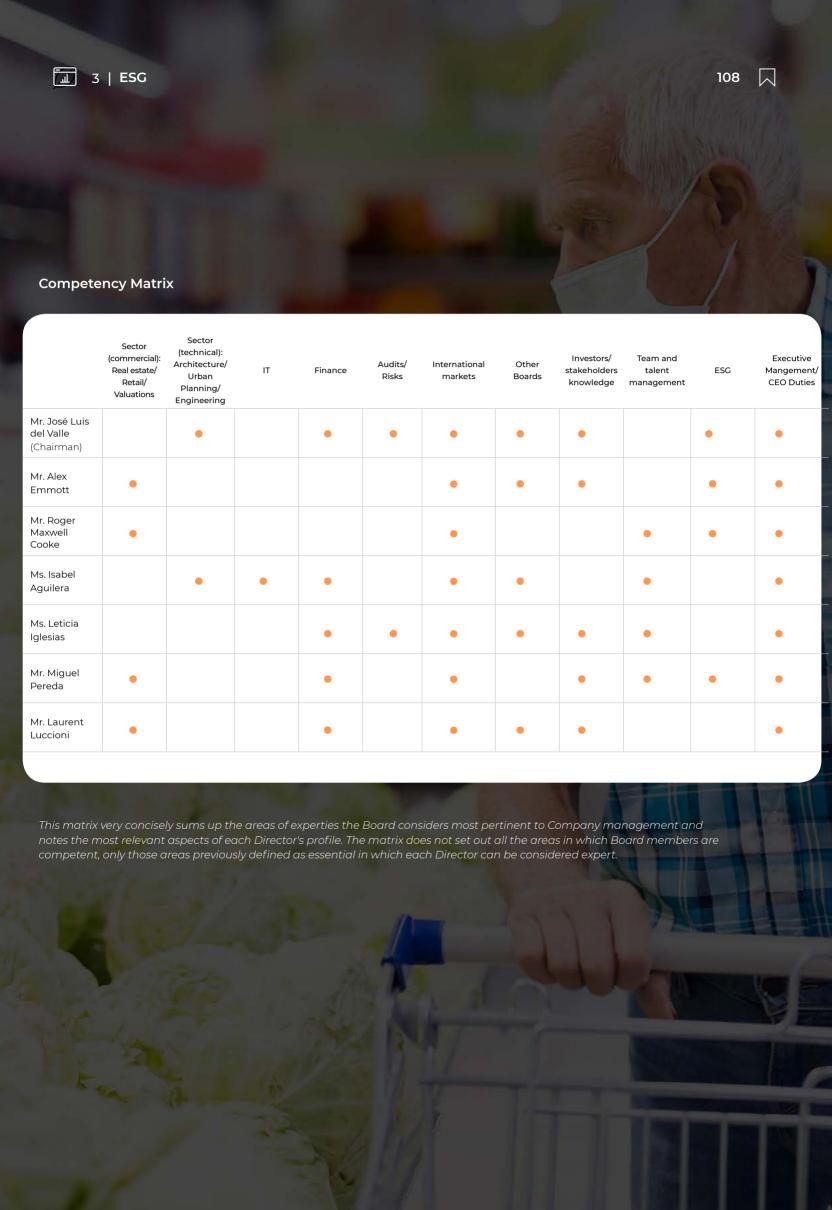
Name of Director Position on the Board Date of first appointment

Type of Directorship

Independent Propietary

Other Posts

- O Chair of the Audit and Control Committee
- ♦ Chair of the Appointments and Remuneration Committee







In 2020, 28.6% of the company's directors were female. The Board of Directors of Lar España has set itself a target of at least 40% of the board membership being female by 2022.

At the end of 2020, in keeping with a strategy aimed at promoting diversity, the board approved a new version of the Regulations of the Appointments and Remuneration Committee which, among other things, amended article 5 on the duties of the committee with respect to encouraging and promoting diversity, pursuant to the new wording of Recommendation 14 of the Good Governance Code published in June 2020 regarding the need to strengthen long-term gender diversity on boards of directors and encourage companies to increase the number of female senior executives.

The Board of Directors is made up of 7 directors, of which 5 are independent and 2 proprietary.

The professional background of each board member is described below.





Mr. José Luis del Valle has a broad track record in the banking and energy sector. From 1988 to 2002, he held various positions in Banco Santander, one of Spain's largest financial institutions. In 1999 he was appointed Director General and Chief Financial Officer of the bank (1999-2002). Subsequently, he was Director of Strategy and Development of Iberdrola, one of the main Spanish energy companies (2002-2008), Director General of Scottish Power (2007-2008), Director of Iberdrola Strategy and Studies (2008-2010) and Adviser to the Chairman of the wind turbine manufacturer Gamesa (2011-2012). At present he is Chairman of the Board of WiZink Bank, Director of the Insurer Group and Director of the Institute of Directors and Administrators.

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







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.

He is currently Director of Europroperty Consulting, and since 2011 he has been Director of CeGeREAL S.A. (representing Europroperty Consulting). He is also a member of the advisory committee of Weinberg Real Estate Partners (WREP I/II). He has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971. He holds an MA by Trinity College (Cambridge, UK).

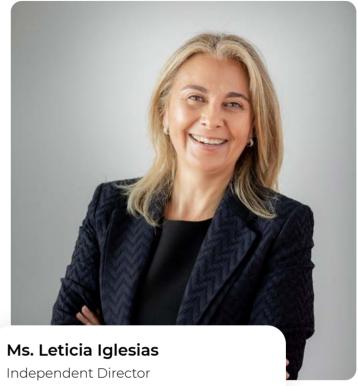
Mr. Cooke is an experienced professional with more than 30 years of experience in the real estate sector. Mr. Cooke joined Cushman & Wakefield in 1980 in London where he had a role in drafting valuation standards (Red Book). Since 1995 until the end of 2013. he served as Chief Executive Officer of Cushman & Wakefield Spain, leading the company to attain a leading position in the sector.

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.

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 September 2017, Mr. Roger Maxwell is Chairman of the Editorial Board of Iberian Property and since January 2020 is RICS Chairman in Spain.







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, Banco Mare Nostrum, Aegon Spain, Laureate Inc., Egasa Group and HPS (Hightech Payment Systems). Mrs. Isabel is currently a member of the Board of Directors at Cemex Group, Oryzon Genomics, Clínica Baviera and Making Science.

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 and Strategy and Innovation Consultant.

Mrs Leticia Iglesias 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 Securities Exchange Commission of Spain. From 2007 to 2013 she was CEO of the Spanish Institute of Chartered Accountants (ICJCE). Additionally from 2013 to 2017 she was an independent member of the Board of Directors at BMN, member of the Executive Committee, Chair of the Global Risk Comiitee and member of the Audit Committee. From 2017 to 2018, she was an independent member of Board of Directors at Abanca Services 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, Chair of the Audit and Compliance Committee, member of the Global Risk Committe and member of the Comprehensive Risk Committe. Since April 2019 is Independent Director and Chair of the Audit and Control Committee at AENA SME. S.A. and, on October 22nd, she became an Independent Director and member of the Audit Committee of ACERINOX S.A.

Ms. Leticia has a degree in Economics and Business Studies from Univerdidad Pontificia Comillas (ICADE) and is member of the Official Registry of Auditors of Spain (ROAC), PRODIS Foundation Special Employment Center Patron, as well as ICADE Business Club Board member.







Miguel Pereda Espeso has more than 25 years of experience in the real estate sector. He is Co-Chairman and shareholder of Grupo Lar Inversiones Inmobiliarias, S.A., and before this, he was Chief Executive Officer of Lar Grosvenor for 6 years. In 2015, he was appointed Eminent Member of the Royal Institution of Chartered Surveyors (RICS) in London.

Miguel also is the chairman of Villamagna, S.A., a company belonging to the Grosvenor Group, and he is also chairman of the Altamira Lar foundation.

He has a degree in business administration from the Universidad Complutense (Madrid, Spain), and an MBA from the Instituto de Empresa (IE). He participated in the Breakthrough programme for Senior Executives at the IMD, has a masters in tax from ICADE and participated in the Real Estate Management Programme at Harvard University.

Laurent Luccioni has more than 18 years of experience in the investment and financial services sector. He is currently Senior Advisor at PIMCO in Europe. Until the end of 2019 held the position of managing director and portfolio manager at PIMCO's London Office, where he oversaw the European commercial real estate team.

Prior to joining PIMCO in 2013, he was the European CEO for MGPA, the Macquarie-backed private equity real estate investment advisory company. Additionally, he worked with Cherokee Investment Partners in London.

Laurent currently sits on the Board of Directors for Carmila SAS.

He holds an MBA from Kellogg School of Management at Northwestern University, and a doctorate in civil and environmental engineering from the University of California, Berkeley.





Powers and activities

As the highest decision-making body, the Board of Directors' **duties** include the oversight of company management with the goal of upholding the organisation's corporate interest. The board has two delegated committees endowed with supervisory and control powers: the Audit and Control Committee and the Appointments and Remuneration Committee.

The **Board of Directors' Regulations** set down all the powers of the board and its committees. In 2020, the Board approved several amendments to the Regulations to bring them into line with the partial revision of the CNMV's Good Governance Code for Listed Companies. These updates refer to corporate policies that the company must put into place, among others, certain provisions for the removal or resignation of directors, the composition of the Audit and Control Committee and the Appointments and Remuneration Committee.

The Board of Directors is vested with the broadest powers and authority to **manage**, **direct**, **administer and represent the company**. However, its everyday management is delegated to the management team under the supervision of the committees and the board.

The board met **11 times** in 2020. All of the directors attended 10 of the meetings in person, and specific voting instructions were given by proxy in one instance at the other meeting.

Lar España offers training programmes and continuing education on topics in which the directors have expressed interest.

Selection of directors

Lar España has a <u>Director Selection Policy</u> that was approved by the Board of Directors in 2016, the purpose of which is to promote diversity in terms of knowledge, experience and gender. The policy was revised on 15 December 2020, underscoring the importance of promoting diversity within the board and establishing a female board membership target of 40% by 2022.

In December 2020, during the latest review of the Regulations of the Appointments and Remuneration Committee and the Board of Directors' Regulations, amendments were made to aspects of the committee functions related to fostering and promoting diversity in terms of gender, age, professional experience, skills, inter-personal abilities, industry knowledge and international experience.

The Appointments and Remuneration Committee, through the Board's skills matrix, concluded that the composition of the Board was adequate. The matrix is expected to be reviewed again next year.



Board remuneration

Lar España has a **Board Remuneration Policy** which was approved in 2018, replacing the Remuneration Policy approved in 2015. As part of the remuneration system provided for in the company by-laws, this policy establishes the remuneration of Lar España's directors in their capacity as such.

The policy complies with corporate governance best practices and regulations. The aspects considered while drafting it included **relevance for the company, its financial position, its idiosyncrasies** as an externally managed listed real estate investment company (SOCIMI), market standards for other Spanish SOCIMIs and Real Estate Investment Trusts (REITs) in the rest of Europe, and the specific dedication of the company's directors.

The current Remuneration Policy is based on the following principles:

- Independent criteria
- Attraction and retention of the best professionals
- Long-term sustainability
- Transparency
- Clarity and customisation
- Fair and proportionate compensation
- Involvement of the Appointments and Remuneration Committee
- Approval of the remuneration cap by the shareholders at the Annual General Meeting and delegation to the Board

Remuneration of the Board of Directors in 2020 (*)

- Chairman of the Board €125,000 per annum
- Independent directors €70,000 per annum
- Proprietary directors Not remunerated
- Directors who sit on the board of investees
 €15,000 per annum
- Board members who sit on any of the committees €15,000 per annum

In addition, in the context of the crisis triggered by the COVID-19 pandemic, the Committee reviewed the remuneration of the members of the Board and agreed to propose a temporary reduction in board member remuneration. The Board of Directors duly considered the proposal put forth by the Appointments and Remuneration Committee and, at its meeting on 17 June 2020, unanimously approved a temporary reduction of 20% in the remuneration of the independent directors, including that of the Board Secretary (non-director) as of the second quarter of 2020.

More detailed information about the directors' remuneration regime can be found in **the 2020 Annual Report on Director Remuneration**, which is available on the company's corporate website.

More detailed information about Lar España's governance system can also be found in the **2020 Annual Corporate Governance Report**, which is available on the company's corporate website.





Board performance evaluation

In accordance with the provisions of the CNMV's Good Governance Code, the Spanish Companies Act and the board regulations, Lar España conducts an annual performance evaluation of the Board of Directors and its committees. On completion, if necessary, an **Action Plan** is adopted to correct deficiencies in areas such as quality and efficiency of operation, diverse composition, chairperson's performance, etc.

The **evaluation process** undertaken in 2020 was carried out internally without the support of an external consultant. The evaluation was conducted by the Chairman of the Board in collaboration with the Appointments and Remuneration Committee, assisted by the Board Secretary and Vice-secretary.

First, each board member answered an evaluation questionnaire with questions on:

- Quality and efficiency of operation of the Board of Directors
- Operation and composition of the committees
- Boardroom diversity in terms of composition and skills
- Performance of the Chairman of the Board of Directors
- Performance and contribution of each director and the Council Secretariat

Once the responses were received, they were consolidated and analysed, and submitted to the Appointments and Remuneration Committee in order to draft the report which the board subsequently reviewed and approved.

The conclusions of the evaluation were that the board and its committees have worked efficiently during 2020 and that significant improvements have been made in **implementing the action plan** set out in the 2018 evaluation report. As a result, the board approved a new action plan for 2020 and 2021 which comprises the following actions:

- Review of the succession plan
- Review of crisis protocols
- Improvements to the training plan for board members
- Adaptation to the new Good Governance Code and to ESG recommendations
- Faster submission of documents to the Board of Directors by the different committees
- Holding of Audit and Control Committee meetings further in advance of board meetings

Officer evaluation

As part of its corporate governance system and in keeping with best practices, Lar España also has an officer evaluation system with a specific procedure approved in 2016. Senior officer evaluations serve to enhance individual and collective performance and establish the foundations of the remuneration system, a key element that greatly influences their behaviour. Through a formal process, criteria were established for measuring their internal efficiency in performing their duties and managing their teams.

The Appointments and Remuneration Committee is tasked with ensuring that the evaluation procedure is conducted correctly, analysing the resulting conclusions and verifying the degree of achievement of the targets for 2020.







Board committees



The company has two committees created by the Board of Directors to support it in its duties and **enhance efficiency and transparency**.

Audit and Control Committee

The Audit and Control Committee is made up of three members, all of whom are independent directors, in keeping with Recommendation 47 of the CNMV's Technical Guide 3/2017.

- Ms. Leticia Iglesias Chair
- Mr. José Luis del Valle
- Ms. Isabel Aguilera

The directors who sit on the committee **are particularly well qualified for the job** as they are professionals with long-standing track records who have held senior management positions outside of the company in jobs related to the duties vested in this committee. They stand out for their knowledge and experience in accounting and auditing, both of which have been factored into their appointments, in accordance with best practices.

Powers and activities

The Board of Directors approved the **Regulations of the Audit and Control Committee** of Lar España
on 27 December 2017, thereby implementing article
14 of its Board Regulations and incorporating the
basic aspects of Audit Committee composition, duties
and operation stipulated in the CNMV's Technical
Guide 3/2017. These **Regulations were updated on 15 December 2020**.

The Audit and Control Committee met 10 times in 2020. The main responsibilities of the Audit and Control Committee include overseeing the process of preparing economic financial and non-financial information, supervising the internal audit, as well as the relationship with the external auditors, monitoring compliance with legal requirements and internal corporate governance regulations (including internal codes of conduct) and supervising the effectiveness of risk management systems and, in particular, reviewing them so that the main risks are properly identified, managed and disclosed.



Appointments and Remuneration Committee

The Appointments and Remuneration Committee is made up of four directors:

- Mr. Roger Maxwell Cooke- Chair
- Mr. Alec Emmott
- Mr. Miguel Pereda Espeso
- Mr. Laurent Luccioni

The company's Appointments and Remuneration Committee and Audit and Control Committee are made up of different members in order to ensure their **independence from each other and to have as many external directors** as possible sitting on the committees.

The Board of Directors' Regulations provide that, pursuant to Recommendation 47, **the majority of members should be independent**. Lar España is firmly committed to complying with this requirement as soon as any vacancies arise. Consequently, the board regulations have not been amended in this respect. Nevertheless, **independence is guaranteed** as there are no executive directors, and the chairman, who is independent, has the casting vote.

Powers and activities

The Regulations of the <u>Appointments and</u> <u>Remuneration Committee</u> were approved in 2019 to implement article 15 of the board regulations, which incorporated basic aspects of the composition, duties and running of the committee set down in the CNMV's Technical Guide 1/2019. These regulations were **updated on 15 December 2020**.

In 2020 the Appointments and Remuneration Committee met **9 times**. The duties vested in this committee include **appointing**, **evaluating and removing directors and officers**, setting director and officer remuneration, and supervising and promoting **corporate governance and sustainability practices**.

Its powers specifically include that of verifying compliance once a year. It strives to make sure the candidates put forward are sufficiently honourable, suitable, solvent, competent, experienced, qualified, trained, available and committed to their duties, that the candidate selection process results in adequate balance in the boardroom as a whole, enriches the decision-making process and helps prevent conflicts of interest such that the common interest always prevails over individual interest.

The Committee's **sustainability** functions were also strengthened in 2020. An amendment to the Articles of Association will be put forward at the 2021 Ordinary General Shareholders' Meeting, which among other matters aims to expressly include Sustainability in its name. If approved, the committee will be renamed "Appointments, Remuneration and Sustainability".

3.1.3 **Business ethics**



Ethics and compliance are core values for Lar España

and the proper conduct of its business activities. To that end, the company has developed a range of policies and procedures to ensure an ethical performance and articulate the commitments acquired under the principles set down in the company's body of internal rules and regulations.

Code of Conduct

The Code of Conduct approved by the Board of Directors in February 2015 applies to and is binding for all members of the Board of Directors, senior officers, the management team of Grupo Lar, executives and employees of the investees and third parties who have professional dealings with Lar España. It establishes guidelines governing the conduct of anyone acting on behalf of Lar España and its subsidiaries.

Failure to comply with the Code's provisions could derive in the application of disciplinary measures in accordance with current regulations, notwithstanding other administrative or criminal liability which might apply to each specific case, including termination of the contractual relationship.

Lar España is responsible for conducting its business activities in accordance with prevailing legislation, conducting itself ethically and complying with the principles laid down in the Code of Conduct:

- Legal compliance
- Ethical and professional integrity
- Conflict of interest
- Record of transactions and preparation of financial information
- Internal control, anti-money laundering and crime prevention
- Asset protection
- Information usage and security
- Securities markets and confidential, relevant insider information
- Personal data protection
- Equal opportunity and non-discrimination
- Corporate social responsibility
- Stakeholder relations



Whistleblowing channel

Framed by a commitment to analysing and responding to queries and complaints arising in relation to the company's in-house governance rules, Lar España has set up a whistle-blowing channel, which has its own operating rules and is governed by the principles of good faith, confidentiality and protection. It has also set up an Ethics Committee which is tasked with the duties deriving from implementation of this channel.

Before the meetings of the Audit and Control Committee, the internal auditor informs the committee members if any complaints have been received through the channel. In 2020, the company received no complaints through the channel.

Crime Prevention Model

Guided by its commitment to strict compliance with prevailing legislation and the prevention of illicit practices that could harm the company's reputation, Lar España has defined and adopted an Organisational and Management Crime Prevention Model with the following characteristics:

- 1. It is articulated around the various processes and activities of Lar España.
- 2. For each process and activity, it identifies the criminal risk to which exposure is greatest.
- 3. For each risk factor identified, it associates internal controls that mitigate or in some way eliminate or diminish the probability that any criminal risk will materialise.
- 4. It includes controls which belong to the Internal Control over Financial Reporting (ICOFR) system which are deemed preventative in terms of mitigating the probability of the commission of crime. These include controls associated with the management of Lar España's financial resources.

5. The internal controls that mitigate or in some way eliminate or diminish the probability that any criminal risk will materialise are, for the large part, officially enshrined in internal policies and rules.

The Board of Directors is the body ultimately responsible for the effective implementation of the model. The Audit and Control Committee and the person responsible for oversight of the Crime Prevention Model have also been specifically tasked with ensuring its correct functioning and enforcement.

Anti-money Laundering Model

The real estate sector is subject to strict regulations designed to prevent money laundering and establish the rules of engagement with the Executive Branch of the Commission for the Prevention of Money Laundering and Monetary Infractions ('SEPBLAC', for its acronym in Spanish). Therefore, Lar España drew up an Anti-Money Laundering Manual, which was approved by the Board of Directors in February 2018, as required under Spanish Law 10/2010, of 28 April 2010, on antimoney laundering and counter-terrorist financing measures.

The manual, which has been developed in keeping with **best practices** and based on the advances observed in the sector, the analysis of the risk profile inherent to the company's activities and operations, constitutes the basic document of this management system. The manual describes the preventative policies and procedures adopted and the organisation model, along with the associated attribution of duties and responsibilities to implement them. Additionally, training and **information sessions** are held periodically for all related parties of Lar España and its management company (Grupo Lar), to ensure compliance with the related legislation.



3.1.4 Integrated risk management and control

In 2015 Lar España implemented an integrated risk management system to ensure that risks are identified, evaluated, managed and controlled correctly and systematically, thereby helping to fulfil the Company's strategies and objectives.

The integrated risk management system works on a comprehensive and ongoing basis, and risk management is further consolidated at corporate level by business unit, subsidiary and support area.

Risk Control and Management policy

Lar España approved its Risk Control and Management Policy in 2015 setting down the components and activities that make up the risk management process, and defining the organisational approach and the responsibility assignment model needed in an integrated risk management system, as well as the **methodology** for risk identification, evaluation, prioritisation and management.

Enterprise Risk Management (ERM) - System

Lar España's ERM system has been implemented at the corporate level and designed to mitigate all the risks, including tax-related risks, to which the company is exposed on account of its business activities.

The ERM system's mission is to ensure a reasonable level of assurance regarding the company's ability to achieve its strategic and operating objectives. The system is aligned with the key guidelines established in the "Enterprise Risk Management -Integrated Framework. Committee of Sponsoring Organizations of the Treadway Commission (COSO)" report.

Lar España views risk management as an ongoing, dynamic process that encompasses the following steps:



Identification and assessment of the risks, factoring in their probabilty of occurrence and potential impact.

Identification of the controls in place for mitigating these risks.



3 Identification of the **processes** in which these risks are generated and the controls are performed.



Assessment of the effectiveness of the controls.



Design of action plans in response to the risks

identified.



Risk monitoring and reporting.



Ongoing evaluation of the suitability and effectiveness of the system in use and benchmarking of best practices and recommendations in risk management.



Management, under the supervision of the Internal Audit function, establishes risk management priorities and determines the measures to be implemented, ensuring that the processes are performed and working as intended.



Risk Management Bodies

The ERM (Enterprise Risk Management) system affects and involves all of the organisation's staff. Due to the specific characteristics of Lar España, certain activities are carried out by specialist service providers which assist with significant processes such as:

- Investment and asset management, performed primarily by Grupo Lar.
- Preparation of financial, accounting and tax information.
- Half-yearly asset appraisals.

Lar España follows detailed procedures for supervising the third parties responsible for these outsourced services to ensure that these suppliers perform the activities contemplated in the ERM system.

The main participants in the ERM model are:

Risk management

Governance bodies	Responsibility	Competencies Risk identification, analysis, assessment and mitigation.		
Process manager or owner	Direct management of everyday operations.			
Risk officer Analysing and consolidating the risk informatic collected by the process owners.		Compiling risk files, identifying new events, gathering information and preparing action and monitoring plans as required.		
Audit and Control Committee	Supervising and evaluating the effectiveness of the company's financial and non-financial risk management and control systems and, where appropriate, the group (including operational,	Identifying risk, establishing risk tolerance thresholds and identifying adequate risk mitigation measures, IT systems and controls.		
	technological, legal, corporate, environmental, political and reputational or corruption-related) and, in particular, reviewing them so that the main risks are properly identified, managed and disclosed.	Reporting to the Board of Directors on its activities over the course of the year and monitoring application of the Risk Control and Management Policy. Analysing, at least once a year, the continued validity of the risk map and adding, modifying or eliminating risks as a result of changes at the organisation or in its business environment.		
Board of Directors	Approval of the Risk Control and Management Policy.	Ultimate responsibility for identification of the main risks facing the company and for supervision of its internal control systems.		





Risk Map

Lar España has an **updated Risk Map** illustrating the risks that could potentially affect the company. The risks listed below have been prioritised by Lar España in the wake of this risk mapping exercise, updated annually; in 2020, it managed and monitored these risks adequately and this process will be run on an annual basis in subsequent years:

Main strategic risks

- Outbreaks, epidemics and pandemics
- Political situation and socio-economic factors
- Regulatory changes/legal uncertainty
- Climate change and environmental sustainability

Main operational risks

- Value of buildings
- Health safety of employees, collaborators, clients and visitors at shopping centres and retail parks
- Loss of internal talent
- Cybersecurity and information security
- Modifications to contractual obligations
- Client solvency and credit risk
- Reliance on Investment/Asset Manager

Main financial risks

- Market risk
- Compliance with debt covenants

Main regulatory risks

 Management of requirements of the SOCIMI regime.

The risk monitoring process consists in continuously monitoring the internal and external variables that can help to anticipate or foresee these and other relevant risks for Lar España. Lar España's commitment to environmental issues is worthy of mention. This is evidenced by the fact that when preparing the Risk Map, the risks related to adapting to climate change were among the main risks considered

Response and mitigation plan

The specific characteristics of Lar España and the sector in which it operates make it of paramount importance to correctly monitor and update the various risks to which the organisation is exposed, including tax risks.

The level and frequency of monitoring of the risks identified vary according to how critical they are and the level of effectiveness of the controls currently implemented. Thus, Lar España has defined different scenarios for managing risk:

- Comprehensive analysis of the risks deemed most critical to achieving an adequate degree of control
- Assessment and surveillance of risks deemed as of medium importance to maintaining adequate control as a function of the real level of risk
- Rationalisation and optimisation of the controls applicable to less critical risks



Based on these levels, Lar España has established four strategies in relation to the level of risk assumed in each case:

- Reduction: this involves undertaking response activities designed to reduce the probability of occurrence or impact of the risk, or both simultaneously. This may entail the introduction of new controls or the improvement of existing ones.
- **Sharing**: the probability of occurrence or impact of the risk can be adjusted by transferring or sharing a portion of that risk, for example, by arranging insurance.
- Avoidance: this involves withdrawing from activities that give rise to risk. In this instance, the response to risk is to do away with a business unit or activity, or to decide not to pursue new activities associated with those risks.
- Acceptance: in this case, no action is taken to modify the probability of occurrence or impact of the risk. Risk is assumed at its inherent level as this is deemed appropriate for the activity and the objectives established.

Lar España gives different priorities to the action plans, depending on how critical the risks to be mitigated are, the cost/benefit analysis of the proposed courses of action and the resources available. To this end, the main risks of the organisation are identified and individual risk files are used to document the risks and improve risk monitoring. These files specify the controls in place and the key risk indicators (KRIs) that enable the associated risks to be predicted and/or monitored. In the coming years, the plan is for this ongoing risk management and monitoring process to continue.

Note that the **Audit and Control Committee** analyses the effectiveness of the organisation's risk map at least annually, adding, modifying or disregarding risks, as appropriate, as a result of changes in strategic objectives, organisational structure, emerging risks, prevailing legislation, etc.





3.2 Stakeholder engagement

Introduction

Effective interaction with stakeholders is an element that creates value over the long term. Since 2014, Lar España has been working in a transparent, sustainable manner with the aim of **promoting** an active dialogue with the broad spectrum of stakeholders with whom it interacts.

Thus, Lar España interacts with **financial, social and environmental stakeholders** and has developed a model for engaging with them based on listening to their expectations and providing them with information that satisfies their demands.

Communication with stakeholders is an ongoing process at Lar España. In 2020, the company took a series of steps aimed at **maintaining and enhancing its internal and external relations.**Notable examples of this effort include the creation of the 'Customer Journey' as a tool to understand user needs, the community work carried out at its shopping centres, the investment made in improving accessibility, and a stepped-up level of engagement with investors.



Lar España strives to build stable, enduring relationships with all stakeholders, to which end it engages in a fluid, constant dialogue with them

Methodology

Lar España uses a **management model** that provides a clear view of both stakeholders' expectations and its own corporate objectives. This management model comprises the following phases:

- 1. Stakeholder identification
- 2. Alignment of internal and external expectations
- 3. Definition of shared strategic objectives
- 4. Response to stakeholder expectations
- 5. Review of the communication channels

Identifying the aspects that are of greatest importance to each stakeholder helps Lar España to work towards common objectives by **designing** new dedicated communication channels.



Stakeholder identification

With the goal of aligning strategic and sustainability objectives and stakeholder expectations, Lar España has mapped out the company's internal and external stakeholders. Specifically, it conducted an initial assessment, which is updated annually, to track who its stakeholders are and what they expect from Lar España, analysing each group's specific concerns. This analysis looks at four dimensions: governance, product, environment (environmental and social scope) and employment, all of them viewed from an **internal** (employee) and **external** (external stakeholder) perspective.

The stakeholder groups thus identified are as follows:



EXTERNAL ENVIRONMENT

		->
SOCIAL	ECONOMIC	ENVIRONMENTAL
University and research centres	Investment Manager	Prescribers
Local community	Suppliers	Social and environmental organisations
Users	Investors	Mass media
Tenants and other clients	Competitors	Regulators
	Co-owners	Industry associations
	INTERNAL ENVIRONMENT	
	EMPLOYEES	



Stakeholder dialogue and responsiveness

Lar España responds actively to its stakeholders based on a clear, transparent model. Having duly identified all its stakeholders, it **establishes communication channels in order to gain an understanding of their expectations**. Those expectations are compiled and aligned with Lar España's objectives, such that the Company's resulting actions take into account as many interests as possible and result in **equilibrium visa-vis the various segments of society and the environment**.

The table below sets out the **expectations**, **communication channels**, **common objectives and responses** formulated by Lar España in accordance with the above methodology, to satisfy all of its stakeholders in a balanced manner in social, economic and environmental dimensions.

Responses to social matters:



Stakeholders groups	Communication/ engagement channels	Expectations expressed by stakeholders	Shared objectives	Action/Response to stakeholders
Employees (Employees of Lar España and the Manager, Grupo Lar)	 Open internal communication through personal contacts Whistle-Blowing Channel Career development monitoring meetingschannel 	 Equal opportunities and non-discrimination Career development Safe and healthy environment Work-life balance Transparent remuneration policy Ethics, integrity and compliance 	 Talent retention Equality and non-discrimination Employee skill training Ethics-driven work climate 	 Employee training Remuneration policy based on duties and responsibilities Promotion of an ethics- driven work climate
Local community (Citizens, companies, organisations, municipal authorities)	 Meetings with local organisations ahead of planning Opinion surveys at the shopping centres Deployment of technology to learn about local habits and preference 	 Support for cultural activities Management of the indirect impact on local businesses Fostering of local employment Creation of shared value 	 Integration of assets in local culture and customs Creation of jobs locally Creation of companies locally 	 Asset planning with local culture and customs in mind Fostering of local startups and open innovation Purchasing from local suppliers
Users (Customers, visitors)	 Opinion surveys Feedback channels at the shopping centres and retail parks Satisfaction and quality audits 	 New experiences and services Connectivity and Accesibility Safe and healthy environment Modern and well- 	 Centres that offer unique experiences Attractive centres Accessible and adapted shopping centres Safe and 	 Digital tools for learning about trends and offering the best possible experience Universal Accesibility Certification being deployed across portfolio

designed facilities

Publicity of partner

events and offers

comfortable venues

Hiring of persons with

Use of design and architectural talent at

centres

centres

disabilities at shopping

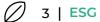
campaigns

contributions

highlighting sector

• Promotion of sector

employee training



sector events

Responses to economic matters:



Stakeholders groups	Communication/ engagement channels	Expectations expressed by stakeholders	Shared objectives	Action/Response to stakeholders
Investment community & management company (Shareholders, banks, analysts, regulators, management company, funds)	 One-on-one meetings Conference calls Roadshows Promotion of and participation in events Dedicated shareholder tab on the corporate website Annual General Meeting Whistle-blowing channel 	 Corporate governance and transparency Business ethics and compliance Risk management Return on investment and share price monitoring Anti-corruption and anti-money laundering ESG / CSR strategy 	 Compliance with best practices in corporate governance Regulatory compliance Annual profitability Continual improvement of ESG performance 	 Code of Conduct Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors Risk management and control Reports: Annual; corporate governance; director remuneration Portfolio appraisals published
Suppliers (Asset managers, services, products, IT, innovation)	 Meetings with suppliers Contract monitoring meetings Attendance at supplier fairs Website contact details 	 Transparent business relations Long-term and safetyfocused vision Risk management 	 Establishment of longterm relationships with suppliers Continuous improvement of the shopping centres Technological innovation 	 Long-term contracts with suppliers Tendering based on transparent criteria
Partners (Tenants, shopping centre employees, maintenance, safety, cleaning staff)	 Digital communication platforms Attendance at sector events by the various brands Contract monitoring meetings 	 Transparent business relations Nimble asset management Partner coordination and balancing Optimal operation of centres 	 Implementation of sales growth strategies Centres run optimally 	 Digital tools for learning about customer trends Digital tool for asset manager-partner communication Web-based platform for showcasing centres to partners
Competitors (REITs, investment funds, managers, developers)	 Promotion of sector events Participation in fairs and sector events 	 Corporate governance and transparency Promotion of sector 	Promotion of sector reputationTalent attraction	 Company and Grupo Lar employee training Social media

image

• Fair competition and

compliance • Stable employment and training

using international

that goes beyond

Sustainability strategy

prevailing legislation

benchmarks





Responses to environmental matters:

communication with

respect to sector

expectations and possible partnerships

Stakeholders groups	Communication/ engagement channels	Expectations expressed by stakeholders	Shared objectives	Action/Response to stakeholders
Community and environmental organisations (NGOs, charities, local organisations, sector associations)	 Creation of events to get the community involved in life at the shopping centres Surveys and information requests Website contact details 	 Developments with a low environmental impact Standardised ESG report Impact managemen and damage redress Cooperation with other firms for the promotion of knowledge sharing 	 Best practices in environmental design Standardised reporting frameworks (GRI / EPRA) 	 Independent certification Verification of information by independent third parties Integrated annual report with sustainabilty information
Regulators (Control bodies)	 Requests for feedback at the planning stages for compliance purposes Diligent planning documentation and approval 	 Corporate Governance and Transparency Standardised ESG report 	 Compliance with regulations Compliance with procedures 	 Analysis of and strict compliance with environmental legislation Internal systems for the collection of environmental information
Authorities (European Union, Spanish government at state, regional and local levels)	 Engagement with governments via sector forums Two-way 	Urban longevityProperty refurbishment and conservation	Urban longevityProperty refurbishment and conservation	 Assessment of the environmental impact of our property developments using international

• Environmental impact •

assessment

mitigation

and nature

Climate change

Management of impact on biodiversity Environmental

Climate change

mitigation

impact assessment



levels)



"Aware of the impact of its business activities on life in urban areas, Lar España embraces the goal of improving the quality of life of citizens, fostering social and economic progress in Spain and **providing sustainable financial returns for investors**. This approach is reflected in the **creation of shared value** and is enshrined in our Sustainability/ESG policy".

Mr. José Luis del Valle, Chairman, Lar España

Lar España has worked closely with all stakeholder groups in 2020. The main actions carried out are described below:

3.2.1 Investors

Lar España believes that investor trust must be earned, not only by offering high-quality products, but also by showing an ability to listen. Consequently, investor communication channels are designed to ensure that shareholders and investors have access to information through two-way communication. To facilitate access to that information, Lar España publishes an **Investor Agenda** as well as performance reports on its website.

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

In 2020, it carried out the following activities with investors:

Lar España is aware that integrating sustainability into the business model is essential in order to create value for both stakeholders and shareholders. Consequently, in recent years appropriate measures based on various international standards have been implemented.

Lar España participates in the annual Global Real Estate Sustainability Benchmark (GRESB),

the environmental, social and good governance (ESG) benchmark for real estate sector assessment. This benchmark places Lar España among the SOCIMIs that apply **best practices** in these areas, an international trend that reduces risk and fosters impact investing.

Furthermore, it uses the EPRA SBPR (Sustainability Best Practices Recommendations) system to report information on a comparable basis. The information is published in this section of the report.

One on Ones Conference Calls Road Shows

345

82

7

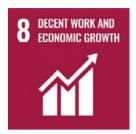
Positive changes of the target price

Analyst recommendations

16

11





3.2.2 Suppliers

The supply chain is an essential aspect of Lar España's activities. For this reason, the company intensifies its commitment to creating shared value with suppliers through high-quality management and transparency. Lar España and its management company enforce strict controls, entering into agreements only with suppliers of acknowledged solvency, and ensuring the existence of internal control mechanisms and standards of conduct for purposes of due diligence.

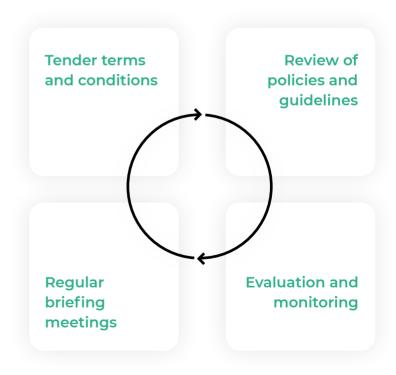
Furthermore, the Company manages its suppliers guided by its Sustainability/ESG policy. This policy guides the company in its interactions with suppliers responsibly and transparently, ensuring that suppliers meet their sustainability commitments vis-à-vis Lar España.

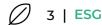
In 2020 as a result of the COVID-19 pandemic, Lar España has redoubled its commitment to **suppliers** in order to mitigate as far as possible the negative impact on the supply chain and to make adequate provision for employee safety.

Certification mechanisms

Lar España is aware of the need to work with other organisations that pursue the same goal: to do business responsibly vis-à-vis all groups, communities and society in general. Consequently, it undertakes to establish control processes within its suppliers to ensure that they comply with legislation and that their conduct reflects Lar España's values.

As of 2020, all new agreements with suppliers contain new clauses that make compliance with diverse aspects of ESG and CSR compulsory. Compliance with the new ESG and CSR clauses is being monitored to ensure that the conditions set out in the agreements are met.





Lar España purchased over €71 M in products and services from its suppliers, thereby creating wealth in the communities where it is present

Analyst recommendations

Monthly Lar España carries out systematic evaluations of the fulfillment of the service levels agreed by contract in the main services, maintenance, security and cleaning.

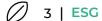
The evaluations take into account aspects related to safety and health at work and the environment. The results of these audits have been completed without qualification.

Local suppliers

Lar España has close links with the communities it serves. For this reason, the overwhelming majority of its 574 suppliers are local companies. The fact that Lar España's activities are carried out throughout Spain makes it a creator of economic wealth and a catalyst for the local economies. Construction of the Lagoh shopping centre took place in 2018 and 2019, resulting in non-recurrent increases in total expenditure in each of those years.

In 2020, Lar España purchased over €71 million in goods and services from its suppliers. The drop in expenditure compared to 2019 reflects the fact that the Lagoh centre was completed and opened during that year.









3.2.3 Customers

For Lar España, customers and users are essential to the growth of its business. Consequently, it places customer communication and satisfaction at the very core of its priorities, thereby offering service quality that meets their expectations and needs. In 2020, as a result of the crisis triggered by the COVID-19 pandemic, Lar España has endeavoured to continue to provide high-quality services that meet customer expectations.

Communications with customers

Because customers are such an integral part of Lar España's business, actively listening to them and maintaining a two-way dialogue is something that is fostered. Through such interaction, Lar España is able to fulfil its customers' needs while also managing to achieve the highest service quality. To this end, several tools are used to promote communications with customers:

- **Protocol to notify** the Property Manager of incidents through a specific email account for "Lar Project incidents", reflecting a commitment to improve communication channels.
- Direct relationship between the Asset Manager in charge of each asset and the asset's lessees.
- Audit of customer services, through which Lar España strengthens the commitment to excellence of the Customer Journey

Customer health and safety

In order to improve product and service quality, the company endeavours to anticipate the needs and demands of its visitors while ensuring their health and safety. Consequently, great emphasis is placed on compliance with basic health and safety regulations through adequate coordination of its business activities, reporting on existing workplace risks and disseminating action protocols to be followed in the event of an emergency.

As mentioned in section 1.2 above, due to the health crisis triggered by COVID-19, Lar España designed several ad hoc action protocols to ensure that its shopping centres and retail parks would be able to reopen under the best possible conditions and that they would meet all health and safety requirements. The action protocols address all the matters necessary to ensure worker and visitor safety, and the design and implementation of the protocols has been audited (on a monthly basis) by SGS, the world leader in process certification.



Customer satisfaction

In 2020 the Company completed the Customer Journey for all the centres in its portfolio. This exercise has enabled it to identify categories of customers and, furthermore, gain a better knowledge of the environment in order to **detect new opportunities** and provide a better customer experience.

This Customer Journey made it possible to tap into users' emotions and discover what their ideal experience would be. This process is explained in greater detail in the section on Innovation and Technology in this report..

Based on the work performed, the results obtained for 2020 were as follows:

Footfall 2020 **63.9 Million of visits**

Footfall indicator in our shopping centres LfL since reopening 2020 vs same period in 2019:

Sales 2020 **696.1**⁽³⁾ **Million €**

Sales performance LfL since reopening 2020 vs same period in 2019:



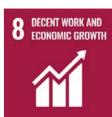
(1) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 31 December 2020: **-21.9%** Lar España footfall and **-33.7%** ShopperTrak Index / (2) ShopperTrak Index / (3) Declared sales / (4) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 31 December 2020 of total sales: **-19.9%**.











3.2.4 Employees

Lar España is an externally managed company. Its sole designated asset manager is Grupo Lar Inversiones Inmobiliarias. Lar's management team currently comprises three **people**, two men and one woman, all of whom have extensive experience in the real estate sector.

Lar's impact on employment

Lar España's activities have a **notable impact on the local economy** and, in general, **on regional employment**, specifically in the communities where the assets are located.

During 2020, it is estimated that **over 17,000 jobs** were created by the assets in Lar España's portfolio.

Employees with disabilities and Universal Accessibility

In 2020, seeking to create a positive impact on society within its communities, Lar España has paid particular attention to increasing the **integration of people with disabilities** at its work centres. This approach is made possible by the fact that the company owns a 100% stake in most of its assets.

Thus, Lar España's centres are being adapted to attain the high standards required under universal accessibility for people with every type of disability. This means that jobs at the centres can subsequently be filled very easily from among a broad range of profiles and people of different abilities. To this end, Lar España has earned ISO 170001 accessibility certification for five of its centres, working together with its asset managers to fill the positions with people of different abilities.

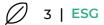
In this context, the company has fostered a **policy** of hiring people with disabilities through the managers of the assets it operates. Lar España will continue to actively channel its efforts into labour and social integration in order to contribute to the communities of which it forms part.

Consequently, 9.1% of indirect jobs at Lar España's centres are filled by people with disabilities above

33%. In Spain, the General Law on the Rights of Persons with Disabilities and their Social Inclusion stipulates that at least 2% of the workforce of companies with more than 50 employees must be employees with disabilities. Although this law does not apply to Lar España, the company amply exceeds the figure stipulated by law.

9.1% of the indirect jobs at Lar España's shopping centres are done by persons with disabilities above 33%.





Performance indicators

The main corporate social indicators in accordance with EPRA standards, which specify matters of relevance to the Company such as diversity, training, employee turnover, health and safety measures and local impact, are as follows:

Area of	EPRA: Sustainability Performance Measures (Social)					
impact	EPRA sBPR code	Unit of measurement	LAR ESPAÑA 2019	LAR ESPAÑA 2020		
Diversity	Diversity-Emp	Percentage of direct employees	Men: 67% Women: 33%	Men: 67% Women: 33%		
	Diversity-pay	Percentage of direct employees	N/A (°)	N/A (¹)		
Rotation	Emp-Turnover	Number and percentage of direct employees	Men: 0% Women: 0%	Men: 0% Women: 0%		
Health and safety		Injury rate (IR), accident severity rate (ASR), absence rate (AR) and work-related deaths for all employees	IR Men: 0 Women: 0 ASR Men: 0 Women: 0 AR Men: 0 Women: 0 O Women: 0 Number of deaths due to accident or illness at work Men: 0 Women: 0	IR Men: 0 Women: 0 ASR Men: 0 Women: 0 AR Men: 0 Women: 0 AR Men: 0 Women: 0 Number of deaths due to accident or illness at work Men: 0 Women: 0 Women: 0		
	H&S-Asset	Number of assets	16 out of 16	14 out of 14 (**)		
	H&S-Comp	Number of incidents	No non-compliance with safety and health regulations has been detected.	No non-compliance with safety and health regulations has been detected.		
Training and Performance	Emp-Training	Average hours of training of direct employees	61 hours	120 hours		
	Emp-Dev	Percentage of direct employees	100%	100%		

Diversity-Emp: Employee diversity by gender at 31 December 2019 and 2020.

Emp-Turnover: Total number and rate of new employee hires and employee turnover (employees who leave the organisation voluntarily or due to dismissal) during the years ended 31 December 2019 and 2020.

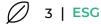
H&S-Emp: Injury rate (IR); lost day rate (LDR); accident severity rate (ASR); absenteeism rate (AR) and work-related fatalities. H&S Asset: Proportion of assets controlled by the company for which health and safety impacts have been reviewed or assessed for compliance or improvement.

Emp-Training: Average annual training hours per employee in 2019 and 2020.

Emp-Dev: Percentage of total employees who received a regular performance and career development review during the reporting period.

^(*) This indicator is not applicable for Lar España as it has only 3 employees.

^(**) It does not take into account the portfolio of 22 supermarkets divested during 2021.



3.2.5 Society

Lar España aims to contribute to human, economic and environmental development, geared towards fostering sustainable development and social progress in the communities where it operates.

Local communities

Lar España's business activities directly generate **economic, business 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.

In maximising the value of its assets, **city and citizens are an inseparable whole** and end-to-end refurbishment and operation of the portfolio implicitly implies specific consideration of and engagement with the local populations where the company operates, looking out for their sustained progress.

Details of the local impact EPRA indicator performance are as follows:



Area of impact	EPRA: Sustainability Performance Measures (Social)			
Area of impact	EPRA sBPR code	Unit of measurement	Lar España 2019	Lar España 2020
Local impact assessment	Compty-Eng	% of assets	100% (16 of 16)	100% (15 of 15)



Lar España uses channels such as pre-project meetings with local organisations, opinion surveys in the shopping centres and technological tools to facilitate a good flow of information between the company and the local community. These information channels allow Lar España to create local employment and integrate the projects with the local culture and customs.

Social action

Lar España's **solid community engagement** effort seeks to reinforce social and economic vitality in the areas in which the SOCIMI operates. In 2020, it carried out a broad range of activities and initiatives in order to work and collaborate with its local communities, notably:

- Over 180 days' worth of community and environmental initiatives at our shopping centres.
- Over 25 NGOs and foundations ollaborated with.
- Over €503,700 earmarked for community collaborations, sponsorships and initiatives.
- Over 12,000 kg of clothing donated.
- Over 270,000 kg of food collected in drives.

The impact of COVID-19 has prevented the company from undertaking the same number of initiatives and collaborations as prior years due to the closure of centres and the restrictions imposed. Nevertheless, the company continues to work on new initiatives within the current situation

See Appendix – Association and sponsorship actions



Activities implemented by the Company

Norte Joven Association



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

- Charity lunches, adapting the format in 2020 in light of the healthcare crisis, facilitating an office delivery service in order to continue the collaboration.
- Assistance from Lar España employees to help the association's members prepare for job interviews.
- Regular financial **donations**.
- Employment (administrative tasks) for Norte Joven students via 6-month long internships.

Collaboration with Aladina Foundation



The Aladina Foundation is a Spanish non-profit organisation which aims to help and support children of all ages with cancer, and their families.

Lar España and the Altamira Lar Foundation are undertaking an ambitious project to **completely refurbish the paediatric haematology and oncology rooms of Hospital Virgen del Rocío (Seville)**, a leading centre in Spain for children's oncology. The project is called "A new unit full of colour and fun for children of all ages with cancer in Seville".



Collaboration with Cáritas



Lar España Real Estate, as part of its firm commitment to help local communities with the health crisis triggered by COVID-19, reached an agreement with Cáritas to support a project helping the most vulnerable families hit hard by the pandemic.

The overriding objective of the project is to **improve** the living conditions of the communities in the catchment areas of Lar España's main assets, engaging the centres' teams and employees in the actions carried out.

Donations totalled €150,000, which will be funnelled through the following shopping centres and retail parks: Albacenter, Portal de la Marina, Ánec Blau, Megapark Barakaldo, As Termas, Las Huertas, El Rosal, Txingudi, Lagoh and Gran Vía de Vigo. This initiative developed with Cáritas is on top of other charitable and social support campaigns championed by Lar España's shopping centres and retail parks during the state of emergency, helping the communities most in need with donations of food, sanitary material, technology, children's food vouchers, etc.

Collaboration with AUARA



Lar España, framed by its commitment to society, entered into an agreement with AUARA, which earmarks 100% of its dividends for the development of **drinking water projects for those most in need**, raising money by selling uniquely designed and sustainable products. To date, they have brought safe drinking water and sanitation to more than 42,000 people, provided more than 34 million litres of water in developing countries and developed 70 infrastructures in 16 countries.

Lar España wants to help it do so, which is why from April 2019 it installed 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 also placed 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.





Lar España and its commitment to the 2030 **Agenda**

Lar España believes it has a duty to contribute to delivery of the United Nations Sustainable Development Goals (SDGs) and 2030 Agenda.

In 2020 the company decided to join the United Nations Global Compact, signing the letter of commitment and aligning its sustainability strategy with the United Nations 2030 Agenda. This demonstrates its steadfast intention to align its activities with the 10 principles universally accepted in the areas of human rights, labour legislation, the environment and anti-corruption, as well as adopting measures to support the objectives of the United Nations set out in the Sustainable Development Goals (SDGs). Apart from working on priority SDGs, the company has promoted the dissemination and awareness of the SDGs through corporate policies.

Lar España's business in 2020 centred almost exclusively on the retail sector, currently operating 9 shopping centres, 5 retail parks and 22 supermarkets. In light of its core business, the company has prioritised the following SDGs, monitoring the actions taken to measure the contribution to each:





- 8 Decent work and economic **growth**: Lar España's business operations enable the creation of local jobs at all of its centres. Its partners and the asset managers themselves employ people from the immediate vicinity and also purchase goods and services from local suppliers.
- 11 Sustainable cities and communities: Lar España is working to achieve BREEAM certification for all of its shopping centres and retail parks. In parallel, it fosters sustainable mobility via access to public transport and the installation of electric vehicle charging stations in its centres.
- 12 Responsible production and consumption: Lar España carries out recycling and used-clothing collection drives at its centres to foster a circular economy culture and best practices
- 13 Climate action: Lar España is working to reduce the emissions from its shopping centres by upgrading its facilities, particularly its HVAC and lighting systems. It is also installing technology at its centres in order to track and reduce energy usage more frequently with greater control.



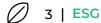
is firmly committed to driving gender equality at the company. For example, it has established female board representation of at least 30%, with the aim of raising this to 40% by 2022. It also factors gender considerations into its

5 Gender equality: Lar España

shopping centre designs.







Lar España's contribution to the Sustainable **Development Goals:**



SDG 1 No Poverty:

- Collaboration with Cáritas to offer help with the negative impacts caused by the COVID crisis.
- Collection of clothing, footwear and toys.
- Free loan of space to NGOs at shopping centres (Cruz Roja, UNICEF, Save the children, ACNUR, etc.).
- Drive to collect basic goods for the O Berbés "Casa Caridad" NGO.



SDG 2 Zero Hunger:

• Food collection drives, including.

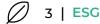
Campaigns with Banco de Alimentos. Highlights include As Termas' 10,655kg food drive for the Lugo food bank and the donation of 256,500kg by Albacenter.

• Collaboration with NGOs.



SDG 3 Good Health and Well-being:

- Various projects to encourage blood donation, such as the El Rosal centre's "Donar es de cine" campaign and the "#etsimprescindible" blood donation campaign by the Anec Blau centre with Cruz Roja and the Castelldefels municipal council.
- Support for associations to improve the life of people with Down's Syndrome via initiatives such as the hosting of the Vigo Down Association "El Viaje de mi Vida" exhibition and the collaboration with the Toledo Down association: charitable sale of items to raise funds.
- Collaboration with PROVIDA to collect products for mothers and children.
- Sponsorship of basketball, football, karate, padel teams etc.
- Collaboration with sports and fitness entities.
- Raising awareness of healthy lifestyle habits, such as dance.





SDG 4 Quality Education:

- Talent programme (sponsorships) in collaboration with the Altamira Foundation.
- Collaboration with the Norte Joven Association for the provision of scholarships, training and food to students.
- Promotion of educational/ awareness events with local communities in the environmental, social and labour arenas.



SDG 5 Gender Equality:

- Company promotion of gender diversity and equality.
- Target of having female boardroom representation of at least 40% by 2022.



SDG 6 Industry, Innovation and Infrastructure:

- Collaboration with AUARA.
- Water-saving policies at the shopping centres.
- Water-saving awareness campaigns in collaboration with AQUONA.
- Efficient watering systems.
- Reuse of treated wastewater.
- Indigenous plants.
- Taps fitted with presence detectors.



SDG 7 Affordable and Clean Energy:

- ESG plan addressing energy consumption and use of clean energy.
- Lar España consumes renewable photovoltaic energy and possesses the pertinent certified guarantees of origin.
- Development of an Energy Efficiency Plan to be apply by the Company.



SDG 8 Decent Work and Economic Growth:

- Job creation in local communities, thus contributing to local development.
- Application of new ESG and CSR clauses in new supplier contracts.



SDG 9 Industry, Innovation and Infrastructure:

- BREEAM certification and reporting in accordance with the EPRA sBPR.
- Innovation designed to reduce the environmental impact of the company's buildings.



SDG 10 Reduced Inequalities:

- Collaboration with NGOs.
- Hiring of persons with disabilities at the shopping centres.





SDG 11 Sustainable Cities and Communities:

- Participation in the Urban Land Institute.
- Electric vehicle charging stations.
- Positive impact on local communities through the company's business activity.
- Encouragement of public transport: use of municipal bikes.
- Increase in the number of centres with UNE-170001 Universal Accessibility certification.



SDG 12 Responsible Production and Consumption:

Implementation of the Waste
 Management Master Plan with the
 overriding purpose of embedding
 circular economy processes at the
 company.



SDG 13 Climate Action:

- Emissions policy at the shopping centres.
- Use of renewable energy (photovoltaic).
- Encouragement of public transport, electric vehicle charging points, etc.
- Increase in emissions reporting to Scope 3.
- Lar España is the only Spanish real estate investment trust (SOCIMI) that has officially registered its carbon footprint with Spain's.
 Ministry of Ecological Transition.



SDG 14 Life Below Water:

• Reduction in plastic consumption.



SDG 15 Life on Land:

 Agreement between the Lagoh shopping centre and Universidad de Sevilla's research unit for the monitoring of the central lake and the associated biodiversity.



SDG 16 Peace, Justice and Strong Institutions:

- Participation in civilian associations.
- Corporate code of ethics.



SDG 17 Partnerships for the Goals:

- Internal communication of objectives, which are included in the CSR plan.
- Deployment of CSR policies at the company.
- Methodology for the correct communication with each stakeholder group.



Lar España is firmly committed to ensuring that its assets are understandable, usable and practical environments for everyone, regardless of their ability



3.2.6 Accessibility

In 2020, Lar España continued to work hard to improve and adapt all of its shopping centres in an attempt to enhance how everyone experiences its facilities. The company's aim is to obtain AENOR's universal accessibility seal at all shopping centres not undergoing refurbishment and secure certification over the coming years for the remaining assets in the portfolio in which Lar España is a majority owner, in the following years.

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.

During 2020 the following activities were carried out:

100% of the portfolio audited in Universal Accessibility

The 14 shopping centres and retail parks that make up the Lar España portfolio have been audited by ILUNION in terms of Universal Accessibility.

50% of the portfolio in the process of certification in UNE-EN170001

Lar España is in the process of obtaining the AENOR seal of Universal Accessibility in 7 of the 14 Shopping Centres and Retail Parks (*) in the coming years: Gran Vía de Vigo, Rivas Futura, Parque Abadía, Albacenter, Ànec Blau, Megapark and Portal de la Marina.

33% of assets already hold certification

In 2020, the company secured **AENOR's Universal** Accessibility certificate for the Lagoh, El Rosal and As Termas centres, which joined VidaNova Parc which was certified in 2018 and Vistahermosa which secured the seal in 2019.

This demonstrates Lar España's commitment to accessibility and facilitating adequate and convenient access for everyone at its shopping centres and retail parks by taking into consideration existing problems.

The goal of Lar España is to ensure equal opportunity so that everyone can access and enjoy all its centres, regardless of the individual's abilities. To that end the company has set itself the goal of securing AENOR's Universal Accessibility certificate for the rest of its assets in the next periods.

Investment of €128,000 to improve accessibility in 2020

In 2020 and in line with its commitment to fostering accessibility at its centres, Lar España has continued to develop the work plan carried out in 2017, in which priorities were set, as was the way to intervene in buildings to make them more profitable, healthy, safe and efficient.

The result has been to differentiate between **urgent**, necessary and recommended measures so as to undertake the most pressing and urgent actions at the centres where Lar España is the majority owner. The investment made in 2020 comes in addition to the €834,000 invested in 2019 and the €113,000 in 2018 and 2017, when the accessibility plan was first drafted

In addition, within the accessibility plan, the figure envisaged in the business plan to continue with the improvements at the assets in 2021 amounts to approximately €315,000 for all centres in the portfolio, a sum testament to the company's ability to continue adding value to its assets, as well as to increasing footfall.



The data relating to Lar España's investment stemmed from the diagnosis conducted in conjunction with **ILUNION Technology and Accessibility**, the **ONCE Group and AENOR** (Spanish Association for Standardisation and

Certification) whose accessibility audits reflect the compliance status of current regulations and propose the necessary actions to obtain **Universal Accessibility certification.** These audits will report three levels of action:



Lowering risks for building users where there are existing accessibility deficiencies in the buildings.



Compliance with current regulations in the buildings under construction and in the buildings in use by adopting reasonable adjustments that allow these regulations to be met (TBC and other regulations).



Evaluation of the possibilities and costs of being certified via the Universal Accessibility Standards a step that would require reaching excellence in this regard.



3.3 Commited to the Environment







Lar España and the Environment

Lar España is mindful of the importance of good environmental management to contribute to a common goal, the fight against Climate Change.

To this end, the company has a <u>Sustainability</u> <u>ESG Policy</u>, updated in the last quarter of 2020, to channel its commitments to improving people's lives and maximising economic progress, while generating a financial return for investors in a sustainable manner. In line with this Policy, the company has developed an **ESG Master Plan**.

With this all in mind, and to meet the needs of society at large, Lar España integrates aspects such as urban development, the design of sustainable cities, responses to demographic shifts and scarcity of shared resources.

At present Lar España is in the process of rolling out its **ESG Master Plan**, which sets down goals and programmes taking into account general and sector-specific standards, as well as the recommendations of the CNMV and stakeholders, the Sustainable Development Goals (SDGs) and the company's priorities.







Evaluations and Awards

Given that Lar España works on building projects, it concentrates its efforts on mitigating the potential impacts on the environment. The company focuses on establishing a series of measures that include subjecting such projects to certification processes in order to quarantee the financial viability and profitability of investments. The company's accolades regarding sustainability include:



GRESB

In 2020 Lar España participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment for the third year in a row. In recent years this has emerged as a benchmark framework for evaluating environmental, social and governance (ESG) performance in the real estate sector. This process benchmarked the company's performance against the previous year, showing a 25% improvement compared to 2019 and a 50% improvement versus 2018. This process also served to continue identifying and acting on new areas for improvement.



FTSE Rusell Global Index

FTSE Russell is an index which measures ESG performance of companies by evaluating information provided to their stakeholders. Companies must meet a variety of environmental, social and governance criteria to be eligible for inclusion.

In 2020 FTSE Russell kept Lar España on its FTSE4Good index based on the results of the independent assessment of its ESG criteria. This confirms Lar España meets the requirements to form part of the index, having demonstrated solid environmental, social and governance practices.

EPRA



In 2020 Lar España obtained the EPRA Gold Award for the third year running for its ESG disclosures and for the sixth year running for its financial reporting. This award recognises the quality of information made available to the main stakeholders. This acknowledgement represents further progress in transparency in this area.









Lar España is committed to using **tools** for rating and certifying its assets in order to improve the sustainability performance of its overall investment portfolio. In 2020 the company continued work on renewing certifications obtained in previous years and improving ratings.





As Termas shopping centre currently has this certification and the company is endeavouring to get all centres certified.



BREEAM CERTIFICATIONS

100% of the shopping centres owned by Lar España and **60% of eligible retail parks** have this certification.



In 2020, following the asset disposals and inaugurations during 2020, 14 of the 15 assets owned by Lar España are potentially BREEAM certifiable, with 12 currently certified (86%).



BREEAM Certifications

All certifications have been verified by an external auditor (see Appendix 6.3) and are in force or have been arranged during the reference year (2020).

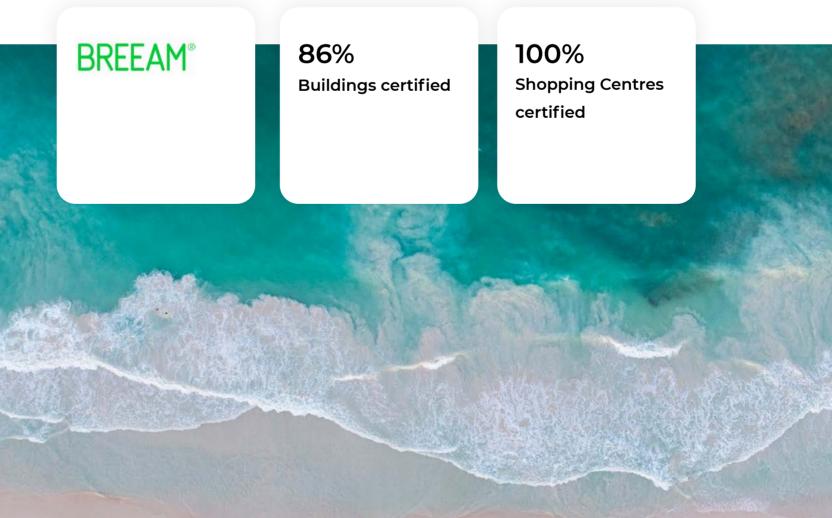
				2019				202
Shopping centres	Status	Rating	Туре	Certified area (sqm)	Status	Rating	Туре	Certified are (sqm)
Lagoh	Certified	Very good	Design	104,625	Certified	Very good	New Construction (P) ⁽¹⁾	104,625
Gran Vía de Vigo	Certified	Very good	In Use	77,190	Certified	Excellent	In Use	77,190
Portal de la Marina	Certified	Very good	In Use	51,222	Certified	Very good	In Use	51,222
El Rosal	Certified	Very good	In Use	101,122	Certified	Excellent	In Use	101,122
Ànec Blau	Certified	Very good	In Use	64,195	Certified	Very good	In Use	64,195
As Termas	Certified	Very good	In Use	10,743	Certified	Very good	In Use	10,743
Albacenter	Certified	Very good	In Use	40,194	Certified	Very good	In Use	40,194
Txingudi	Certified	Good	In Use	5,753	Certified	Good	In Use	5,753
Las Huertas	Certified	Good	In Use	2,802	Certified	Good	In Use	2,802
			_	2019 Certified area	-		_	20 Certified ar
Retail parks	Status	Rating	Туре	(sqm)	Status	Rating	Type	(sqm)
Megapark and Megapark leisure area ⁽²⁾	Certified	Very good	In Use	16,841	Certified	Very good	In Use	16,841
Parque Abadía and	Being			2,655	Certified	\/	In Use	2,655
Commercial Gallery ⁽²⁾	processed			·	Certified	Very good	III OSE	2,033
	Being processed			39,163	Being processed	very good	III USE	39,163
Gallery (2)	Being			39,163 874	Being	very good	111 056	,
Rivas Futura	Being processed Being	Very good	In Use	·	Being processed Being	Very good	In Use	39,163
Gallery ⁽²⁾ Rivas Futura VidaNova Parc	Being processed Being processed	Very good	In Use	874	Being processed Being processed			39,163 874
Gallery ⁽²⁾ Rivas Futura VidaNova Parc	Being processed Being processed	Very good Rating	In Use	874 14,617	Being processed Being processed			39,163 874 14,617

⁽¹⁾ The BREEAM® certification for New Construction is P (Provisional) until the final delivery of the works and installations and D (Definitive) once the process is completed.

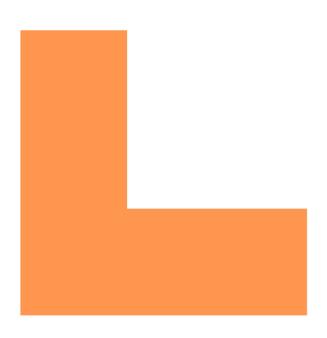
⁽²⁾ Certifications relate to asset areas over which Lar España has operational control.

- Of the 9 shopping centres owned by Lar España, 8 have BREEAM In-Use certification and 1 has BREEAM New Construction provisional certification, which will become BREEAM In-Use certified on 26/09/2021 after 2 full years of operation.
- Of the 5 retail parks, 3 have BREEAM In-Use certification, 1 is in the process of being certified and I could not be certified this year as it completed 2 years of operation on 27/09/2020.

BREEAM-certified buildings



As part of its **Renewal Plan**, Lar España has already started the certification process for all the retail parks in the portfolio, with the aim of having **all portfolio assets BREEAM certified** in 2021. In addition to renewing its certification, the Megapark retail park improved its rating in the second part of the certification relating to building management, going from "Very Good" to "Excellent".





Overall measures

Certification figures for 2020

Area of Impact		EPRA Sustain Performance M		TOTAL LAR ESPAÑA ASSETS						TOTAL LAR ESPAÑA RETAIL						R ESPAÑA ICES
EPR				ABSOLUTE MEASURES (Abs)		CHANGE (LfL)			MEAS	DLUTE SURES bs)	CHANGE (LfL)			MEAS	DLUTE SURES bs)	CHANGE (LfL)
	EPRA code	Unit of measurement	Indicator	2019	2020	2019	2020	Like for like change (%)	2019	2020	2019	2020	Like for like change (%)	2019	2020	Like for like change (%)
Cerificacition (No.	Number of assets within boundary	12 out of 15	12 out of 14	11 out of 14	12 out of 14	-	11 out of 14	12 out of 14	11 out of 14	12 out of 14		l out of l		
	Cert-Tot	sqm	BREEAM certification	498,089	491,958	489,303	491,958	0.5%	489,303	491,958	489,303	491,958	0.5%	8,786	0	_
		%	Percentage of assets with BREEAM certification	80%	86%	79%	86%	7.1%	79%	86%	79%	86%	7.1%	100%	100%	-

Verified by the external auditor as per Appendix 6.3.









Application of the precautionary principle

As described in previous sections, the company manages its activity taking into consideration the possible effects on the environment. In this regard, to minimise the potential impact, the company is striving to obtain ISO 14001 certification in all its centres, identifying all possible risks and the related action plans.

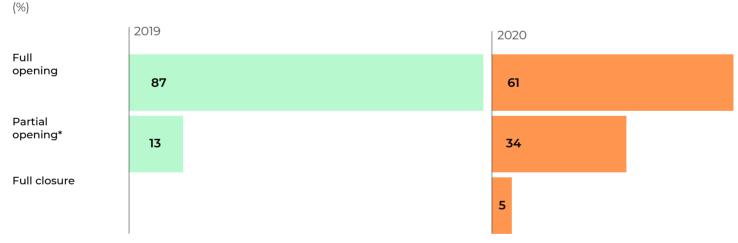
Environmental performance

Context and impact of the COVID-19 pandemic

Against the global backdrop marked by the COVID-19 pandemic, during the period of strict lockdown decreed by the central government, Lar España kept open its shopping centres and retail parks that offer essential services. Subsequently, the company followed the guidelines and restrictions of regional governments in response to the situation in each of the territories under their jurisdiction.

Details of openings and footfall in 2020 versus 2019 are as follows:

Openings



^(*) Public holidays or days with leisure and restaurant activity only.



Bear in mind that **restrictions on capacity** have contributed significantly to the drop in number of visitors, particularly in shopping centres and to a lesser degree in retail parks, resulting in a decrease (LfL) of **-21.9%**. However, the inclusion of the Lagoh shopping centre in Lar España's portfolio in 2020 has softened this fall in absolute terms.

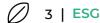
In comparable terms, the **impact of the pandemic on the different regions has been uneven** and it has varied significantly by type of asset. While shopping centres have suffered an average drop in visitors of 29.7%, retail parks have shown an average decline of 16.0%.

The analysis covers all of the assets that were under Lar España's management in 2020.

With respect to the boundary, it is important to note the following:

- The only asset falling within the office category (office building Cardenal Marcelo Spínola, 42), sold on 31 January 2019, is considered for the purpose of including its absolute measures (Abs) in the 2019 vs. 2020 summary table.
- The absolute measures (Abs) also include the environmental performance of the new Lagoh shopping centre during the three months in which it was open in 2019 and the entirety of 2020. However, the like-for-like measures and tables, comparing the assets' performance between 2019 and 2020, only include the assets that were fully operational in 2019 and 2020.





We distinguish between the following ownership regimes:

100% Owned

Properties 100%-owned by Lar España

Lar España reports on the absolute consumption (Abs) of energy and water in its capacity as the owner of 7 shopping centres and 2 retail parks, fully operational and fully owned.

The like-for-like measures exclude 1 shopping centre (Lagoh) as it was not open during all of 2019.

Information is included on the supply of electricity, thermal energy and water billed to tenants. Scope 3 GHG emissions, which are reported for the **first** time this year because there are complete data sets for 2019 and 2020, are deducted from the calculation of energy billed to tenants.

This report does not include consumption of energy that is purchased directly by the tenants as the company does not yet meter their consumption. It continues to work, however, on obtaining that data.

Co-owned

Properties co-owned by Lar España

The environmental performance of the assets **co-owned** by Lar España: 2 shopping centres (Huertas and Txingudi) and 3 retail parks (Megapark, Abadía Parque and Rivas Futura), in which Lar España does not have full authority to introduce and apply its sustainability policies, due to the existence of jointlyowned areas, is reported on in the same manner as outlined above. Lar España does, however, directly influence the adoption of sustainability and energy efficiency measures at these properties.

Corporate office

Corporate office

Lar España leases two storeys of an office building that is not part of its property portfolio (it shares its offices with the management company employees (Grupo Lar). Therefore, the environmental policies outlined in this report can only be applied to a limited extent. In this instance the data is reported as a corporate expense and is therefore excluded from the company's environmental performance calculations.



Environmental Information Management System

In 2020 the company completed the development of its platform for the collection, analysis and dynamic visualisation of environmental performance indicators. Now it is up and running, the platform optimises resource management, improves cost control, sharpens response capabilities in the implementation of corrective measures, and has become an essential tool when developing targeted action plans, allowing Lar España to turn environmental management into one of its main strengths.

This automated information system has been operational since 1 January 2021 and has collected data from previous years for processing and homogenous comparison with future years. The tool was **tailor-made** for the organisation based on the **special characteristics of the assets**, with extensive possibilities for scalability in its analysis capacity.

Unlike other consumption control systems, it is not limited to capturing information in the customer area of supply companies, rather, through the ongoing roll-out of remote measurement hardware in all of the company's assets, it can also discern between the facilities' consumption of energy and water based on the different types of use of these utilities. Lastly, it is worth mentioning that the software and data are the exclusive property of Lar España. It is not licenced, which affords the company a high degree of flexibility in the management and adjustment of information as per its future needs.













Pollution

Air quality

In keeping with the initiatives carried out in 2019, whereby new air filtering technology was installed (active polarisation and SFEG photocatalysis), the company continued with the following lines of action in 2020:

- Air quality audits were put out to tender. The aim is to build a database for each asset and create methodologies to improve current parameters.
- A **pilot study** was conducted to analyse innovative indoor air treatment systems at Parque Abadía.
- Temperature policy: verification that the properties comply with building heating regulations (RITE per the Spanish acronym).
- Polarisation filters have already been installed in centres such as Lagoh.









Circular economy and waste prevention and management

Management approach

Lar España has implemented a Waste Management Master Plan with the overriding purpose of embedding circular economy processes at the company. This objective has been taken on by senior management and has entailed a change in methodology.

The aims during the 2020-2021 implementation phase of the Waste Management Master Plan are:

- Establish Lar España's boundaries of control over the waste generated by its activity, implement contractual clauses and determine the responsibilities of people charged with controlling and reporting data on waste.
- Obtain and track **KPIs** to be included in the disclosures on waste management.
- Implement **measures to obtain information** on waste: protocols for measuring and estimating data, guidelines for collection.
- Brief and train the heads of the shopping centres in the new protocols, procedures and mechanisms for the control and reporting of information.

In 2020 the company identified points of generation and types of waste, collection points in each shopping centre or retail park, and the routes for elimination or recycling.

Verifiable data on waste generation is available for the lion's share of the portfolio, allowing the proportion of estimated waste to be reduced from 38.5% in 2019 to 27.7% in 2020 (LfL).

Progress has been made in assessing the exact amount of total waste produced and the verification of elimination and recovery routes.

This led to a more restrictive definition of the volume of recycled waste, which in 2020 (as opposed to 2019) solely considers certified waste: paper, cardboard and plastics. In the instances in which the company does not yet have verifiable data about urban solid waste generation, the figures are estimated on the basis of the weighted average generation/recycling ratio for Lar España's assets, as in 2019.

Since January 2021 the waste management **reporting procedure** has been in place to obtain more accurate data and other types of waste can now be verified and certified, such as metals, glass, electrical and electronic waste.





Waste generated

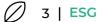
Waste management is verified by means of the corresponding recycling certificates. Waste generation decreased in 2020 in correlation to the fall in business activity, footfall and capacity restrictions. A total of 2,788 tonnes were produced in 2020 versus 4,261 tonnes in 2019, down approximately -34.6% (LfL).

The change in methodology, as a result of the application of the Waste Management Master Plan, has restricted the definition of recycled waste, as explained in the methodology section.

Recycling measures

In light of the new methodology **41.5% of the total waste generated was recycled, compared to 35.3%** in 2019 (calculated under the new system). This represents an improvement of 6.2% versus 2019.

Analysis of the volume of waste generated in absolute terms shows the number of tonnes of recycled waste has diminished by **23.1% (Lfl)** due to the substantial reduction in the total amount of waste generated.



-34.6% Waste generation vs 2019

Overall measures

Waste generation figures for 2020

Area of Impact		EPRA Sustainak erformance Mea		TOTAL LAR ESPAÑA ASSETS						TOTAL LAR ESPAÑA RETAIL						TOTAL LAR ESPAÑA OFFICES			
	EPRA Unit of		ABSC MEASUR			CHANGE (LfL)			ABSOLUTE MEASURES (Abs)		CHANGE	(LfL)	ABSOLUTE MEASURES (Abs)		CHANGE (LfL)				
	code m	measurement	Indicator	2019	2020	2019	2020	Like-for-like change (%)	2019	2020	2019	2020	Like-for-like change (%)	2019	2020	Like-for- like change (%)			
		Tonnes	Waste generation	4,590	4,018	4,261	2,788	-34.6%	4,590	4,018	4,261	2,788	-34.6%	0	0	-			
		Tonnes	Waste recycled	1,541	1,416	1,504	1,157	-23.1%	1,541	1,416	1,504	1,157	-23.1%	0	0%	-			
	Waste- Abs,	%	Waste to landfills	66.4%	64.8%	64.7%	58.5%	-6.2%	66.4%	64.8%	64.7%	58.5%	-6.2%	0	0%	-			
Waste	Waste- LfL	%	Waste recycled	33.6%	35.2%	35.3%	41.5%	6.2%	33.6%	35.2%	35.3%	41.5%	6.2%	0%	0%	-			
		No.	Number of assets within boundary	11 out of 15	11 out of 14	11 out of 14	11 out of 14	-	10 out of 14	12 out of 14	10 out of 14	10 out of 14	-		0 out	ofl			
		%	Proportion of disclosed data estimated	38.5%	32.6%	38.5%	27.7%	-10.8%	38.5%	32.6%	38.5%	27.7%	-10.8%	0%	0%	-			

Verified by the external auditor as per Appendix 6.3



Sustainable use of resources



Water consumption

Management approach

Despite a lower use of sanitary facilities in the shopping centres' common areas for public use as a result of the pandemic and the decline in footfall, the consumption of water for facility cleaning services increased due to the certified cleaning and disinfection protocols put into practice by Lar España from the onset of the pandemic.

Lar España obtains all its water from urban water supply networks, none from wells or surface waters. Since 2019 the company has reported the consumption of sub-metered water billed to tenants, using the criterion "water obtained by the landlord". 100% of the data provided stems from documented metering and has been verified.

The total water consumption is verified based on the amount registered in utility company bills.

The following formula is used to calculate the **intensity** of water consumption:

EPRA indicators officially reported by Lar España.

Intensity, water consumption =

Landlord - obtained water consumption

No. of visitors

Methodology

Given the nature of Lar España's activity (shopping centres and retail parks), footfall is the key performance indicator and the main denominator in the calculation of water consumption intensity.

Data is collected **automatically** from the ShopperTrak SFTP installed in all of the centres except the Rivas and Vistahermosa retail parks, which have different automatic counting systems. Retail parks with vehicle counting systems are harmonised with people counts using conversion factors, which range from 2.2 to 2.3 occupants per vehicle depending on the count controls established by each centre.

The landlord does not provide HVAC services in shopping centres; however, depending on the type of facility, it does supply warm water for use in the tenants' HVAC systems and that water constitutes a substantial portion of the buildings' water consumption.

As this is not the case in all shopping centres and retail parks, it does not make sense to calculate the intensity of water consumption in relation to the common areas sqm: a substantial portion of the water could be consumed by HVAC equipment whose boundary goes beyond common and shared areas.



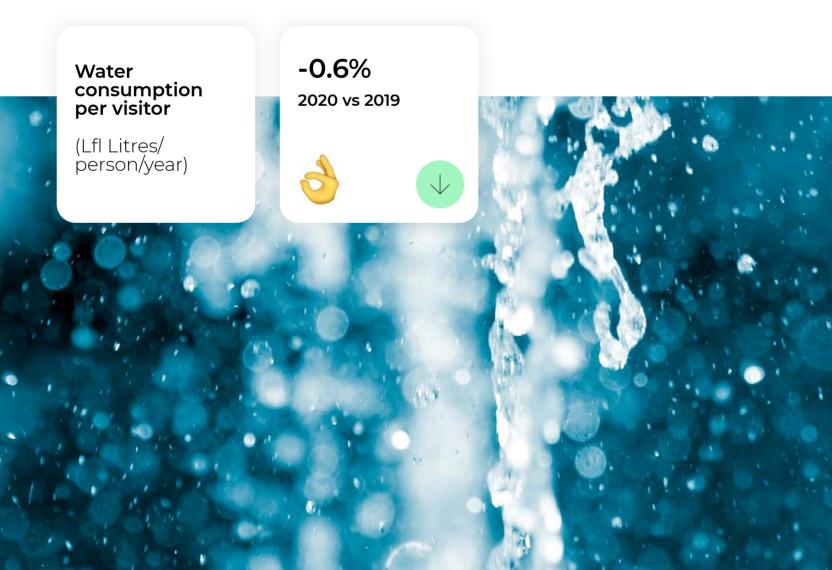


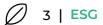
Performance

Despite the exceptional situation, the company managed to significantly control the consumption of water in 2020. In terms of the volume of water supplied (-24.2%), the indicator is consistent with the lower footfall. But the most important thing is that, in terms of intensity, the company has been able to control the impact of the pandemic thanks to initiatives adopted in years past:

- Watering: efficient systems and reuse of treated waste-water.
- Toilets and common areas: fitting of lowconsumption devices.
- HVAC: water filling controls.

and the efficiency measures implemented to deal with the health crisis, registering consumption of 2.4 (litres/visitor), **down 0.6% on 2019.**





Overall measures

Water consumption figures for 2020

Area of Impact		EPRA Sustainab erformance Mea			TOTAL L	AR ESPAÑ	ÑA ASSET	s		TOTAL	LAR ESPA	λÑA RETA	AIL	TOTAL LAR ESPAÑA OFFICES			
	EPRA code	Unit of measurement	Indicator	ABSOL MEASURE		CHANGE (LfL)			ABSOLUTE MEASURES (Abs)			CHANGE (LfL)			LUTE URES os)	CHANGE (LfL)	
				2019	2020	2019	2020	Like-for-like change (%)	2019	2020	2019	2020	Like-for-like change	2019	2020	Like-for-like change	
	Water-Abs, Water-LfL	m ³	Water consumption in common parts areas (N)	194,721	184,835	178,564	135,341	-24.2%	194,576	184,835	178,564	135,341	-24.2%	145	0	-	
			Consumption sub-metered to tenants (O)	85,871	69,644	73,663	50,152	-31.9%	85,726	69,644	73,663	50,152	-31.9%	0	0	-	
Water			m ³	Water consumption intensity per visitor in the retail segment and per employee in office segment (P=N-O)	108,851	115,191	104,901	85,190	-18.8%	108,851	115,191	104,901	85,190	-18.8%	145	0	-
		Litres/ person/ year	Water consumption intensity per visitor (N x 1000/ Svisit)	2.50	2.95	2.38	2.37	-0.6%	2.50	2.95	2.38	2.37	-0.6%	1,649	0.0	-	
	Numbe	r of assets withir	n boundary	15 out of 15	14 out of 14	15 out of 15	14 out of 14	-	14 out of 14	14 out of 14	14 out of 14	14 out of 14		l out of l		-	
	Proportio	Proportion of disclosed data estimated			0%	0%	0%	-	0%	0%	0%	0%		0%	0%	-	

Verified by the external auditor as per Appendix 6.3







Direct and indirect energy consumption

Management approach

Energy consumption is one of the most important aspects of Lar España's environmental management. It is measured by considering the intensity of energy consumption, based on the ratio per visitor and year, as requested by EPRA.

Methodology

Given the nature of Lar España's activity (shopping centres and retail parks), **footfall** is the key performance indicator and the main denominator in the calculation of energy consumption intensity

Data is collected **automatically** from the ShopperTrak SFTP installed in all of the centres except the Rivas Futura and Vistahermosa retail parks, which have different automatic counting systems. Retail parks with **vehicle counting** systems are harmonised with people counts using conversion factors, which range from 2.2 to 2.3 occupants per vehicle depending on the count controls established by each centre.

For internal control purposes only, Lar España apportions the intensity of energy consumption in the **common and shared areas of its assets**. The following are excluded: lettable areas and outdoor common areas (gardens, walkable rooftops, openair car parks, etc.) as they are not strictly part of the developed floor areas, per RD 1020 of 25 June 1993.

Total energy consumption is verified based on metered consumption and the documentary support in the form of the invoices paid by Lar España to the power utilities; the nature of the renewable energy purchased by the landlord is also certified.

Data are provided on the intensity of energy use referred to sqm of common areas and per visitor. However, the interpretation of the data requires taking into account the exceptionality of COVID 2019, which distorts the figures.

EPRA indicators officially reported by Lar España:

Landlord-obtained energy
Intensity, energy consumption =

No. of visitors

EPRA indicators provided by Lar España as a control for LfL measures:

Intensity, energy consumption =

Energy used in common areas

Common areas (sqm)

Lar España reports on the total electricity consumed and the renewable photovoltaic energy produced. It reports the energy consumed that derived from non-renewable fossil fuels (natural gas and diesel). None of Lar España's assets use district heating & cooling systems (DH&C-Abs).

100% of the data provided stems from **documented** metering and has been verified.





Renewable energy

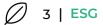
As mentioned previously, Lar España consumes renewable photovoltaic energy and possesses the pertinent certified guarantees of origin, distinguishing in its reporting between consumption in absolute and relative terms. These measures are shown in the table below.

Performance

The company has significantly reduced the consumption of electricity (-16.5%) and fuel (-27.0%).

These percentage decreases are maintained in the energy intensity measure when we apply constant denominators (common areas floor sqm). However, they become increases when applying the denominator Lar España considers to be the most significant for the type of assets it manages; number of visitors/year. This is attributable to the lower footfall seen in 2020 due to the restrictions imposed on capacity, mobility and openings.





The change versus prior years correlates to the impact of the pandemic on the activity of the shopping centres and retail parks. During the period when the shopping centres could only partially open to provide access to essential services, they had to maintain the same conditions in respect of HVAC, lighting, security and services as in a normal day of operations.

However, if we exclude the days when the centres had to fully close, these differences can be attributed to restrictions on opening hours and capacity.

Energy intensity per visitor, which, given the drop in footfall of almost 21.9%, could have increased by almost 20%, is substantially lower (+7.6%) due to the successful energy management measures rolled out by Lar España in all its assets during the health crisis.

Overall measures

Energy consumption figures for 2020

Area of Impact		EPRA Sus	tainability Perfo	ormance Measures		TOTAL LA	R ESPAÑA ASSET	rs			
	EPRA	Unit of			ABSOLUTE ME	EASURES (Abs)	CHANGE (LfL)				
	code	measurement		Indicator	2019	2020	2019	2020	like for like change (%)		
				Consumption of electricity from non-renewable sources (A)	1,919,202	1,386,377	1,901,800	1,386,377	-27.1%		
				Consumption of electricity from renewable sources (B)	20,854,407	24,539,392	19,373,949	16,238,552	-16.2%		
	Elec-Abs,		.	% of common areas electricity consumption from renewable sources	91.6%	94.7%	91.1%	92.1%	1.1%		
	Elec-LfL	kWh	Electricity	Consumption sub-metered to tenants (C)	1,004,534	699,667	1,004,534	699,667	-30.3%		
				Electricity generated and dispatched to the grid	237,327	363,808	237,327	363,808	53.3%		
				Total landlord electricity consumption (D = A+B-C)	21,769,075	25,226,102	20,271,215	16,925,262	-16.5%		
	EPRA- DH&C- Abs	kWh	Energy	Total district heating & cooling consumption	Not applicable. N	lone of Lar España's ([assets have distric DH&C-Abs)	ct heating & cool	ing systems		
Energy			Fuel	Total landlord fuel consumption (E)	2,408,692	2,183,748	1,995,031	1,472,879	-26.2%		
	Fuels- Abs, Fuels-	kWh		Total fuel consumption sub- metered to tenants (F)	53,203	55,396	53,203	55,396	4.1%		
	LfL			Total fuel consumption (G = E-F)	2,355,489	2,128,353	1,941,828	1,417,484	-27.0%		
	Energy-	kWh/ sqm / year	Building end	ergy intensity per square metre H = (D+E)/S sqm	37.7	42.7	41.4	34.2	-17.4%		
	Int	kWh/ visit / year	Building ene	rgy intensity per visitor I = (A+B+E)/S visit.	0.3	0.4	0.3	0.3	7.6%		
		Num	ber of assets wit	hin boundary	15 out of 15	14 out of 14	15 out of 15	14 out of 14	-		
		Propor	tion of disclosed	data estimated	0.0%	0.0%	0.0%	0.3%	-		



Area of												
Impact		EPRA Sustaina	ability Perfor	mance Measures		TOTAL L	TOTAL LAR ESPAÑA OFFICES					
	EPRA	Unit of		Indicator	ABSOLUTE (Al			CHANGE (Lfl	_)	MEAS	URES os)	CHANGE (LfL)
	code	measurement		mulcator	2019	2020	2019	2020	like for like (%)	2019	2020	like for like (%)
		kWh		Consumption of electricity from non-renewable sources (A)	1,901,800	1,386,377	1,901,800	1,386,377	-27.1%	17,402	0	-
				Consumption of electricity from renewable sources (B)	20,854,407	24,539,392	19,373,949	16,238,552	-16.2%	0	0	-
	Elec- Abs,		Electricity	% of common areas electricity consumption from renewable sources	91.6%	94.7%	91.1%	92.1%	1.2%	0.0%	-	-
	Elec-LfL		j	Consumption sub-metered to tenants (C)	1,004,534	699,667	1,004,534	699,667	-30.3%		No da	ta
				Electricity generated and dispatched to the grid	237,327	363,808	237,327	363,808	53.3%	0	0	-
				Total landlord electricity consumption (D = A+B-C)	21,751,673	25,226,102	20,271,215	16,925,262	-16.5%	17,402	0	-
	EPRA- DH&C- Abs	kWh	Energy	Total district heating & cooling consumption	Not appli	cable. None of	Lar España's	assets have di	istrict heating	& cooling s	systems (E)H&C-Abs)
Energy		kWh	Fuel	Total landlord fuel consumption (E)	2,406,919	2,183,748	1,995,031	1,472,879	-26.2%	1,773	0	-
	Fuels- Abs, Fuels-			Total fuel consumption sub- metered to tenants (F)	53,203	55,396	53,203	55,396	4.1%			
	LfL			Total fuel consumption (G = E-F)	2,353,716	2,128,353	1,941,828	1,417,484	-27.0%	1,773	0	-
	Energy-	kWh/sqm/ year		energy intensity per square letre H = (D+E)/S sqm	37.6	42.7	41.4	34.2	-17.4%	27.1	0.0	-
	Int	kWh/ visit / year	Building 6	energy intensity per visitor I = (A+B+E)/S visit.	0.3	0.4	0.3	0.3	7.6%	218.1	0.0	-
		Number c	of assets with	iin boundary	14 out of 14	14 out of 14	14 out of 14	14 out of 14		1 out of 1		-
		Proportion (of disclosed o	data estimated	0.0%	0.0%	0.0%	0.3%	-	0.0%	0.0%	-





Measures taken to improve energy efficiency

After the implementation of the **Energy Efficiency** Master Plan, approved in the last quarter of 2020, the main **objectives** set, which will be rubberstamped by the company, are as follows:

- Foster the application of ESG principles in Lar España's entire portfolio: progressing in the construction of a **new model for responsible** use of energy resources and water.
- Improve energy efficiency: reducing the consumption of energy and water and increasing the efficiency and performance of buildings, without undermining services and quality.
- Change the energy culture: by developing good practices in the use of energy and water, imbuing a long-lasting culture throughout the organisation.
- Contribute to national and international objectives: aligning action with the collective goals regarding sustainability and fighting climate change.
- Obtain independent accreditations and certifications: this indirect objective will provide verifiable proof of the company's progress in the above goals.

Lar España has applied the following measures, inter alia, in its building management with the aim of enhancing the management and reducing the impact of the health crisis on energy consumption:

- **Negotiation** of contracted power, tariffs and energy contracts.
- **HVAC**: adjustments to optimise free-cooling systems and installation of adequate ventilation per health recommendations.
- **Process systemisation**: adaptation of building management systems (BMS) to the new situation

The following programmes from prior years were continued:

- **Lighting**: light and presence sensors, continuation of the programme to replace fluorescent and incandescent lights with LED technology.
- Production of electricity from **renewable energy** systems; installation of photovoltaic solar panels that dispatch to the grid in Albacenter, El Rosal and Vidanova Parc; and geothermal HVAC system in Lagoh.
- Roll-out of a meter network for selective measurement depending on the use of the utilities: electricity, gas and water.
- Evaluation and formalisation of agreements for the installation of electric vehicle charging **stations** in the car parks of the shopping centres and retail parks.





Climate change

Management approach

Lar España is the only Spanish real estate investment trust (SOCIMI) that has officially registered its carbon footprint with Spain's Ministry of Ecological Transition. As well as the reports filed for 2018 and 2019, the company gave the Ministry its **Greenhouse Gas (GHG) Reduction Plan**. The GHG reduction plan will enable the company to align its operations with the emissions-cutting objectives contained in the most favourable scenarios modelled by the Intergovernmental Panel on Climate Change (IPCC) and **demonstrate its goal of carbon neutrality**, as well as its commitments to responsible and sustainable business activity.

Lar España reports on its environmental indicators annually, including the management of its greenhouse gas emissions, in accordance with the SBPR (Sustainability Best Practice Recommendations on Reporting) methodology of the EPRA (European Public Real Estate Association). From 2016 to 2019 this information referred to mandatory Scopes 1 and 2 in the calculation of the carbon footprint, per the Greenhouse Gases Protocol.

In 2020 the company voluntarily expanded this to Scope 3, starting with the fully verifiable information obtained this year, which represents further progress in the company's commitment to the collective fight against climate change.

The data provided for 2019 was calculated by multiplying electricity consumption (kWh) by the corresponding emission factor given by the International Energy Agency (IEA) for Spain.



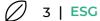
Lar España has made further progress in its objective of reducing GHG emissions in 2020

In 2020 we made progress in normalising the calculations considering the conversion coefficients provided by Spain's Ministry of Ecological Transition (MITECO)⁽¹⁾, the body responsible for proposing and executing the national government's policy for combatting climate change, aligned with the European Union.

Lar España used the same calculation methodology and emission coefficients to register its carbon footprint in 2018, 2019 and 2020 (pending registration).

Lar España has made further progress in its objective of reducing GHG emissions in 2020, undertaking the following actions:

- Continuation of the policy of obtaining electricity from renewable sources with guarantees of origin in all its strategic assets.
- Study and commissioning of pilot project solar photovoltaic energy plants for self-supply in Rivas Futura and Portal de la Marina.
- Conclusion of the process to set the parameters and install the Lagoh shopping centre's geothermal heating system. This system can generate potential energy consumption savings of 35% with respect to a conventional HVAC system.
- Technical and economic study for the implementation of solar photovoltaic energy in all Lar España's strategic assets.



Methodology

The KPI for Lar España is the intensity of GHG emissions and the ratio per visitor and year.

Given the exceptional nature of 2020, data is provided on the emissions intensity relating to the common areas sqm in order to have a constant denominator for 2019 and 2020, since the footfall indicator distorts the LfL measures considerably between the two years:

EPRA indicators officially reported by Lar España:

GHG emissions from the landlord - obtained energy Intensity, emissions = 1000 visitors

EPRA indicators provided by Lar España as a control for LfL measures:

GHG emissions generated by the energy used in common areas Intensity, emissions = Common areas (sqm)



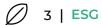


Performance

The declines in energy consumption have entailed a huge drop in Scope 1+2 GHG emissions (-18.9%). Moreover, with the 2019 and 2020 data we can report on the Scope 3 emissions which, at present, refer to electricity and thermal energy billed to tenants. LfL Scope 1+2+3 GHG emissions are down -18.6%.

Regarding Scope 1+2+3, the data on emission intensity correlates to energy consumption, showing the same distortion whether we use common and shared floor areas or number of visitors as the denominator for the emissions.





Overall measures

GHG emission figures for 2020

Area of Impact	EPR	A Sustainability I	Performance	• Measures		TOTAL LA	AR ESPAÑ	A ASSETS	i		TOTAL LA	AR ESPAÑ	A RETAIL		TOTAL LAR ESPAÑA OFFICES			
	EPRA code	Unit of measurement	Indicator		ABSOLUTE MEASURES (Abs)		CHANGE (LfL)				DLUTE RES (Abs)	Cŀ	HANGE (L1	FL)	ABSOLUTE MEASURES (Abs)		CHANGE (LfL)	
	code	measurement				2020	2019	2020	like for like change (%)	2019	2020	2019	2020	like for like change (%)	2019	2020	like for like change (%)	
	GHG- Dir-Abs, GHG- Dir-LfL		Direct emissions (J)	Scope 1 (fuel)	436,676	393,273	360,539	261,485	-27.5%	436,277	393,273	360,539	261,485	-27.5%	400	0	-	
		kg eq CO₂	Indirect emissions (K)	Scope 2 (electricity)	299,075	269,322	294,024	269,322	-8.4%	294,024	269,322	294,024	269,322	-8.4%	5,051	0	-	
	GHG-		Indirect emissions (L)	Scope 3	9,683	10,082	9,683	10,082	4.1%	9,683	10,082	9,683	10,082	4.1%	0	0	-	
	Indir- Abs, GHG- Indir-LfL		GHG emissions (J+K)	Scope 1 + 2	735,752	662,595	654,563	530,807	-18.9%	730,301	662,595	654,563	530,807	-18.9%	5,451	0	-	
Greenhouse gas emission allowance			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	745,435	672,677	664,246	540,889	-18.6%	739,984	672,677	664,246	540,889	-18.6%	5,451	0	-	
		kg eq CO ₂ / sqm/year	per square	sions intensity metre (J+K/S nmon areas)	1.1	1.0	1.2	1.0	-18.6%	1.2	1.0	1.2	1.0	-18.6%	7.7	0.0	-	
	GHG-Int	kg eq CO₂/1000 pers./ year	per 1,000 retail se per emple seg	ns intensity visitors in the gment and byee in office gment visit/1000)	9.5	10.7	8.9	9.5	6.8%	9.5	10.7	8.9	9.5	6.8%	62.0	0.0	-	
		Number of asset	s within bou	indary	15 out of 15	14 out of 14	15 out of 15	14 out of 14	-	14 out of 14	14 out of 14	14 out of 14	14 out of 14		1 out of 1		-	
	Pr	Proportion of disclosed data estimated			0%	0%	0%	0%	-	0%	0%	0%	0%		0%	0%	-	







Protection of biodiversity

Lar España is aware of the importance of biodiversity within its commitments to the environment, and in line with its business strategy, so actions are being carried out such as, for example, a study of the biodiversity of Lagoh, through an agreement between Lagoh and the University of Seville (Research Foundation).

By climate zone

Lar España analyses energy and water consumption and emissions by climate zone, using Köppen-Geiger's classification for the Iberian Peninsula (as published by the national meteorology agency, AEMET).



AEMET - Köppen climate classification (1981-2010)





Performance

Despite the distortions caused by the lower footfall as a result of the restrictions on opening hours and capacity, **2020 was a particularly hot year**, which impacted on the use required of cooling systems over the course of the year.

The changes in **electricity consumption,** which is closely related to HVAC, show percentage differences in the consumption of electricity in common areas between 2019 and 2020, since the measures are lower than would be expected from an increase in temperature of approximately 1.0°C on the peninsula in 2020. This was basically due to the lower footfall registered.

The following is worthy of note:

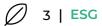
- The difference is particularly stark in the northern plateau, a temperate dry climate (Csb) where electricity consumption is down 16.0%, compared to a 30.1% drop in footfall in assets in that climate zone.
- There is a notable difference in the correlation of consumption and footfall in the Cantabria and Atlantic zones, a temperate - wet climate (Cfb) with declines of 18.8%, and the Mediterranean zone (Csa), down 17.0%, when the footfall in these zones has decreased on average 27.4% and 24.7%, respectively.
- Also worth mentioning is that the southern plateau, an arid - cold climate zone, saw a 13.0% decline in electricity consumption on the back of a 18.6% drop in footfall, although a corrective factor should be applied to this measure due to the higher number of retail parks in this climate zone.

A widespread fall in the **consumption of fuel** used in common and shared areas is seen in all climate zones, down 26.2% on average, in connection with the lower averagae footfall in 2020 (-23.8%) and the full closure on 5% of the days during lockdown.

This is all compatible with a lower use of heating and greater use of cooling due to the temperature **anomaly on mainland Spain of +1.0°C** indicated by AEMET, despite the decline in footfall seen during the year.

Water consumption of assets located in wet climates (Cfb) is slightly lower than average, whereas the readings in the dry continental and Mediterranean climates were above average (2.37 litres/visitor/year).

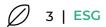
The Bsk climate (arid - dry) is a special case, showing a lower water consumption intensity than expected, as this climate zone has three retail parks that distort the average measures, meaning reduced HVAC needs due to the type of asset (retail parks have virtually no HVAC in common areas).



Performance measures by climate zone

Energy performance and water consumption by climate zone

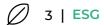
Area of Impact	EPRA Sustainability Performance Measures INFORMATION BY CLIMATE ZONE								
	EPRA code	Unit of measurement	Indicator		2019	2020	Like for like change (%)		
				Landlord-obtained electricity from non- renewable sources (A)	1,901,800	1,386,377	-27.1%		
				Landlord-obtained electricity from renewable sources (B)	19,373,949	16,238,552	-16.2%		
	Elec-Abs, Elec-LfL	kWh	Electricity	Consumption sub- metered to tenants (C)	1,004,534	699,667	-30.3%		
				Electricity generated from renewable sources and dispatched to the grid	237,327	363,808	53.3%		
				Total landlord electricity consumption (D = A+B+C)	20,271,215	16,925,262	-16.5%		
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption		No data		\rightarrow	
Energy				Total landlord-obtained fuel (E)	1,995,031	1,472,879	-26.2%		
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Fuel consumption sub- metered to tenants (F)	53,203	55,396	4.1%		
				Total landlord fuel consumption (G = E-F)	1,941,828	1,417,484	-27.0%		
	kWh/sqm/year Intensity of energy used in common areas per sqm H = (D+E)/Sm ²				41.4	34.2	-17.4%		
	Energy-Int	kWh / visitor / year	Building energy intensit	0.31	0.33	7.6%			
		Number of as	ssets within boundary	14 out of 14	14 out of 14				
		Proportion of e	estimated energy data	0.0%	0.3%				
	GHG-Dir-Abs, GHG-Dir-LfL		Direct emissions (J)	Scope 1 (fuel)	360,539	261,485	-27.5%		
	GHG-Indir-Abs,	kg eq CO₂	Indirect emissions (K)	Scope 2 (electricity)	294,024	269,322	-8.4%		
			Indirect emissions (L)	Scope 3	9,683	10,082	4.1%		
	GHG-Indir-LfL		GHG emissions (J+K)	Scope 1 + 2	654,563	530,807	-18.9%		
Greenhouse gas emissions			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	664,246	540,889	-18.6%	\rightarrow	
3	GHG-Int	kg eq CO ₂ / sqm / year		square meter (J+K/S m² on areas)	1.2	1.0	-18.6%		
	GIIG IIIC	kg eq CO₂/1000 pers./ year	Emissions intensity per visitor (M/ Svisit/1000)		8.9	9.5	6.8%		
		Number of as	sets within boundary		14 out of 14	14 out of 14			
		Proportion of	estimated GHG data		0.0%	0.0%			
			Landlord-obtained w	ater consumption (N)	178,564	135,341	-24.2%	\rightarrow	
	Water-Abs, Water- LfL	m³	Consumption sub-m	netered to tenants (O)	73,663	50,152	-31.9%		
Water				ommon and shared areas N-O)	104,901	85,190	-18.8%		
vvaler	Water-Int	Litres / person / year		ensity per visitor (N x 1000/ isit)	2.38	2.37	-0.6%		
		Number of as	sets within boundary		14 out of 14	14 out of 14			
		Proportion of	estimated water data	0%	0%				



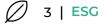
	Area of Impact	Cfb		Csb		Csa			Bsk				
	puet	2019	2020	Like for like change (%)									
		626,671	566,904	-9.5%	490,172	0	-100.0%	0	0		784,957	819,474	4.4%
		7,651,937	6,054,437	-20.9%	4,627,040	4,296,985	-7.1%	3,189,755	2,628,357	-17.6%	3,905,218	3,258,773	-16.6%
		956,108	678,736	-29.0%	0	0		48,426	20,932	-56.8%	0	0	
		0	0		149,248	154,026	3.2%	0	124,909		88,079	84,873	-3.6%
		7,322,500	5,942,606	-18.8%	5,117,212	4,296,985	-16.0%	3,141,329	2,607,426	-17.0%	4,690,175	4,078,246	-13.0%
\rightarrow			No data			No data			No data			No data	
	Energy	787,199	542,695	-31.1%	834,119	675,668	-19.0%	14,261	15,558	9.1%	359,452	238,958	-33.5%
		53,203	55,396	4.1%	0	0		0	0		0	0	
		733,996	487,300	-33.6%	834,119	675,668	-19.0%	14,261	15,558	9.1%	359,452	238,958	-33.5%
		42.4	33.9	-20.0%	51.9	43.4	-16.4%	39.6	32.9	-16.9%	33.3	28.5	-14.5%
		0.42	0.46	9.2%	0.53	0.65	21.3%	0.19	0.20	8.3%	0.20	0.21	3.2%
		3 out of 3	3 out of 3		3 out of 3	3 out of 3		4 out of 4	4 out of 4		4 out of 4	4 out of 4	
		0.0%	0.0%		0.0%	0.0%		0.0%	0.3%		0.0%	0.0%	
		138,522	88,850	-35.9%	152,451	124,389	-18.4%	3,805	4,151	9.1%	65,761	44,094	-32.9%
		125,334	113,381	-9.5%	9,803	0	-100.0%	0	0		158,887	155,941	-1.9%
		9,683	10,082	4.1%	0	0		0	0		0	0	
		263,856	202,231	-23.4%	162,254	124,389	-23.3%	3,805	4,151	9.1%	224,648	200,035	-11.0%
\rightarrow	Greenhouse gas emissions	273,539	212,313	-22.4%	162,254	124,389	-23.3%	3,805	4,151	9.1%	224,648	200,035	-11.0%
		1.4	1.1	-22.4%	1.4	1.1	-23.3%	0.0	0.1	9.1%	1.5	1.3	-11.0%
		12.70	13.62	7.2%	14.54	16.17	11.3%	0.22	0.32	43.2%	8.97	9.64	7.5%
		3 out of 3	3 out of 3			3 out of 3		4 out of 4	4 out of 4		4 out of 4	4 out of 4	
		0.00%	0.00%		0.00%	0.00%		0.00%	0.00%		0.00%	0.00%	
		41,407	29,472	-28.8%	41,139	31,768	-22.8%	46,990	35,511	-24.4%	49,028	38,590	-21.3%
		15,327	8,814	-42.5%	21,732	14,266	-34.4%	26,805	18,804	-29.8%	9,799	8,267	-15.6%
,		26,080	20,658	-20.8%	19,407	17,502	-9.8%	20,185	16,707	-17.2%	39,229	30,323	-22.7%
\rightarrow	Water	1.92	1.89	-1.7%	3.69	4.13	12.1%	2.72	2.70	-0.8%	1.96	1.86	-5.0%
		3 out of 3	3 out of 3		3 out of 3	3 ou	t of 3	4 out of 4	4 out of 4		4 out of 4	4 out of 4	
		0%	0%		0%	0%		0%	0%		0%	0%	

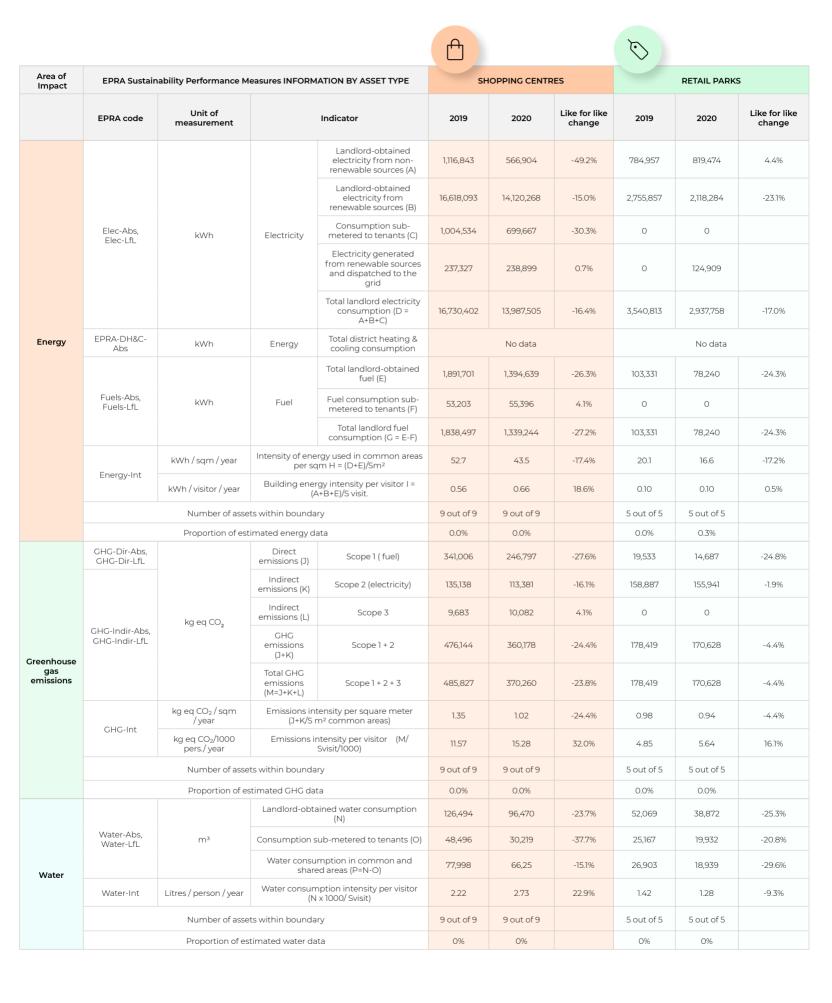






Area of Impact	EPRA Sustainability Performance Measures INFORMATION BY ASSET TYPE							
	EPRA code	Unit of measurement	Indicator		2019	2020	Like for like change (%)	
				Landlord-obtained electricity from non- renewable sources (A)	1,901,800	1,386,377	-27.1%	
				Landlord-obtained electricity from renewable sources (B)	19,373,949	16,238,552	-16.2%	
	Elec-Abs, Elec-LfL	kWh	Electricity	Consumption sub- metered to tenants (C)	1,004,534	699,667	-30.3%	
				Electricity generated from renewable sources and dispatched to the grid	237,327	363,808	53.3%	
				Total landlord electricity consumption (D = A+B+C)	20,271,215	16,925,262	-16.5%	
Energy	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption		No data		
			Fuel	Total landlord-obtained fuel (E)	1,995,031	1,472,879	-26.2%	
	Fuels-Abs, Fuels-LfL	kWh		Fuel consumption sub- metered to tenants (F)	53,203	55,396	4.1%	
				Total landlord fuel consumption (G = E-F)	1,941,828	1,417,484	-27.0%	
	Energy-Int	kWh/sqm/year	h / sqm / year Intensity of energy used in common areas pe sqm H = (D+E)/Sm²		41.4	34.2	-17.4%	
		kWh / visitor / year Building energy intensity per visitor I = (A+B+E)/S visit.			0.31	0.33	7.6%	
		Number of as	ssets within boundary	14 out of 14	14 out of 14			
		Proportion of e	estimated energy data	0.0%	0.3%			
	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO₂	Direct emissions (J)	Scope 1 (fuel)	360,539	261,485	-27.5%	
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect emissions (K)	Scope 2 (electricity)	294,024	269,322	-8.4%	
			Indirect emissions (L)	Scope 3	9,683	10,082	4.1%	
			GHG emissions (J+K)	Scope 1 + 2	654,563	530,807	-18.9%	
Greenhouse			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	664,246	540,889	-18.6%	
gas emissions		kg eq CO ₂ / sqm / year		square meter (J+K/S m² on areas)	1.2	1.0	-18.6%	
	GHG-Int	kg eq CO₂/1000 pers./ year	Emissions intensity pe	r visitor (M/ Svisit/1000)	8.86	9.46	6.8%	
		Number of as	ssets within boundary		14 out of 14	14 out of 14		
		Proportion of	estimated GHG data		0%	0%		
			Landlord-obtained w	rater consumption (N)	178,564	135,341	-24.2%	
	Water-Abs, Water- LfL	m³	Consumption sub-metered to tenants (O)		73,663	50,152	-31.9%	
				ommon and shared areas N-O)	104,901	85,19	-18.8%	
Water	Water-Int	Litres / person / year		nsity per visitor (N x 1000/	2.38	2.37	-0.6%	
		Number of as	ssets within boundary		14 out of 14	14 out of 14		
		Proportion of	estimated water data		0%	0%		





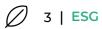


Environmental performance figures for the Lar corporate offices

Lar España leases two storeys of an office building that is not part of its property portfolio (it shares its offices with the management company employees (Grupo Lar).

Shown below are the calculations of performance for energy, gas emissions, water and waste. This data is provided as a corporate expense and is excluded from the calculation of the company's environmental performance.





Area of Impact	EPRA Sustainability Performance Measures										
						Contril	paña Corp bution by paña emplo	the 3 Lar	TOTAL	Lar España Offices	
	EPRA code	Unit of measurement	l:	Indicator		2019	2020	Change Like for like (%)	2019	2020	Change Like for like (%)
				Lar España electricity consumption + shared utilities		5,421	4,099	-24.4%	161,337	93,879	-41.8%
				Consumption sub- metered to tenants			N/A			N/A	
	Elec-Abs, Elec-LfL	kWh	Electricity	Electricity generated and dispatched to the grid	1 of 1	0	0	0.0%	0	0	0.0%
				Total Lar España electricity consumption		5,421	4,099	-24.4%	161,337	93,879	-41.8%
Energy	EPRA-DH&C- Abs	kWh	Energy	Total district heating & cooling consumption	1 of 1	Lar Esp	oaña does i	not use distri	ct heating & cooling (DH&C-Abs)		
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption	1 of 1	0	0	0.0%	0	0	0.0%
		kWh/sqm/year		nergy intensity per uare metre	1 of 1	108.6	72.0	-33.7%	108.6	72.0	-33.7%
	Energy-Int			Building energy intensity per employee		1,807	1,640	-9.3%	1,807	1,640	-9.3%
	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO ₂	Direct emissions	Scope 1	lofi	0	0	0.0%	0	0	0.0%
	GHG-Indir- Abs, GHG-Indir-LfL		Indirect emissions	Scope 2		1,573	820	-47.9%	46,828	18,776	-59.9%
			Indirect emissions	Scope 3	1 of 1	N/A				N/A	
Greenhouse gas emissions			Total	Scope 1 + 2		1,573	820	-47.9%	46,828	18,776	-59.9%
J	GHG-Int	kg eq CO²/m²/año	Emissions intensity per square meter Emissions intensity per employee		1 of 1	31.5	14.4	-54.3%	31.5	14.4	-54.3%
		kg eq CO ₂ / empleado/ año			1 of 1	524.4	327.9	-37.5%	524.4	327.9	-37.5%
	Water-Abs, Water-LfL	m³	Water	consumption	1 of 1	26	14	-45.8%	771	322	-58.3%
		litres / sqm / year		mption intensity per uare metre	1 of 1	0.5	0.2	-52.5%	0.5	0.2	-52.5%
Water	Water-Int	litres / employee / year	Water consumption intensity per employee		lofl	8.6	5.6	-34.9%	8.6	5.6	-34.9%
	Waste-Abs, Waste-LfL	Tonnes	Wast	e generation		No data	No data	-	No data	No data	-
		%	Was	ste recycled		No data	No data	-	No data	No data	-
Waste		%	Proportion	of estimated waste	0 of 1						



3.4 Outlook

Introduction

To achieve its goal of continuing to create shared value, Lar España is **firmly committed to continuing to adopt best practices** in corporate social responsibility (CSR) and environmental, social and governance (ESG) matters.

This commitment is reflected in the numerous actions carried out in 2020.



Global initiatives

GRESB

As indicated in the chapter on environmental initiatives, Lar España participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment for the third year in a row. Noteworthy developments include:

- In 2020, Lar España improved on the previous year's score by 25%, a percentage that rises to 50% if the score is compared to that obtained in 2018.
- Management analysed the company's performance in 2020 compared to the year before, identifying a series of key areas for improvement.
- Looking ahead at 2021, work has been directed at rolling out the following action plans with a view to significantly enhancing our performance on the environmental front: implementation of an energy-efficiency plan; implementation of a waste management plan; and start-up of an automated platform for shopping centres.





EPRA

As described in chapter 2.2, for the **sixth year running**, Lar España received the **EPRA Gold Award** in acknowledgement of the quality of the financial information reported by the company.

In addition, for the **third year in a row**, Lar España received the EPRA's most prestigious accolade, the **Gold Awar**d, for its **corporate social responsibility** reports for investors. This award represents international recognition for the quality of the reports that Lar España makes available to its stakeholders.

Our main goal for the coming year is to win the **EPRA Gold Award** for financial reporting and for CSR reporting for the seventh and fourth years running, respectively.

FTSE4Good Global Index

In 2020 the global benchmark provider FTSE Russell reaffirmed Lar España's status as a **constituent of the FTSE4Good Index** on the basis of the results of the independent ESG assessment conducted by FTSE Russell. This status is the result of Lar España's having met the requirements for inclusion in the index, evidencing the company's adoption of **environmental, social and governance (ESG) best practices**.

The company's plans for next year include introducing sustainability best practices, reporting on its contribution to the SDGs and improving the quality of reporting to investors so as to remain a constituent of this prestigious index.



Sustainable Development Goals

After identifying the main SDGs that are relevant to its activities and signing the official Letter of Commitment to the United Nations Global Compact, Lar España has defined how it plans to achieve its goals.

Following its adhesion to the UN Global Compact, Lar España undertakes to:

- Report annually on its progress on ESG matters.
- Continue to design and integrate new strategies to improve our contribution to the SDGs.
- Work towards the implementation of the recommendations of the UN Global Compact and the 2030 Agenda, carrying out initiatives and activities aimed at integrating the SDGs into the fabric of the company at all levels.









BREEAM certification

Lar España is committed to participating in green building assessments and certifications to ensure that all of its properties are operated as sustainably as possible.

- 100% of its shopping centres are BREEAM certified, with ratings of "Excellent", "Very good" or "Good".
- In 2020 several certifications came up for renewal. A certification renewal plan is underway to ensure that all of the shopping centres in the portfolio are certified in 2021.
- Following a recommendation by LKS, the company has devised a certification plan for its portfolio of retail parks.
- The company's developments have been designed and built in accordance with specific BREEAM certification quality and sustainability criteria.
- The Lagoh shopping centre currently boasts a provisional BREEAM rating of "Very good" for its sustainable construction. Work is underway to secure full certification.

Environmental certifications

Bureau Veritas renewed Lar España's ISO 14001 certification for the As Termas shopping centre in 2020.

Receiving the ISO certification attests to an effective environmental management system, goals and objectives that are established, reviewed and approved by management, the use of environmental procedures and protocols adapted to the business, and an incident and conformity management system, all of which help the company to achieve its strategic objectives.

In upcoming reports our goal is to confirm that the number of centres earning this certification standard has been expanded.

Data automation at the shopping centres

Over the course of 2020, the company completed the roll-out of its platform for dynamic data analysis and visualisation of resource consumption at its shopping centres and retail parks (water and energy) and the mitigation of their environmental impact (waste management and control of GHG emissions). The data for 2019 and 2020 has already been recorded in this new application, although it only became fully operational on 1 January 2021.

The goal is to obtain more reliable data by eliminating human error, and produce more frequent and standardised reporting. This will in turn provide the departments involved with the analytical capabilities they need to optimise their resources and react in a more timely manner whenever corrective action is needed.

This will allow us to implement corrective measures aimed at enhancing efficiency at the shopping centres in the portfolio, as well as evaluating investments and projects for potential implementation far more objectively.







Implementation of a Waste Management Plan

Following intense internal and external analysis, the **Waste Management Plan** was completed in 2020.

The main **objectives** of the plan are as follows:

- To improve data control and monitoring.
- To prevent pollution and make more sustainable use of resources.
- To promote the circular economy, in accordance with the principles of 'reduce' and 'reuse'.

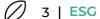
The **next step will be to optimise** the collection, transport and treatment of the waste generated by the assets.

Implementation of an Energy Efficiency Plan

During the past year, the **Energy Efficiency Plan** has been developed in accordance with the objectives of the global strategy, focusing on boosting efficiency, earning certifications more easily and cutting costs.

The next steps, after the roll-out of the data automation platform, will be to conduct energy efficiency **audits** of assets, these being compulsory every four years, and to **monitor** compliance with energy efficiency objectives and the implementation of measures related to portfolio assets.









Carbon footprint analysis

In 2018 and 2019 Lar España recorded its carbon footprint Scope 1 (direct) and Scope 2 (indirect) carbon emissions in the emissions databases of the MITECO (Spanish Ministry for the Ecological Transition). The registration process involved compiling emissions data, completing the Ministry's calculator and drawing up a Reduction and Improvement Plan to be implemented over the coming years. The calculation of emissions was verified by AENOR, an independent third party, under ISO 14064. Currently, only 10% of companies record their Scope 3 emissions. Lar España is the first listed SOCIMI recognised by the MITECO.

The next steps will be to continue with the Reduction Plan. Under the terms of the plan, the energy consumed by all the assets must be renewable, and emissions must be offset domestically and internationally. Other actions are also planned with the aim of shrinking the carbon footprint:

- Setting up renewable energy installations for own consumption
- **Energy consumption control automation** using a telematic measurement program and energy consumption breakdowns, which enable us to implement corrective measures while affording greater control and reactivity.
- Implementation of predictive maintenance programmes
- Gradual replacement of equipment by more efficient machines.
- Proactive inspection protocols for air conditioning equipment to avoid coolant leaks (highly polluting).
- Planning of carbon offset to compensate for emissions generated once all of the aforementioned actions have been taken.
- Energy supply contracts with guarantees of origin to reduce emissions by approximately 12.5%.

Sustainable mobility projects are also currently underway, and the following measures have already been put into place:

- Electric vehicle charging stations.
- Shared mobility and bicycle lanes.
- Enhanced pedestrian access to the shopping centres and in the surrounding areas.
- Campaigns encouraging the use of public transport, bus stops and taxi ranks.
- Bicycle, scooter and motorbike parking, designated parking for families and emergency vehicles located close to the main entrances, and guided parking.
- Vertical mobility: fitting of elevators.







Renewable energy

Lar España has performed a **benchmarking exercise and issued requests for tender** from several photovoltaic panel suppliers, finally settling on POWEN.

The first two photovoltaic pilot schemes, in **Rivas** Futura and in Portal de la Marina, have already been approved.

Next steps will include completing the installations in Rivas and Portal de la Marina, performing a complete portfolio review of the portfolio with KPMG in order to analyse and select the best strategies to implement, review and negotiate contracts, and monitoring and conducting a progress study of the pilot schemes.

Green clauses in leases

As a mark of its commitment to uphold CSR principles among suppliers and tenants, Lar España applies strict standards for associates, working only with renowned suppliers that can certify their internal monitoring processes and codes of conduct to ensure compliance with due diligence requirements along the entire value chain.

Environmental and social commitment clauses have been included in the lease agreements at Lagoh, with reference to work on the individual leased premises. **Their inclusion in other contracts is underway** and is being monitored with a view to implementing them in the future.

Suppliers are monitored to ensure compliance with these clauses









Employees and Society

Accessibility

Lar España is firmly committed to promoting social integration and is working to achieve and maintain **high accessibility standards via people-centred design**. Noteworthy developments include:

- Earning the International Symbol of Accessibility at each and every one of its centres, which is Lar España's main goal.
- Currently, 100% of the portfolio has undergone a universal accessibility audit.
- In the second half of the year the following assets were awarded AENOR Universal Access seals certifying the UNE 17001 standard: Lagoh, El Rosal and As Termas, in addition to previously certified assets Vistahermosa and Vidanova Parc. Currently seven assets in the portfolio are awaiting UNE 17001 certification.

Commitment to society

As previously discussed, Lar España endeavours to contribute to society by **generating a positive impact**. Consequently, numerous projects involving social initiatives are underway.

Furthermore, in 2020, the harsh conditions imposed by the pandemic required us all, including Lar España, to do our very best in an effort to meet the challenge.

To **improve its social performance and maximise its impac**t, the company will continue to forge ahead along the following lines of action:

- Looking for synergies in each asset by forming valuable connections that will have a positive impact.
- Monitoring the metrics and impact of COVID-19 derived initiatives and campaigns.
- Continuing to forge relationships with local associations so as to provide help in each community according to its needs.

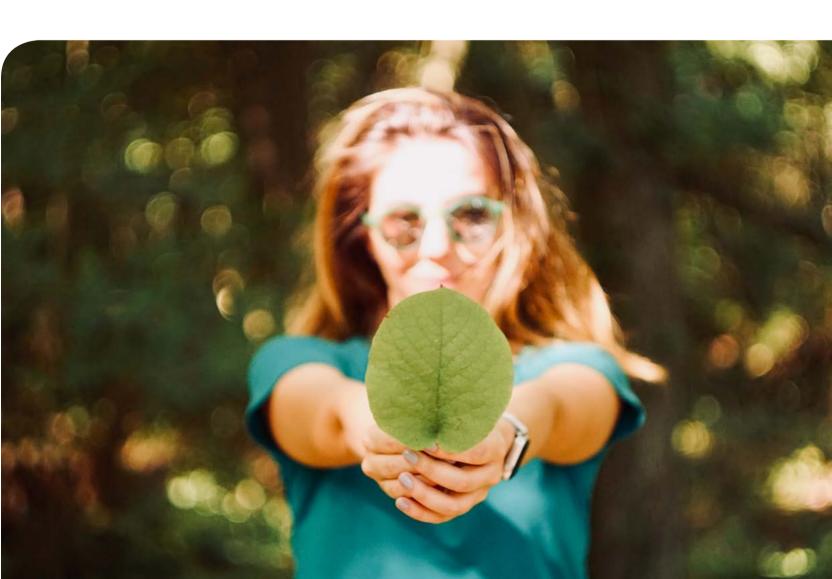
5 assets certificated in Universal Accessibility

Improve its social performance and maximise its impact

Air quality

The company is **committed to improving air** quality and regulating the air temperature. In addition to the advances made in 2020, the company is working on:

- Optimising HVAC systems at the shopping centres so as to reduce energy consumption.
- Analysing **new technologies** for treatment of air quality adapted to the requirements of the properties.



Portfolio

4.1

Portfolio description

p.200

4.2

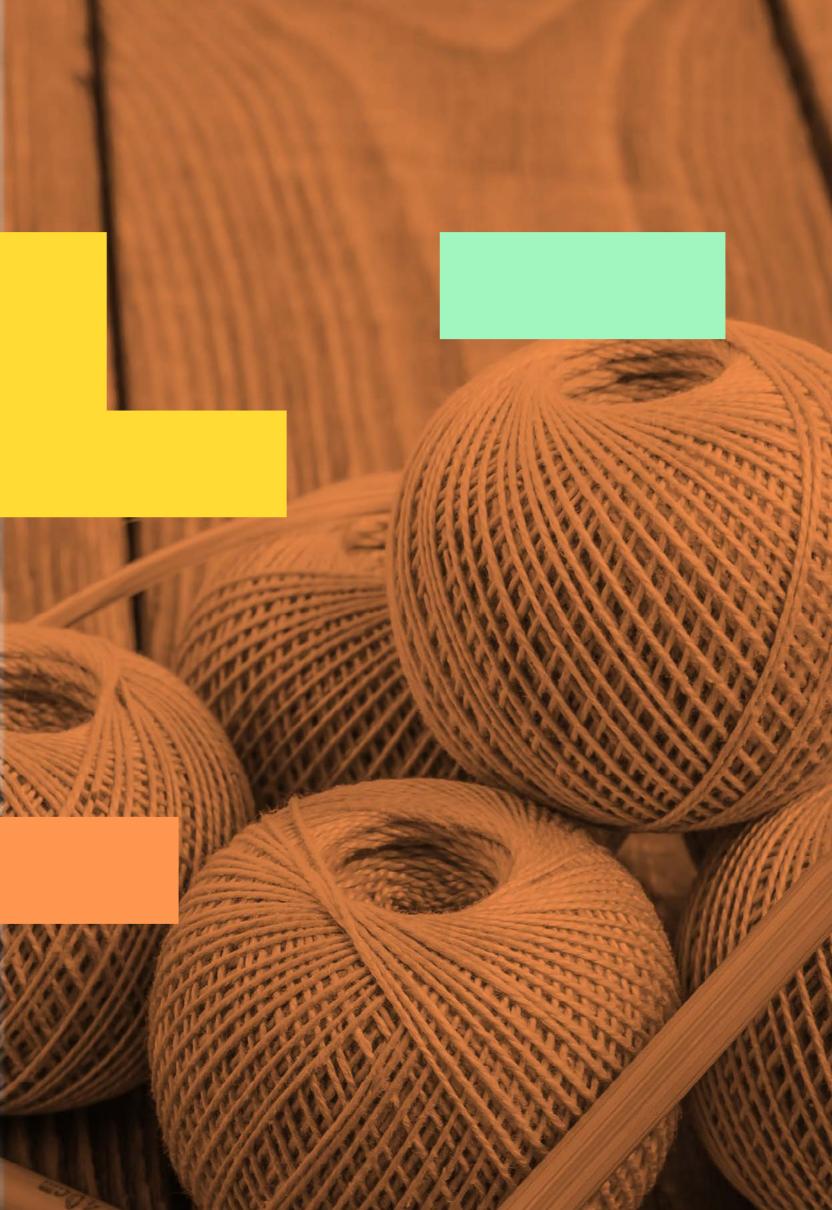
Real estate valuation

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4.3

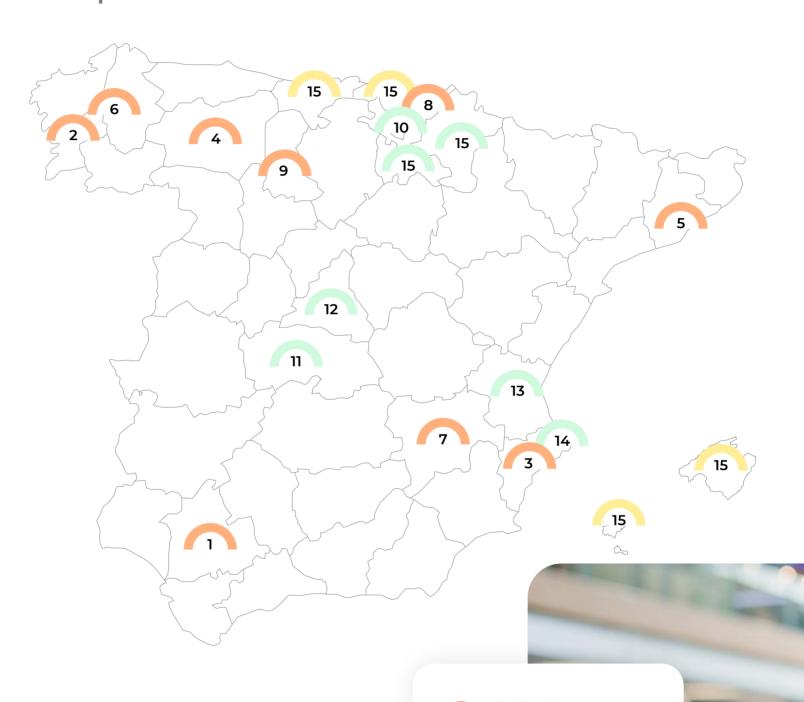
Additional information

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4.1 **Portfolio** description

















Shopping Centres

- 1. Lagoh (Seville)
- 2. Gran Vía (Vigo)
- 3. Portal de la Marina + Hypermarket (Alicante)
- 4. El Rosal (León)
- 5. Ànec Blau (Barcelona)
- 6. As Termas + Petrol Station (Lugo)
- 7. Albacenter + Hypermarket and Retail Units (Albacete)
- 8. Txingudi (Guipúzcoa)
- 9. Las Huertas (Palencia)



Retail Parks

- 10. Megapark + Megapark Leisure Area (Vizcaya)
- 11. Parque Abadía + Commercial Gallery (Toledo)
- 12. Rivas Futura (Madrid)
- 13. VidaNova Parc (Valencia)
- 14. Vistahermosa (Alicante)



Other Retail

15. Supermarkets Portfolio (22 units) (Cantabria, Basque Country, La Rioja, Navarra and Baleares)









Lagoh | Shopping Centre



Location & Profile



Shopping and leisure complex launched 26 September 2019, featuring 200 retail units already let to occupiers (99% physical occupancy rate) and open for business.

Thanks to an excellent location just 4 km from central Seville and within easy reach of adjacent towns and villages, its primary catchment area packs in over 2.5 million people.

Substantial infrastructure investment in the surrounding area has improved access and eased traffic flow, as well as enhancing the entrance routes to the shopping centre.

Investment Rationale



Lagoh offers a shopping and leisure experience unique in Andalusia, combining an unrivalled retail and dining offer, extensive green space, a natural lake and a choice of entertainment to suit all tastes.

It also boasts a superb range of leisure and dining brands, such as Yelmo Cines, Urban Planet, Pause & Play, Muerde la Pasta, Five Guys, La Campana, Grupo Vips, TGB and 100 Montaditos.

A sustainability trailblazer, Lagoh is powered by a system designed to harness renewable energy sources. A rainwater harvesting system is under development, while a network of solar panels provides low-carbon electricity and geothermal technology is used to generate heat, among others.



Asset Characteristics	
Property Name	Lagoh
Property Type	Shopping Centre
Location	Seville
Ownership (%)	100%
Year of Construction	2019
GLA	69.734 sqm
Purchase Date	1 March 2016
Land Acquisition Price	€38.5 million
Price/sqm	N/A
No. of Tenants	149
WAULT	3.6 years
EPRA Vacancy Rate	1.2%







Gran Vía | Shopping Centre



Location & Profile



Shopping centre located in Vigo, the largest city in Pontevedra and the most populated city in the autonomous region of Galicia.

It boasts an urban location and can be accessed on foot from any point of the city. It can also be easily reached by car and public transport, and features 1,740 parking spaces.

Its main catchment area is home to almost 300,000 people, living within 10 minutes of the centre.

Investment Rationale



Dominant shopping centre in its region thanks to its retail mix, premium quality and size.

Wide retail offering, home to leading retailers such as Zara, Massimo Dutti, H&M, Bimba y Lola, Tous, Pepe Jeans, C&A and Carrefour, with 99% physique occupancy at the end of 2020.



Gran Vía de Vigo	Property Name
Shopping Centre	Property Type
Vigo	Location
100%	Ownership (%)
2006	Year of Construction
41.447 sqm	GLA
15 September 2016	Purchase Date
€141.0 million	Acquisition Price
€3,401 per sqm	Price/sqm
121	No. of Tenants
1.9 years	WAULT
2.9%	EPRA Vacancy Rate





Portal de la Marina + Hypermarket | Shopping Centre



Location & Profile



Leading shopping centre in the heart of Marina Alta, the go-to shopping destination for the populations of Denia, Gandía and Calpe, all major

Its catchment area contains more than 320,000 people, and it enjoys direct access from the AP-7 motorway from Valencia and Aliante, toll-free since 1 January 2020.

Investment Rationale



Thanks to high population density in the surrounding area and its bustling tourist economy, it is able to offer a compelling retail mix carefully pitched at local customers and domestic and international tourists alike.

Renovations were carried out over the course of 2019 to give the centre a more up-to-date look and improve the food court area. This work marked the completion of a project begun in 2018.

Strategic acquisition of the hypermarket to gain full control of the adjacent shopping centre.

The centre is home to a wide array of fashion retailers, including the Inditex Group (with its Zara, Lefties, Bershka, Pull&Bear, Massimo Dutti, Oysho and Stradivarius brands), the Tendam Group (with its Cortefiel, Springfield and Women's ecret brands), C&A, H&M, Guess, Levis, Jack&Jones and many more.

This retail mix is further complemented by stores specialising in homeware, beauty and health, culture, gifts and services. The centre also features a varied leisure offering, notably including the Cines Mediterráneo cinema complex, as well as a diverse food court to complement it (including Pans&Company, Cantina Mariachi, Lizarrán, McDonald's and 100 Montaditos).



Property Name	Portal de la Marina
Property Type	Shopping Centre
Location	Alicante
Ownership (%)	100%
Year of Construction	2008
GLA	40.334 sqm
Purchase Date	30 October 2014/ 30 March 2016/ 9 June 2015
Acquisition Price	€89.2 million
Price/sqm	€2,221 per sqm
No. of Tenants	117
EPRA Vacancy Rate	6.1%







El Rosal | Shopping Centre



Location & Profile



Leading shopping centre — the largest in the entire province of León — located in Ponferrada. Its primary catchment area is home to over 200,000 people.

The centre benefits from excellent transport links and direct access from the A-6 motorway

Investment Rationale



As well as a superlative retail mix, the centre offers visitors a range of leisure options and a wide variety of services. Among its operators are household names like Carrefour, Zara, H&M, Group Cortefiel, Mango and Toys R Us, to name a few.

A comprehensive redesign has been carried out to give a fresh look to the seating areas, dining area, terrace and customer service point, all with a view to enhancing visitor comfort.



Asset Characteristics	
Property Name	El Rosal
Property Type	Shopping Centre
Location	León
Ownership (%)	100%
Year of Construction	2007
GLA	50.996 sqm
Purchase Date	7 July 2015
Acquisition Price	€87.5 million
Price/sqm	€1,715 per sqm
No. of Tenants	114
WAULT	2.3 years
EPRA Vacancy Rate	6.6%







Ànec Blau | Shopping Centre



Location & Profile



Located in Casteldefells, Catalonia's premier tourist destination. Just 18 km south of Barcelona, reached via the C-32 motorway.

The shopping centre is nestled in an exclusive enclave just 10 minutes from El Prat airport.

Its main catchment area is home to 400,000 people.

Investment Rationale



Medium-sized shopping centre and the top shopping destination in its catchment area.

The centre boasts such prestigious operators as Zara, Massimo Dutti, Pull & Bear, Levis, H&M and Mercadona (Spain's leading distribution company; this unit was recently extended and remodelled in line with its new retail concept).

The full-scale refurbishment project has now been completed, incorporating a new food court, leisure area and outdoor garden. Anec Blau has been fully renovated, giving the centre a new and modern look, and offering customers a better experience than ever before.

The shopping centre already has a new, completely redeveloped fashion $% \left(1\right) =\left(1\right) \left(1\right) +\left(1\right) \left(1\right) \left(1\right) +\left(1\right) \left(1\right) \left($ court, home to the largest Zara store found in any Catalan shopping centre. This has helped consolidate Anec Blau's position as a standout destination for fashion, leisure and dining.



Property Name	Ànec Blau
Property Type	Shopping Centre
Location	Barcelona
Ownership (%)	100%
Year of Construction	2006
GLA	29.069 sqm
Purchase Date	31 July 2014
Acquisition Price	€80.0 million
Price/sqm	€2,797 per sqm
No. of Tenants	88
WAULT	3.9 years

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2.5 years





As Termas + Petrol Station | Shopping Centre



Location & Profile



Situated in northeast Spain on the northern edge of Lugo, the provincial capital with a population of 350,000.

It is the leading shopping centre in the region, with a large primary catchment area (over 200,000 people).

It enjoys a high-profile setting and easy road access from the N-VI, N-640 and A-6.

The centre benefits from 2,200 parking spaces and a petrol station.

Investment Rationale



WAULT

Medium-sized shopping centre and the top shopping destination in its catchment area.

As an investment opportunity, it offers a highly appealing balance between current return and value uplift potential.

The centre's physical occupancy rate stands at 97%, with major brands such as Media Markt, Zara, C&A, Mango, Sfera, H&M, Stradivarius and Aki Bricolage all represented.

Asset Characteristics	
Property Name	As Termas
Property Type	Shopping Centre
Location	Lugo
Ownership (%)	100%
Year of Construction	2005
GLA	35.127 sqm
Purchase Date	15 April 2015/ 28 July 2015
Acquisition Price	€68.8 million
Price/sqm	€1,959 per sqm
No. of Tenants	76







Albacenter, Hypermarket and Retail Units | Shopping Centre



Location & Profile



Located in the heart of Albacete, Albacenter is the leading shopping centre in the province

Opened in 1996, it was extended in 2004 and refurbished in 2008. In 2018, it was given a complete revamp and work was undertaken to improve access. During 2019, the space formerly occupied by the hypermarket was renovated and divided into four retail units.

206,828 people live within the centre's catchment area.

An urban shopping centre, it is easily reached from the A-31 motorway and offers 1,223 parking spaces.

Investment Rationale



Medium-sized shopping centre and the top shopping destination in its catchment area.

The shopping centre boasts big-name fashion retailers such as H&M, Springfield, Pull & Bear, Bershka and more

In 2019, a renovation project was carried out to divide the hypermarket unit into four individual retail units. The main objective was to provide the centre with an attractive food and leisure offering, with Mercadona and Flipa Jump entering into two of the units.

The final phase of the reform of the former hypermarket offices is currently being completed, with the aim of achieving a larger gross rental area.



Asset Characteristics	
Property Name	Albacenter
Property Type	Shopping Centre
Location	Albacete
Ownership (%)	100%
Year of Construction	1996
GLA	26.310 sqm
Purchase Date	30 July 2014/ 19 December 2014
Acquisition Price	€39.9 million
Price/sqm	€1,431 per sqm
No. of Tenants	58
WAULT	3.0 years





Txingudi | Shopping Centre



Location & Profile



Situated very close to the French border, this shopping centre holds a very secure position within its catchment area thanks to its strategic location.

Its catchment area contains more than 100,000 people; 25% of customers travel from France, and the average spend per person is relatively high.

Not far from San Sebastián airport (EAS), the centre is within easy reach of the French border and enjoys direct travel links with cities including Irún and San Sebastián itself.

Investment Rationale



The centre is anchored by the Alcampo hypermarket, which has been firmly established in the area since 1997 and shares a car park and services with an adjacent retail park.

Txingudi is home to a diverse range of local and international brands, including big names such as H&M, Mango, Kiabi and the Tendam Group (with its Fifty Factory, Women's ecret and Springfield brands), to name but a few. This retail mix is complemented by beauty and health stores, a range of services and a food court.

Txingudi always strives to improve the shopping experience for its customers, hence the renovations in the concourse, as well as making improvements outdoors, while maintaining a wellbalanced retail mix.



, asset Griandoter istics	•
Property Name	Txingudi
Property Type	Shopping Centre
Location	Irún (Guipúzcoa)
Ownership (%)	100%
Year of Construction	1997
GLA	10.712 sqm
Purchase Date	24 March 2014
Acquisition Price	€27.7 million
Price/sqm	€2,735 per sqm
No. of Tenants	51
WAULT	2.2 years







Las Huertas | Shopping Centre



Location & Profile



Located in Palencia, in the autonomous region of Castile and León in northeast Spain.

More than 81,000 people live within the centre's direct catchment area.

The immediate vicinity contains a blend of residential and commercial uses, and as a result 35% of visitors arrive on foot. The centre enjoys a good location, with easy access to the city centre via the A-67 motorway (the main road link between Palencia and Valladolid).

Investment Rationale



Las Huertas is Palencia's only shopping centre; a Carrefour hypermarket provides a strong anchor.

It boasts an appealing range of stores centred around massmarket brands, including prestigious multinational and regional retailers such as Springfield, Deichman, Time Road and Sprinter.



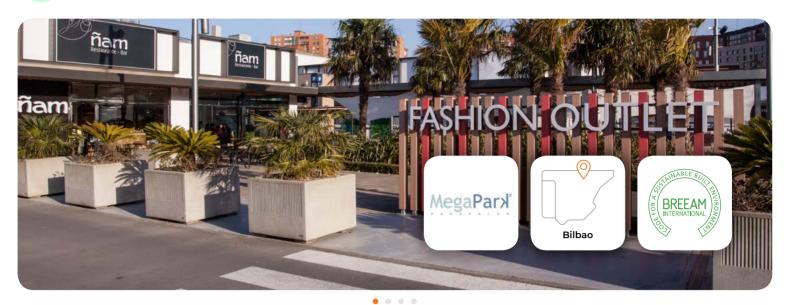
Las Huertas	Property Name
Shopping Centre	Property Type
Palencia	Location
100%	Ownership (%)
1989	Year of Construction
6.267 sqm	GLA
24 March 2014	Purchase Date
€11.7 million	Acquisition Price
€1,867 per sqm	Price/sqm
27	No. of Tenants
1.8 years	WAULT







Megapark + Megapark Leisure Area | Retail Park



Location & Profile





It offers the only outlet centre on the Cantabrian coast (Fashion Outlet), and therefore has virtually no direct competition within its main catchment area, which encompasses parts of the Basque Country, Cantabria, Castilla and León and La Rioja.

Its primary catchment area is home to around 1.85 million people, representing 88% of the centre's customers.

It enjoys a superb location and easy access from the A-8 motorway.

Investment Rationale



Some of the biggest international warehouse brands can be found here, such as Decathlon, Conforama, Media Markt, C.O. El Corte Inglés and Forum Sport.

Fashion Outlet offers a range of exclusive international brands, including Adidas and Reebok, Nike, Skechers, Levis, Puma, Guess, Geox, Pepe Jeans, Calvin Klein and Tommy Hilfiger. An adjoining hypermarket, also owned by Lar España, is occupied by Mercadona (Spain's leading distribution company).

It is the only outlet centre within a 400km radius.

The second phase of the centre's full-scale refurbishment has now been completed. This phase was geared towards improving the entire customer journey, with the aim of creating a truly unique visitor experience. With its fresh look and new spaces, the centre attracted new leisure operators such as On Gravity and Zero Latency.

The leisure and dining zone has attracted leading operators such as Muerde La Pasta, Burger King, Ribs, Tagliatella, Foodo and Juguettos. This zone also offers an 11-screen cinema, operated by Yelmo, which draws in more than 400,000 filmgoers every year.

Asset Characteristics Property Name Megapark Property Type **Retail Park** Location Barakaldo (Bilbao) Ownership (%) 100% Year of Construction 2007 GLA 81.577 sqm 19 October 2015/ Purchase Date 27 October 2017 Acquisition Price €178.7 million Price/sqm €2,143 per sqm No. of Tenants WAULT 2.9 years EPRA Vacancy Rate 6.8%





Parque Abadía + Commercial Gallery | Retail Park



Location & Profile



Retail park located in Toledo, the most popular in its catchment and the largest in Castilla-La Mancha.

Easily accessed and the go-to retail park in the region, attracting people from Toledo and the surrounding provinces.

Its catchment area is home to over 300,000 people who live waithin just half an hour's drive of the retail park, which is located on the Madrid-Toledo motorway, ten minutes from the capital.

Investment Rationale



Dominant shopping centre in its region thanks to its retail mix, premium quality and size

Benefits from an excellent location, can be very easily accessed, and boasts first rate design and visibility

Extensive retail offering, with over 50 stores located throughout the retail park. These are all complemented by the wide variety of products on offer at the Alcampo Hypermarket, Petrol Station and Pharmacy.

Comprises over 50,000 sqm with 2,800 parking spaces (1,200 covered parking spaces).

Strategic acquisition of the retail park's shopping centre in February 2018, giving Lar España full control of the park.



7 to 500 on an along the same	
Property Name	Parque Abadía
Property Type	Retail Park
Location	Toledo
Ownership (%)	81%
Year of Construction	2011
GLA	43.109 sqm
Purchase Date	27 March 2017/ 20 February 2018
Acquisition Price	€77.1 million
Price/sqm	€1,705 per sqm
No. of Tenants	57
WAULT	1.7 years







Rivas Futura | Retail Park



Location & Profile



The property is located in the municipality of Rivas, just ten minutes from central Madrid, in the metropolitan area's fastest-growing locality in terms of population, urban development and business activity.

It boasts excellent road connections, with easy access to the M-30, M-40, M-45 and M-50 motorways and to Calle de O'Donnell, one of the city's main arterial roads. A metro station (line 9) and numerous bus routes running from Madrid provide further transport options.

It is the third-largest retail complex in Madrid and the ninth-largest in Spain.

Almost 400,000 people live within a 20-minute radius of the site.

Investment Rationale



The property is highly liquid due to its prime location, prestigious tenants, lease lengths and retail mix.

With an occupancy rate of 99.2% at the end of 2020, which means an increase of 15.7 basic points versus 2018, its extensive retail offering includes big-name brands such as El Corte Inglés, Media Markt, Conforama, Maison du Monde, Kiabi and Norauto.



Property Name	Rivas Futura
Property Type	Retail Park
Location	Madrid
Ownership (%)	75%
Year of Construction	2006
GLA	36.447 sqm
Purchase Date	6 February 2018
Acquisition Price	€61.6 million
Price/sqm	€1,677 per sqm
No. of Tenants	27
WAULT	3.1 years







VidaNova Parc | Retail Park



Location & Profile



The centre boasts a prized location in Sagunto (Valencia), in a rapidly developing area geared towards tourism and industry

At the end of 2020, 94% of the GLA was let and occupied.

In 2019 he received the award for the best Commercial Park awarded by the Spanish Association of Shopping Centres and Retail Parks.

More than 250,000 people live within the centre's catchment area.

It opened its doors for the first time in 2018 and was the largest retail park launched in Spain during that year

Investment Rationale



The retail park comprises a supermarket and a retail arcade with fashion and service stores. It also includes a retail park, offering stores that specialise in sports, DIY, decoration, homeware, toys, leisure and entertainment and fashion.

Some of the main tenants at the park include Leroy Merlin, Decathlon, Yelmo Cines, Urban Planet, C&A and Worten.

Asset Characteristics	<u></u>
Property Name	VidaNova Parc
Property Type	Retail Park
Location	Sagunto (Valencia)
Ownership (%)	98%
Year of Construction	2018
GLA	45.568 sqm
Purchase Date	3 August 2015
Land Acquisition Price	€14.0 million
Price/sqm	€1,705 per sqm
No. of Tenants	N/A
WAULT	3.4 years







Vistahermosa | Retail Park



Location & Profile



Located along one of the three main roads in Alicante.

It boasts a large catchment area, reaching 450,000 people.

Parque Vistahermosa features unique retailers that cannot be found in other shopping centres in Alicante.

Investment Rationale



Parque Vistahermosa features unique retailers that cannot be found in other shopping centres in Alicante.

Considerable repositioning potential.

Only urban retail park in Alicante.



Asset Characteristics	٥
Property Name	Vistahermosa
Property Type	Retail Park
Location	Alicante
Ownership (%)	100%
Year of Construction	2002
GLA	33.763 sqm
Purchase Date	16 June 2016
Acquisition Price	€42.5 million
No. of Tenants	€1,246 per sqm
No. of Tenants	14
WAULT	4.1 years







Supermarkets Portfolio | Other Retail



Location & Profile



Diversified portfolio of 22 supermarkets operated by Eroski, located in northern Spain and the Balearic Islands.

100% occupied with long-term leases.

Investment Rationale



Off-market purchase at a very attractive price of a diversified portfolio comprising 22 retail units operated by Eroski, 100% occupied, with long-term leases and stable cash flow.

On 23 February 2021, the Company has transferred to European real estate investment fund Blackbrook Capital the supermarkets portfolio, so the asset are no longer part of the Lar España portfolio at the time of publication of this report.

The aforementioned sale represents a capital gain of 24% on the acquisition price paid and an increase of 2.2% over the last valuation of these assets made.



Property Name	Supermarkets Portfolio
Property Type	Retail Warehouses
Location	Cantabria, Basque Country, La Rioja, Navarra and Baleares
Ownership (%)	100%
GLA	27.909 sqm
Purchase Date	27 March 2017
Acquisition Price	€47.6 million
Price/sqm	€1,652 per sqm
No. of Tenants	27
WAULT	10.2 years





Development assets

Real estate assets

Accordance with RICS standards

4.2 Real estate valuation

Introduction

Lar España focuses its business activity on the investment in, and management of real estate assets. Hence, the regular monitoring and valuation of its assets is a key process in order to provide correct financial information to all stakeholders. Hence, Lar España has drawn up a **Property** Valuation Policy, which was approved by the Board of Directors in 2015 and updated in 2018.

Lar España recognises that the valuation of the property portfolio is inherently subjective, and may be based on assumptions that may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market. The company's policy on this subject is designed to mitigate such risks and increase confidence in the prevalence and credibility of external valuations, and will be reviewed by the Board on a regular basis.

In accordance with Lar España's IPO prospectus, the Company will publish an estimate of the Fair Value all of its real estate assets every six months (at 30 June and 31 December of each year) and every three months for development assets or assets under fully refurbishment. The valuation will be undertaken by an independent, external, qualified valuer (Valuer) and who is a Registered Valuer, accredited by the RICS (Royal Institution of Chartered Surveyors).

The valuations are in accordance with RICS **standards** (Valuation – Professional Standards 2012) and are arrived at by reference to market evidence of transactions for similar properties..

The valuations carried out as at 31 December must be full valuations, including a physical inspection of each one of the assets. A physical inspection of each one of the properties may not need to be made (at the Valuer's discretion) when carrying out the valuations at 30 June in the absence of material changes to the asset.





Selection and appointment of the external valuer

Lar España's **Audit and Control Committee** (A&C Committee) is in charge of appointing and overseeing the external Valuers/regulated **Valuers** instructed to carry out the valuation of the Company's real estate assets.

In order to qualify for selection the Valuers must comply with the following:

- Be a qualified Registered Valuer accredited by RICS (Royal Institution of Chartered Surveyors).
- Be able to demonstrate independence and to declare that there is no conflict of interests.
- Be a firm that has a previous track record of valuing properties for companies similar to Lar España.
- Be affiliated to a reputable international firm.

When deciding on the selection and appointment of the Valuer, the European Public Real Estate Association (EPRA)'s Best Practices Recommendations are followed, ensuring that there is no form of conflict of interest in relation to the firms that value the assets. In order to manage potential conflicts of interest that could arise in relation to any of the real estate assets, Lar España will work with at least two different Valuers.

The **Audit and Control Committee** will also decide on two important points related to the valuation of the assets.

- Frequency with which each of the assets should rotate between Valuer.
- Minimum level of professional indemnity insurance to be requested from the Valuers.

In January 2019, Lar España launched a **new call for tenders** aimed at selecting independent property valuers for the period between **2019 and 2021**. After reviewing the various proposals received, and assessing their compliance with the stated requirements, the Audit and Control Committee decided **to retain the current valuers** (JLL and C&W), with some changes to the distribution of assigned assets.





Implementation of the valuation process

The process of completing, approving and publishing Lar España's property valuations is carried out as follows:

Coordinator

Roles

Property Manager



Preparation of information

Asset Manager A

Review the information prepared by the Property Manager

Send this information to the valuers



Review the draft valuations sent by the valuers and confirm that everything is correct

Head Of Business Unit + Corporate Director & CFO



Review the final reports and confirm that they are in agreement with them

Review by the Deloitte Real Estate Department (Lar España's Auditor)

Audit and Control committee



Review and approve the information related to the valuations prior to sending to the Board of Directors



Board of directors



Review and approve the information related to the final valuations

Publication of final valuations along with the regular financial information



221

We also include the valuation certificates issued by the independent external valuers (JLL and C&W) relating to the valuations of the Lar España portfolio as at 31 December 2020:









LAR ESPAÑA REAL ESTATE SOCIMI, S.A

C/ Rosario Pino, 14-16 28020 Madrid

JLL Valoraciones, S.A.

Paseo de la Castellana, 79 – 3ª planta, 28046 Madrid Tel. +34 91-789 11 00 Fax. +34 91-789 12 00

Evan Lester, MRICS
Teresa Martínez, MRICS
Valuation Advisory, Spain
E-mail: evan.lester@eu.jll.com
E-mail: teresa.martinez@eu.jll.com

Mr. Jon Armentia 31st December 2020

Dear Sirs,

According to your instructions, we include the **Valuation Certificate** of the freehold interest of various assets located in Spain belonging to the portfolio of properties of **LAR ESPAÑA REAL ESTATE SOCIMI** as at **31**st **December 2020**. This letter should be considered as an annex of the Valuation Report issued by JLL Valoraciones S.A. for accounting purposes and dated 31st December 2020.

Use	Location	Area (sqm)
Shopping Centre	Lugo	35,127
Shopping Centre		33,127
Petrol Station		2,000
Building Right		2,778
Shopping Centre	Vigo	41,451
Retail Gallery	Palencia	6,267
Retail Complex	Barakaldo (Bilbao)	82,006
Retail Park		44,574
Leisure & Restaurants		18,386
Outlet		19,046
Shopping Centre	Ondara (Alicante)	40,334
Shopping Centre		30,410
Hypermarket		9,924
Retail Gallery	lrún (Guipúzcoa)	10,712
Supermarkets	Several Cities	27,909
	Shopping Centre Shopping Centre Petrol Station Building Right Shopping Centre Retail Gallery Retail Complex Retail Park Leisure & Restaurants Outlet Shopping Centre Shopping Centre Shopping Centre Hypermarket Retail Gallery	Shopping Centre Shopping Centre Petrol Station Building Right Shopping Centre Retail Gallery Retail Complex Retail Park Leisure & Restaurants Outlet Shopping Centre Shopping Centre Hypermarket Retail Gallery Irún (Guipúzcoa)

. . .





Therefore, in accordance with your instructions, we are of the opinion that the Net Market Value of the 100% freehold interest in the above indicated properties, subject to the comments, qualification and financial data contained within our report dated 31st December 2020, and assuming that the properties are free of encumbrances, restrictions or other impediments of an onerous nature which would affect the value, as of the 31st of December 2020 is:

Net Market Value of LAR ESPAÑA REAL ESTATE SOCIMI S.A. Portfolio

670,970,000 Euros

(Six Hundred Seventy Million Nine Hundred Seventy Thousand Euros)

Evan Lester, MRICS

National Director Head of Valuations Corporates/Investors Teresa Martínez, MRICS

Associate Director Head of Retail Valuations Corporates/Investors

For and on behalf of

JLL Valoraciones, S.A.





C/ José Ortega y Gasset, 29 – 6ª planta 28006 Madrid

Tel + 34 (91) 781 00 10 Fax + 34 (91) 781 80 50 cushmanwakefield.es

Jon Armentia

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

C/Rosario Pino, 14-16 8ª planta 28020 Madrid

Our Ref: edm3043

10 March 2021

Dear Jon.

As requested, we set out below our opinion of value from our valuation report dated 1 January 2021, undertaken for financial reporting purposes as at 31 December 2020 in accordance with our Engagement Letter and Standard Terms and Conditions dated March 2019.

The opinion of value stated totalling € 804,520,000 represents the aggregate of the values attributable to the individual properties and should not be regarded as an opinion of value of the portfolio as a whole in the context of a sale as a single lot.

We point out that the total value stated above should be read in conjunction with our full valuation report (of 31 December 2020) and Engagement Letter with its Terms and Conditions, as referred to above, given that our full Basis of Valuation, extent of our enquiries and the assumptions we have made is fully explained therein.

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

Yours faithfully

Signed for and on behalf of Cushman & Wakefield Sucursal en España.

Tony Loughran MRICS

Partner

+34 91 781 38 36

tony.loughran@eur.cushwake.com

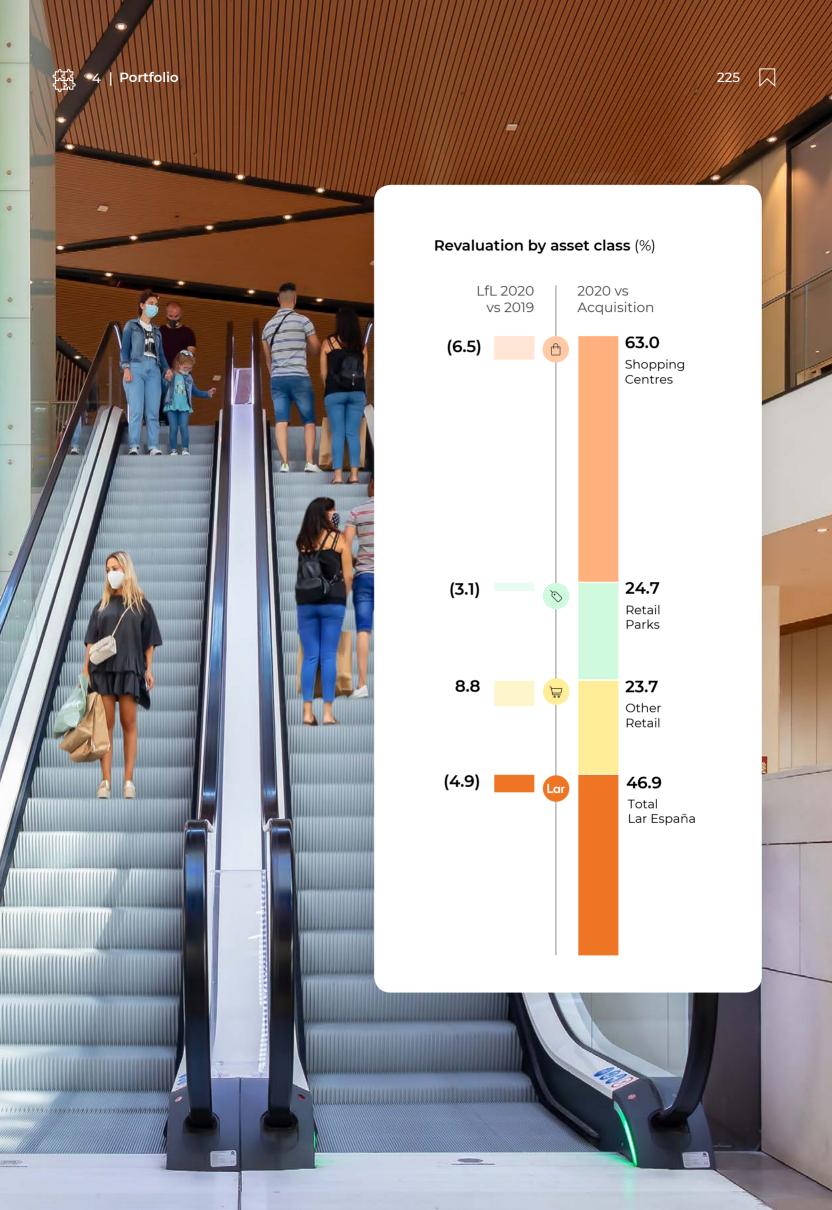
Reno Cardiff MRICS

Partner

+34 93 272 16 68

reno.cardiff@eur.cushwake.com

2.7. Carriel





+46.9% versus the acquisition price

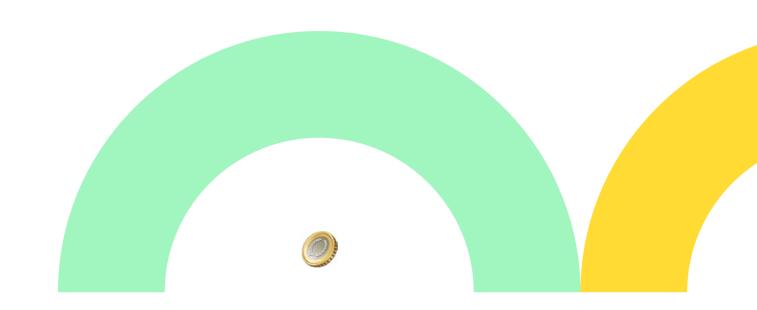
The gross value of Lar España's assets stood at **EUR1,475** million at year-end 2020. The breakdown by asset type and the y-o-y comparison with 2019 is detailed below. The like for like (LfL) value uplift compared with yearend 2019 stands at **negative 4.9%**. Thus, the portfolio's value has climbed 46.9% versus the acquisition price.

Asset Type	Valuer	Acquisition price (Thousands of euros)	Market Value 31.12.2019 (Thousands of euros)
Shopping Centres	C&W: 44% JLL: 56%	584,274	1,018,143
Retail Parks	C&W: 80% JLL: 20%	372,500	479,301
Others Retail	JLL: 100%	47,600	54,120
TOTAL LAR ESPAÑA		1,004,374	1,551,564



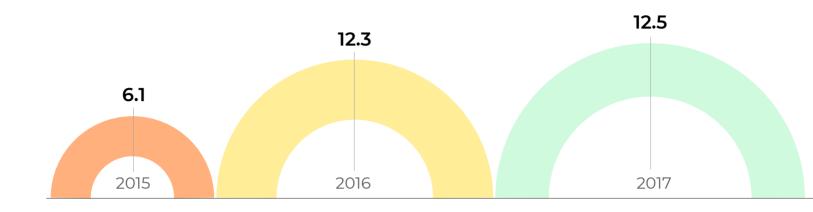
Lar España portfolio's value has climbed **46.9%** versus the acquisition price at 31.12.2020

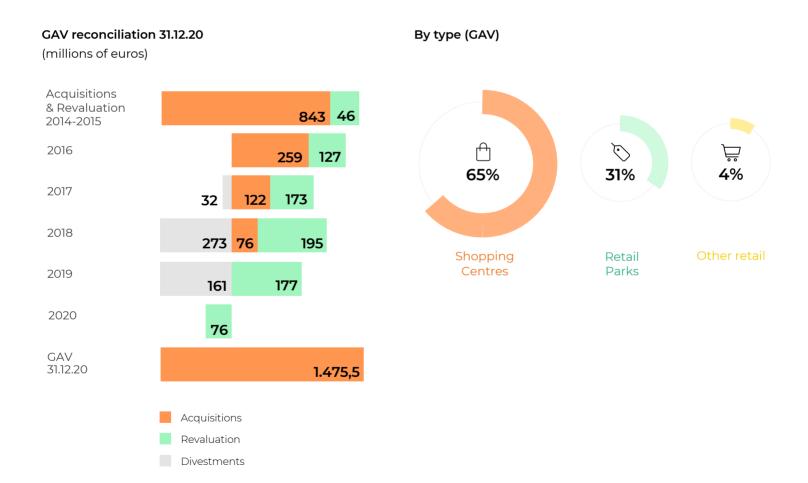
Asset Type	Market Value 31.12.2020 (Thousands of euros)	€/sqm 31.12.2020	Like for Like revaluation (2020 vs 2019)	Revaluation 2020 vs acquisition price (%)	EPRA NIY 31.12.2020
Shopping Centres	952,250	3,072	(6.5%)	63.0%	5.6%
Retail Parks	464,370	1,931	(3.1%)	24.7%	5.8%
Others Retail	58,870	2,109	8.8%	23.7%	6.6%
TOTAL LAR ESPAÑA	1,475,490	2,551	(4.9%)	46.9%	5.7%

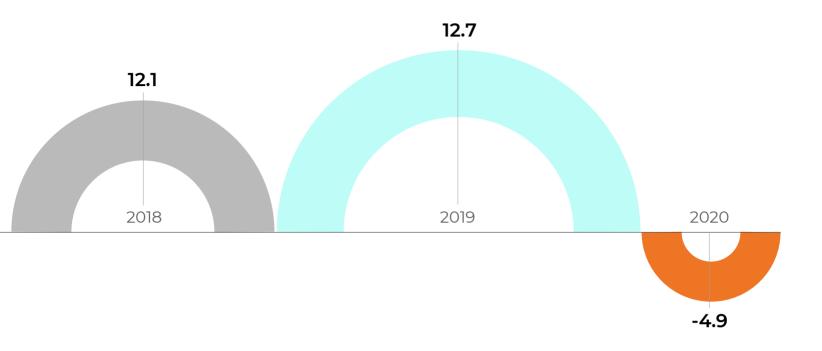




LfL Lar España´s portfolio annual revaluation (%)



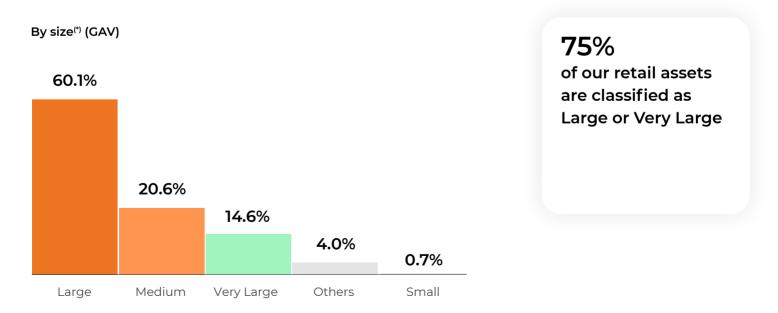




By geography (GAV)

19.8%	18.9%	16.0%	14.5 %	9.9%	7.9%	6.5%	4.5%	2.0%
Andalucía	Basque Country	Galicia	C. Valenciana	C. La Mancha	C. y León	Cataluña	Madrid	Others

Others: Baleares **0.9**% / Cantabria **0.5**% / Navarra **0.4**% / La Rioja **0.2**%





4.3

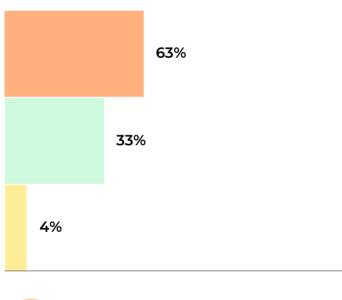
Additional Information

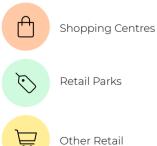
a. Rental Income.

Rental income reached 93,324 thousand Euros during 2020 (versus 81,128 thousand Euros in the same period of the year before), which means an increase of 15% versus the same period the previous year.

The relative weigh of rental income by line of business at 31 December 2020 is as follows:

Rental Income by asset class 2020





The breakdown of **income per asset** type during 2020 is as follows:

Income by Shopping Centre (%)

4.2

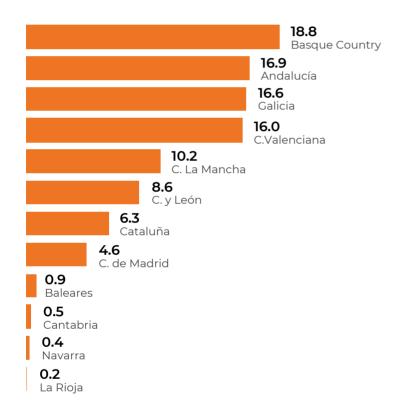
Supermarkets Portfolio





This graph details the breakdown of **rental income per region** for 2020:

Income per region (%)



Rental Income +15% vs 2019



In 2020, **36% of rental income** was generated in the Basque Country and Andalucía, with Lagoh being the shopping centre with the highest rental income

14.8 €/sqm/month

Lar España average at 31.12.2020

VS

14.9 €/sqm/month

Lar España average at 31.12.2019

Gross annualised rents (*)

The **Gross annualised rents** (*) of Lar España is detailed below, as well as the Gross annualised rents per occupied sqm at 2019 and 2020.

		31.12.2020			12.31.2019
Gross Annualised Rents (Thousands of Euros)	GLA Occupied (sqm)	Gross Rent (€/sqm/month)	Gross Annualised Rents (Thousands of Euros)	GLA Occupied (sqm)	Gross Rent (€/sqm/month)
55,842	269,484	17.3	58,058	272,892	17.7
31,765	227,354	11.6	32,119	224,545	11.9
3,966	27,909	11.8	3,888	27,909	11.6
91,573	524,747	14.5	94,065	525,346	14.9
6,350	26,798	19.7	N/A	N/A	N/A
6,350	26,798	19.7	N/A	N/A	N/A
97.923	551.545	14.8	94.065	525.346	14.9
	Annualised Rents (Thousands of Euros) 55,842 31,765 3,966 91,573	Annualised Rents (Thousands of Euros) GLA Occupied (sqm) 55,842 269,484 31,765 227,354 3,966 27,909 91,573 524,747 6,350 26,798	Annualised Rents (Thousands of Euros) GLA Occupied (sqm) Gross Rent (€/sqm/month) 55,842 269,484 17.3 31,765 227,354 11.6 3,966 27,909 11.8 6,350 26,798 19.7 6,350 26,798 19.7	Annualised Rents (Thousands of Euros) GLA Occupied (sqm) Cross Rent (sqm/month) Gross Annualised Rents (Thousands of Euros) 55,842 269,484 17.3 58,058 31,765 227,354 11.6 32,119 3,966 27,909 11.8 3,888 91,573 524,747 14.5 94,065 6,350 26,798 19.7 N/A 6,350 26,798 19.7 N/A	Annualised Rents (Thousands of Euros) GLA Occupied (sqm) Gross Rent (E/sqm/month) Gross Rent (Thousands of Euros) GLA Occupied (sqm) 55,842 269,484 17.3 58,058 272,892 31,765 227,354 11.6 32,119 224,545 3,966 27,909 11.8 3,888 27,909 91,573 524,747 14.5 94,065 525,346 6,350 26,798 19.7 N/A N/A 6,350 26,798 19.7 N/A N/A

^(*) The annualised GRI is calculated using the EPRA NIY of each asset. Annualised GRI = annualised passing rental income from real estate investments + effect of rent-free periods and temporary rental discounts. See section 5 "EPRA & Financial Information". (**) Asset has not been taken into account because in 2019 was going through a comprehensive refurbishment project

During the year 2020 there have been **no** investments or divestments of assets, nor have any development projects been carried out by the Company.





c. Top tenants

Below are the tenants that **have generated the** highest amounts of rental income during 2020:

Total rer	% ntal income	% Accumulated
1.	6.83%	6.83%
2. EROSKI	5.40%	12.23%
3. Carrefour	5.07%	17.30%
4. Media Markt	3.77%	21.07%
5.	2.61%	23.68%

Total ren	% tal income A	% Accumulated
6. CORTEFIEL	2.33%	26.01%
7. DECATHLON	2.15%	28.16%
8. MERCADONA SUPERMERCADOS DE CONHANZA	2.03%	30.19%
9. Alcampo	1.88%	32.07%
10. Conforama	1.87%	33.94%

d. Lease expiration and WAULT

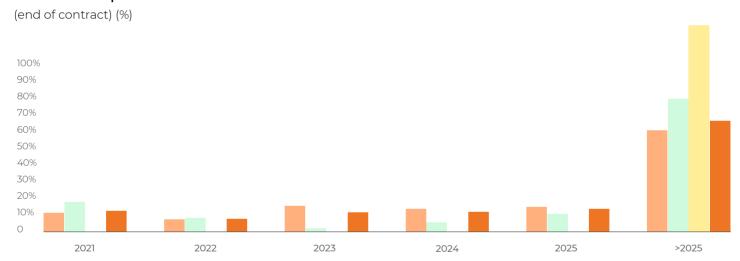
The proactive management carried out by Lar España allows us to have a solvent and diversified tenant base.

Renovations have been carried out at the properties occupied by our key tenants, thereby prolonging the lease terms, allowing us to have a significant level of guaranteed minimum rents. During the year new long-term lease agreements have been signed with new tenants and negotiations has been carried out according to the current situation.

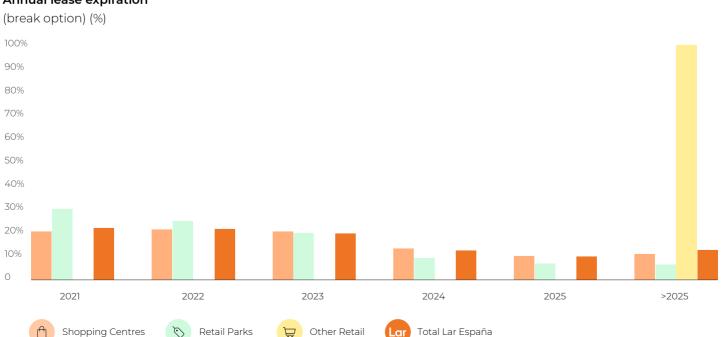
We note that as of 31 December 2020, over 64% of all Lar España's active lease agreements have lease expiries beyond 2024.

As at 31 December 2020, over 64% of retailer leases had expiration dates beyond 2024

Annual lease expiration



Annual lease expiration

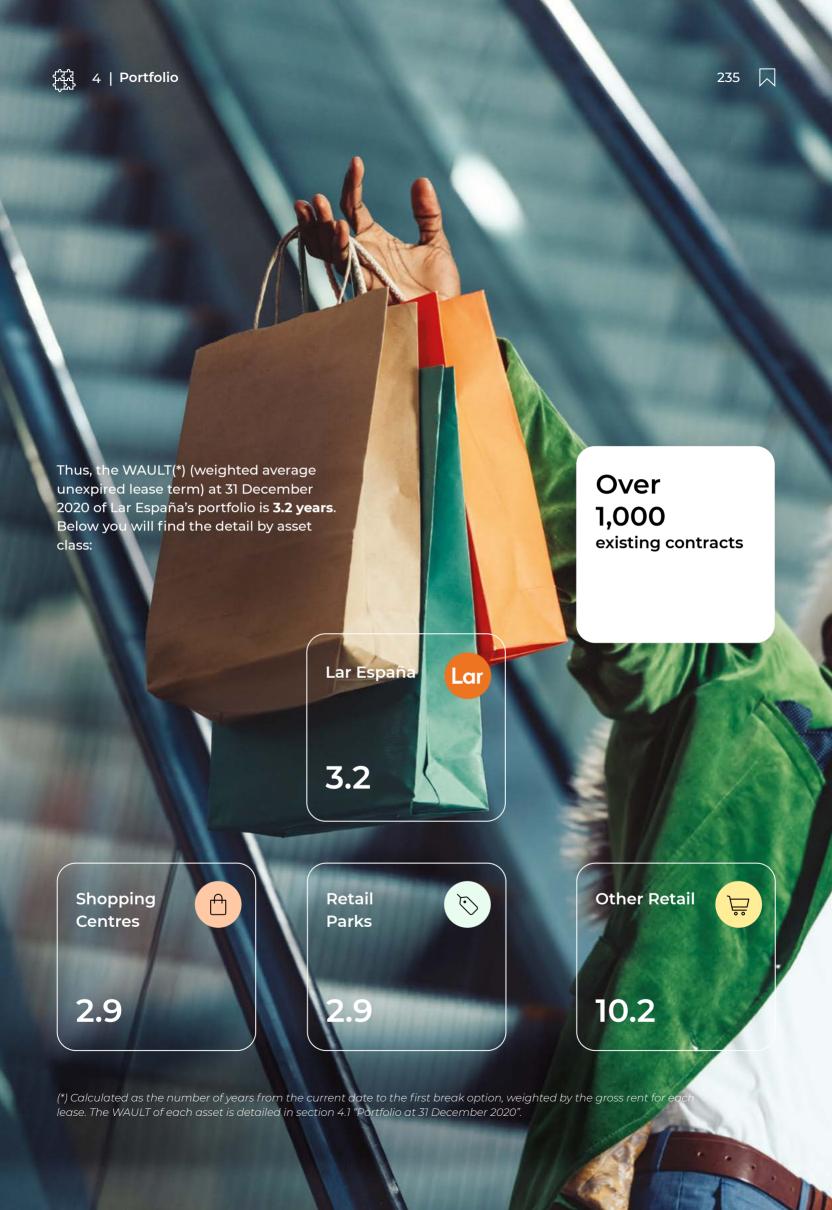
















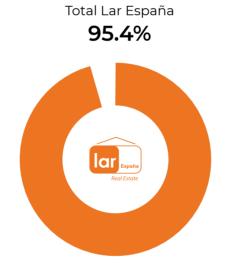
Occupancy (sqm)

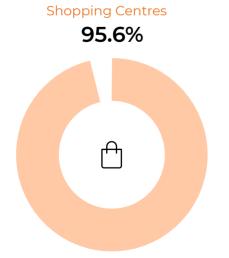
The gross leasable area (GLA) of Lar España's income producing assets at 31 December 2020 stood at **578,370 sqm**, whilst the average occupancy rate stood at **95.4%**.

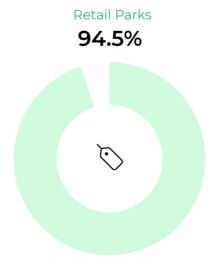
The occupancy rate by asset class as at 31 December 2020 is shown below:

95.4% Occupancy (sqm)

578,370 sqm Total GLA











The occupancy level (in sqm) at 31 December 2020 is shown below:

31.12.2020

Asset Type	Total GLA (sqm)	Occupied GLA (sqm)	Occupancy (%)
Shopping Centres	309,996	296,282	95.6%
Retail Parks	240,464	227,354	94.5%
Other Retail	27,909	27,909	100.0%
TOTAL LAR ESPAÑA	578,370	551,545	95.4%





CAPEX (1)

The company has continued revamping its portfolio of assets in order to generate more value, investing close to **€25 million** during 2020.

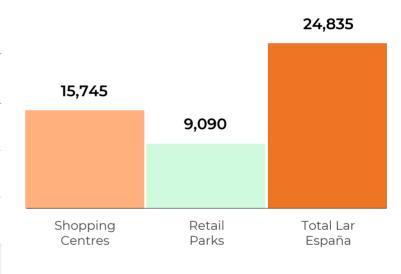
The breakdown of investment by asset class is as follows:

(Thousand Euros)		2020		2019
Asset Type	CAPEX	%	CAPEX	%
Shopping Centres	15,745	63%	19,858	81%
Retail Parks	9,090	37%	4,626	19%
Other Retail	0	0%	0	0%
TOTAL LfI	24,835	63%	24,484	100%
Development	0	0%	109,718	100%
TOTAL LAR ESPAÑA	24,835	100%	134,202	100%

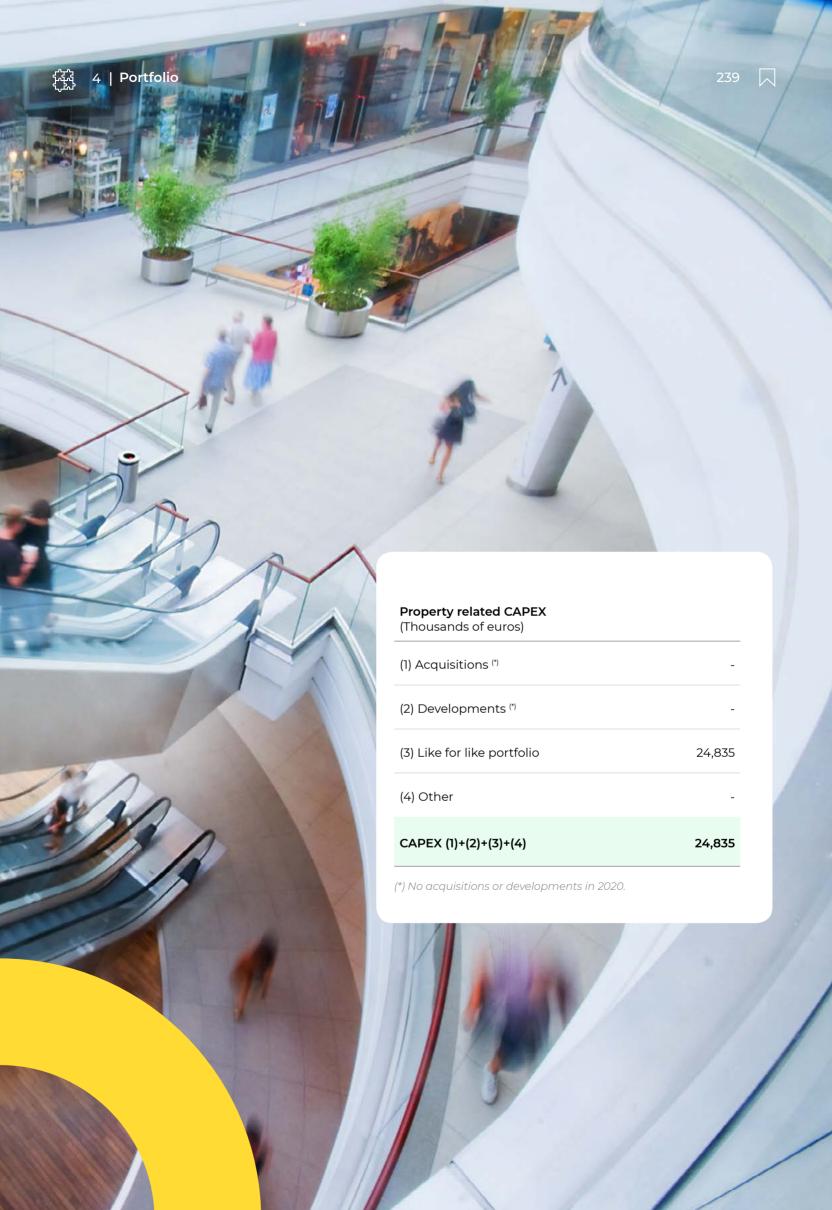
(1) For the company, CAPEX refers to any investment made to improve or reposition its real estate assets.

CAPEX investment (Thousand Euros)

During 2020 the investment in CAPEX was made in the assets fully owned by Lar España, and no investments were made in investee companies or joint ventures such as Lagasca99.



With an amount close to €13.1 million invested, Anec Blau and Megapark assets have led the way in terms of retail investment



Annual evolution by business unit

Lar España continued to implement its strategy to actively manage its portfolio. The performance of the key indicators during 2020 is detailed below:

Key indicators evolution

GRI

+14.8% vs 2019

NOI

+12.4% vs 2019

Key indicators evolution LfL (*)

GRI

+1.8% vs 2019

NOI

+0.8% vs 2019





Major operative milestones

During 2020, sales declared in the shopping centres totalled €696.1 (1) million, supported by the increase in the number of visits (footfall of 63.9 million)

A total of **25,658 sqm** has been rotated. A total of 108 operations have been closed including renewals, relocations and new lettings, resulting in an annualized tenant rotation rate of 5% for the portfolio.

Rotated 25,658 sqm

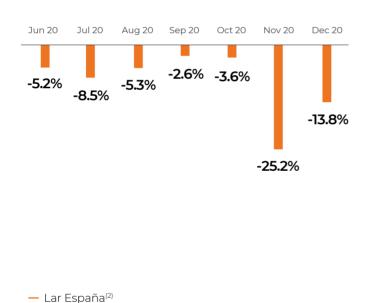
Negotiated rent €6 million

Operations

108

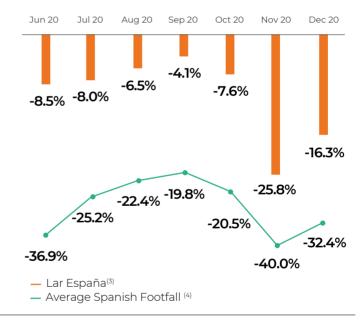
Sales 2020 (Million €)

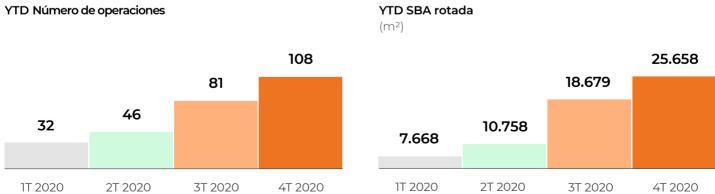
Monthly performance since shopping centres and retail parks reopening after the first lockdown.



Footfall 2020 (Million of visits)

Monthly performance since shopping centres and retail parks reopening after the first lockdown.





(1) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 31 December 2020 of total sales: -19.9%. /(2) Declared sales / (3) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 31 December 2020: -21.9% Lar España footfall and -33.7% ShopperTrak Index / (4) ShopperTrak Index.





Some of the key deals closed in 2020 are detailed below:



Relocations & Relettings

lefties

Ànec Blau 1,272 sqm



Gran Vía de Vigo 103 sqm

MANGO

Gran Vía de Vigo 500 sqm



Rivas Futura 971 sqm



Renewals



Portal de la Marina 1,904 sqm



El Rosal 403 sqm



Parque Abadía 1,434 sqm



Portal de la Marina 596 sqm



Megapark 614 sqm



Vistahermosa 2,369 sqm



New Lettings



Portal de la Marina 265 sqm



Vidanova Parc 350 sqm



Portal de la Marina 300 sqm



Rivas Futura 915 sqm



Lagoh 125 sqm



In addition, during 2020, a number of leading chains opened stores at some properties, such as:



Druni Las Huertas

Opening 12/06/2020



Mercadona **Albacenter**

Opening 22/06/2020



Bershka Ànec Blau

Opening 08/06/2020



Quo Fitness **Rivas Futura**

Opening 01/07/2020



Hugo Boss Megapark

Opening 10/09/2020



Rituals Ànec Blau

Opening 09/09/2020



New Balance Megapark

Opening 16/07/2020



Dockers Megapark



Opening 23/10/2020

Opening 19/06/2020

Zero Latency Megapark



Opening 21/09/2020



Oysho Gran Vía de Vigo



Courier Gran Vía de Vigo

Opening 27/08/2020

Opening 20/07/2020



Frankfurts Ànec Blau



Opening 02/10/2020



Timesburg Ànec Blau



Taco Bell Ànec Blau



Opening 31/07/2020



Flipa Jump El Rosal

Opening 29/10/2020



245

Retail Tenant Mix

Below we display the **tenant mix** of Lar España's retail portfolio at 31 December 2020 by space let. The food & beverage and health sectors account more than 20% of the retail offering in Lar España's assets.

Fashion

29.0%

Home

18.4%

Food & **Beverage**

17.8%

Leisure and Entertainment

14.7%



Sports and adventure

6.7%



Dining

6.6%



Services

3.7%

Health and **Beauty**

2.8%



Culture, Technology and Multimedia

0.3%





5

Financial and EPRA information

5.1

ICFR

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5.2

Financial Information

p.256

5.3

EPRA

Information

p.270



5.1

Internal Control Over Financial Reporting (ICFR) System

The Internal control over financial reporting,

(hereinafter, ICFR) system has been designed and configured to provide reasonable assurance as to the reliability of the financial information disclosed to the markets.

In the following table is a summary of the bodies involved in the ICFR, their responsibilities and duties with respect to it:



Body/Part

Board of **Directors**

Responsability

maintenance of a suitable and effective ICFR system.

Ultimately responsible for the existence and

Duties

- Approving the financial information which the organisation must report periodically in its capacity as a listed entity.
- Approving the risk control and management policy and the periodic monitoring of the internal information and control systems.

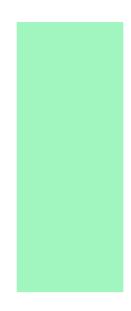
Audit and Control Committee

Supervising the ICFR system (with the support of the internal audit function), control of compliance and reporting to the Board of Directors

- Supervising the effectiveness of the internal controls of the Company and its group and of its enterprise risk management systems.
- Analysing, in conjunction with the external auditor, any material internal control system weaknesses uncovered during the audit
- Monitoring the process of drawing up and disclosing regulated financial information.









Corporate & Financial Management

Responsible for the design, implementation and workings of the ICFR system.



Internal Audit Service

Supporting supervision of the ICFR system, a duty vested in it by the Audit and Control Committeel.



Process owners involved in the financial reporting process

Staff with financial reporting responsibilities.

- Defining, proposing and implementing a model for generating financial information.
- Defining, implementing and documenting the ICFR system
- Assisting the Audit and Control Committee in preparing the financial statements and other financial information and selecting the criteria used in the process.
- Verifying, at least annually, the comprehensiveness and suitability of ICFR documentation and performance.
- Reporting on developments in terms of ICFR documentation to the Audit and Control Committee and to the Internal Audit Service so they are familiar with and can appraise such developments.

- Supervising the operation of the ICFR system and its general controls and processes.
- Collaborating on the definition and classification of incidents and on the design of any required action plans, and monitoring the latter.
- Reporting to the Audit and Control Committee on the incidents detected during the evaluation and oversight process.
- Assisting Corporate and Financial Management to prepare reports on the status and description of the ICFR system.

- Collaboration with Corporate & Financial Management to define, document and update internal processes and procedures.
- Executing the control activities as designed and intended and documenting evidence of their performance for traceability purposes.
- Reporting to Corporate and Financial Management on any change to their modus operandi or transactions that could trigger the need to update how their processes and controls are defined and documented and on any control shortcomings they may detect.
- Defining and implementing action plans in response to incidents observed within their sphere of responsibility.

Corporate & Financial Management, following the guidelines set by the Board of Directors, ensures the existence of an adequate organisational structure, allocation of roles and accountability and the staggered deployment of sufficient procedures, which are allocated among the parties intervening in the processes.

The Corporate Director & CFO can call on the resources, whether internal or external, he or she needs to manage the different activities of the Company, for assistance and advice. Against this backdrop, Lar España has entered into a Management Agreement with Grupo Lar under which the Manager undertakes to devote the staff and resources needed to fulfil its functions, including its financial reporting related duties.

Lar España's ICFR Manual provides that whenever the services provided by a "service organisation" are part of the Company's financial reporting system, they must be encompassed by the ICFR evaluation process either by means of specific and direct assessment of the controls applied by the service organisation or by obtaining an internationally recognised SSAE certificate (Statement on Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organization) or by carrying out alternative procedures (1).





Training

Corporate & Financial Management, in its capacity as the party responsible for the design, implementation and operation of the ICFR system, is obliged to make sure that all staff involved in preparing the Group's financial statements have received sufficient and up-to-date training on the International Financial Reporting Standards (IFRS) and the internal control over financial reporting principles.

Corporate & Financial Management directly checks with the accounting expert engaged to prepare the Company's financial and accounting information that the teams assigned to these activities have the required ICFR-related skills and knowledge.

The Corporate Director & CFO, who is responsible for ICFR, boasts an extensive background in accounting and financial reporting, acquired during his years in auditing and financial management work. During the year, the Corporate & Financial Management team is kept informed about any changes affecting the preparation and supervision of financial information. This is done both via subscriptions to information updates and newsletters from external sources, as well as by attending conferences and seminars about specific subjects and technical updates organised by companies that are experts in financial regulation, accounting and audit.

Lar España has a relatively small staff which is, however, bolstered by the **assistance provided by external** advisers in certain areas, specifically including, as detailed in other sections, some of the activities related to the financial statement preparation process and the implementation and rollout of the ICFR system.

Lar España selects providers to outsource these actitvites rigorously. It only works with specialist firms of renowned prestige, that are chosen for their quality and expertise. Corporate and Financial Management ensures that these advisors indeed have the expertise required and continuous learning policies relevant for these areas of expertise.

In addition, the **Internal Audit Plan** prepared by the Internal Audit Service and approved by the **Audit and Control Committee of Lar España** contemplates the training needed by the people involved in these matters.

Financial reporting risk assesment

The process identifying financial **reporting risks**, including risks of error or fraud, is one of the most important aspects of Lar España's ICFR methodology. This process is documented in an internal methodology guide explaining the ICFR management and assessment process: "Internal Control over Financial Reporting (ICFR) Manual of Lar España Real Estate SOCIMI", which have been updated during 2020.

Lar España assess periodically the risks associated with its own financial accounting. Having determined the level of risk associated with each account, the most significant risks were related with the Company processes which generate and control its material financial information. The aim of this association is to identify the processes and business units within the Group, that play the most important role in generating financial information.



Control

Formation

Evaluation

Communication

Verification

Information

Audit

Processes

Lar España has documented the most significant processes through escriptions, flow charts and a risk/control matrix. This documentation identifies and analyses, amongst other things, transaction flows, possible risks of error or fraud in the financial information, as well as **key controls** established in the Company, that adequately mitigate the risks associated with the processes on a timely basis. During 2019, this documentation was reviewed, updated and completed, to obtain a more efficient model, adapted to the financial information objectives, and focused on the material processes, from both a quantitative and qualitative perspective.

Control activities

Lar España has documented the Organisation's General Controls and its most significant processes (including the period-end closing - providing for a specific review of critical judgements, estimates, valuations and projections -, revenue recognition, asset appraisals and property acquisitions)

In addition to the ICFR supervision process (which is entrusted to the Audit and Control Committee, with the support of the Internal Audit Team), Lar España's ICFR Manual envisages the performance of an **internal evaluation process** each year, with the aim of **verifying that the ICFR** controls are valid, well-designed and effective for the objectives sought. During 2020, we carried out a review and update of the ICFR system. More specifically, we updated the

ICFR Manual, the company's General Controls Matrix and the Narrative for the rental income cycle.

Information and communication

Lar España has an effective and duly-approved Accounting Policy Manual encompassing, in a structured manner, the accounting rules, policies and criteria being applied in general at all of the organization's companies.

The book-keeping process per se is handled at present by an outsourced, prestigious, specialist firm which is working with Lar España on the definition and application of accounting criteria, in keeping with prevailing legislation. This process is being supervised continually by Corporate & Financial Management, which is reporting to the Audit and Control Committee on the progress made on a regular basis. In addition, accounting experts are is being contacted as required to confirm certain approaches taken in order to resolve any questions and avoid any potential conflicts arising from the interpretation of any given accounting standard.

Lastly, the **Board of Directors** approves the financial information which the Company must report periodically in its capacity as a listed entity.



System monitoring

During the course of 2020, the documentation corresponding to some of the **significant processes** was reviewed and updated. Work was also carried out to verify the operation of the controls over, among others, the property valuation processes, the management and registration of the Management Company fees, and in relation to compliance with the Socimi framework and the rental income cycle. No significant incidents were found. Management and the Audit and Control Committee received information corresponding to the performance of the activities described.

In addition, Corporate & Financial Management and the Audit and Control Committee reviewed the financial information submitted to the securities market regulator (and its timeliness) quarterly.

Lastly, it is worth noting in this respect that Corporate Director & CFO meets regularly with the internal auditor and other advisors, to discuss its proposed financial reporting criteria and review and update activities relating to SCIIF. All required steps were taken to implement the provisions contained in the Board Regulations with respect to its own mandate to the Audit and Control Committee, specifically that of:

- Analysing, in conjunction with the external auditor, any material internal control system weaknesses uncovered during the audit process and adopting the opportune measures for addressing them, as required.
- Establishing the opportune relationship with the auditor in order to receive feedback on any issues that could jeopardise its independence.

Internal risk monitoring and management systems information have been **reviewed by the external auditor** and no inconsistencies or incidences were raised that could affect this.







5.2 Financial Information

I. Key Indicators

During 2020 Lar España generated revenues of **93,324 thousand Euros** and a **EBITDA of 69,701 thousand Euros**, being the most relevant figures the following

+15% Revenues vs 2019

+18% EBITDA vs 2019

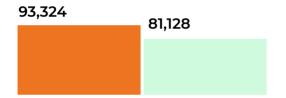
2020 2019

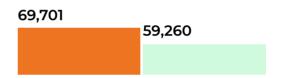
Revenues

(Thousands of euros)

EBITDA

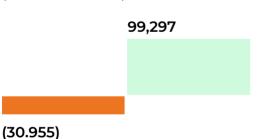
(Thousands of euros)





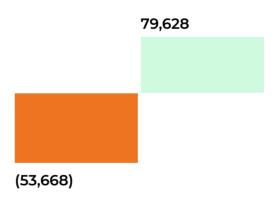
EBIT (*)

(Thousands of euros)



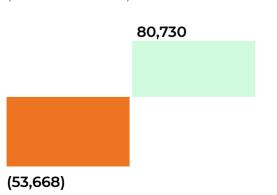
BAI (*)

(Thousands of euros)



Net Profit (*)

(Thousands of euros)



(*) **Recurring EBIT** as of 31 December 2020 amounts to **76,670 thousands of euros**, **25% higher** than that registered the same period of the previous year.

Recurring **EBT and Net Profit** as of 31 December 2020 amounts to **53,700 thousands of euros**, **30% higher** than that registered the same period of the previous year.

For more clarity as regards these figures, see the Consolidated Income of Financial Position.

Other Financial Indicators

31/12/2020 31/12/2019

Liquidity ratio

indicators:

(%)



(Thousands of euros)





The Group presents the following financial

Solvency ratio

(%)



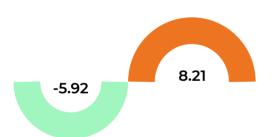
(%)



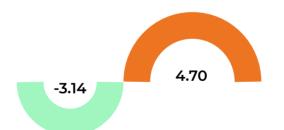


ROE

(%)



ROA (%)



At 31 December 2020, and 31 December 2019, the Group exhibited ratios related to liquidity (working capital and liquidity ratio) with very high values, showing that the Group has sufficient liquidity and a high safety margin to meet its payments.

As at 31 December 2020, the ROE ("Return on **Equity")**, which measures Group's profitability as a percentage of shareholders equity, amounted to -5.92% (8.21% at 31 December 2019), whilst the **ROA** ("Return on Assets"), which measures the efficiency of Group's total assets regardless of the sources of financing used, i.e. the ability of a company's assets to generate income, was -3.14% (4.70% at 31 December 2019).

II. Consolidated Financial Statements 31.12.2020 (IFRS)

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Statement of Financial Position at 31 December 2020 (*)

ASSETS (Thousands of euros)	31/12/2020	31/12/2019
Intangible assets	2	2
Investment properties	1,373,480	1,449,344
Equity-accounted investees	1,082	5,100
Non-current financial assets	13,618	13,149
Trade and other receivables non-current	17,996	3,857
NON-CURRENT ASSETS	1,406,178	1,471,452
Non-current assets held for sale	106,755	103,790
Trade and other receivables	28,463	14,644
Other current financial assets	369	189
Other current assets	3,038	2,650
Cash and cash equivalents	134,028	160,527
CURRENT ASSETS	272,653	281,800
TOTAL ASSETS	1,678,831	1,753,252

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Statement of Financial Position at 31 December 2020 (*)

EQUITY AND LIABILITIES (Thousands of euros)	31/12/2020	31/12/2019
Capital	175,267	175,267
Share premium	475,130	475,130
Other reserves	281,005	254,358
Treasury shares	(16,474)	(762)
Retained earnings	(53,668)	80,730
Valuation adjustments	(1,610)	(1,943)
EQUITY	859,650	982,780
Financial liabilities from issue of bonds and other marketable securities	139,685	139,376
Loans and borrowings	570,608	506,641
Deferred tax liabilities	17,201	17,201
Derivatives	4,685	2,846
Other non-current liabilities	19,993	19,593
NON-CURRENT LIABILITIES	752,172	685,657
Liabilities related to non-current assets held for sale	1,576	1,570
Financial liabilities from issue of bonds and other marketable securities	3,482	3,482
Loans and borrowings	40,593	41,127
Derivatives	3,137	2,393
Other financial liabilities	-	3,199
Trade and other payables	18,221	33,044
CURRENT LIABILITIES	67,009	84,815
TOTAL EQUITY AND LIABILITIES	1,678,831	1,753,252



LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Income of Financial Position at 31 December 2020 (*)

76,670Thousand of euros

Recurring result from operations +25% vs 2019

2020	2019	2020	2019	2020	2019
Recurrir	ng	Non-recur	ring	Tota	ı
93,324	81,128	-	-	93,324	81,128
3,566	3,274	-	-	3,566	3,274
(474)	(424)	-	-	(474)	(424)
(19,746)	(22,603)	(6,969)	(3,123)	(26,715)	(25,726)
-	-	(100,656)	40,037	(100,656)	40,037
-	-	-	1,008		1,008
76,670	61,375	(107,625)	37,922	(30,955)	99,297
40	12	-	-	40	12
(23,010)	(20,154)	-	-	(23,010)	(20,154)
-	-	257	473	257	473
53,700	41,233	(107,368)	38,395	(53,668)	79,628
-	-	-	1,102	-	1,102
53,700	41,233	(107,368)	39,497	(53,668)	80,730
	Recurrin 93,324 3,566 (474) (19,746) 76,670 40 (23,010) - 53,700	Recurring 93,324 81,128 3,566 3,274 (474) (424) (19,746) (22,603) - - 76,670 61,375 40 12 (23,010) (20,154) 53,700 41,233 - - - -	Recurring Non-recurrence 93,324 81,128 - 3,566 3,274 - (474) (424) - (19,746) (22,603) (6,969) - - (100,656) - - - 76,670 61,375 (107,625) 40 12 - (23,010) (20,154) - 53,700 41,233 (107,368) - - -	Recurring 93,324 81,128 - - 3,566 3,274 - - (474) (424) - - (19,746) (22,603) (6,969) (3,123) - - (100,656) 40,037 - - 1,008 76,670 61,375 (107,625) 37,922 40 12 - - (23,010) (20,154) - - - - 257 473 53,700 41,233 (107,368) 38,395 - - - 1,102	Recurring Non-recurring Total 93,324 81,128 - - 93,324 3,566 3,274 - - 3,566 (474) (424) - - (474) (19,746) (22,603) (6,969) (3,123) (26,715) - - (100,656) 40,037 (100,656) - - - 1,008 - 76,670 61,375 (107,625) 37,922 (30,955) 40 12 - - 40 (23,010) (20,154) - - 257 53,700 41,233 (107,368) 38,395 (53,668) - - - 1,102 -

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Cash Flows Position at 31 December 2020 (*)

(Thousands of euros)	2020	2019
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	8,538	16,797
Profit/(loss) for the period before tax	(53,668)	79,628
Adjustments	123,369	(21,150)
Changes in operating assets and liabilities	(44,387)	(26,247)
Other cash flows used in operating activities	(16,776)	(15,434)
B) CASH FLOWS USED IN INVESTING ACTIVITIES	(24,582)	(53,114)
Payments for investments (-)	(24,582)	(134,373)
Proceeds from divestments (+)	-	81,259
C) CASH FLOWS FROM FINANCING ACTIVITIES	(7,570)	5,613
Payments made and received for equity instruments	(15,719)	(39,551)
Proceeds from and payments for financial liability instruments	62,243	117,764
Payments for dividends and remuneration on other equity instruments	(54,094)	(72,600)
D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE	(2,885)	(97)
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(26,499)	(30,801)
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	160,527	191,328
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	134,028	160,527



III. Financial debt

At 31 December 2020, Lar España's debt stood at **757,106 thousand Euros**, with an **average cost of 2.2%** and a net LTV ratio of **41.9%**, complying with the objective of not exceeding 50%. whilst the **average debt maturity stood at 3 years**.

The main debt indicators and the amortisation schedule is detailed below:

Financial Debt

757.1 MM€

(Thousands of euros)	31/12/2020	31/12/2019
GAV	1,475,490	1,551,564
Full Consolidation Gross Debt ⁽¹⁾	757,106	697,888
Cash (Full Consolidation and Equity Method) (2)	139,268	166,720
Total net debt ⁽¹⁾	617,838	531,168
Net LTV (1) (3)	41.9%	34.2%
Cost of debt	2.2%	2.1%
Average maturity period	3.0	4.0

⁽¹⁾ Full consolidation and equity method figures included.

Average maturity period

3 years

Net LTV

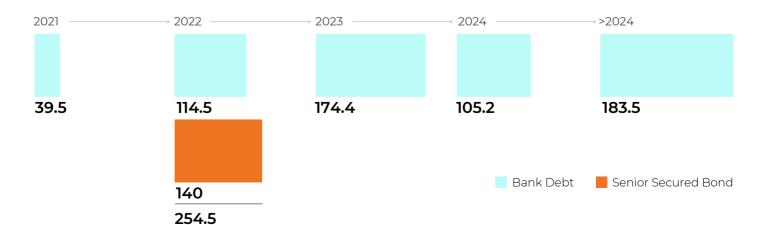
41.9% (*)

Average cost of debt

2.2%

Back-Loaded Amortisation Profile

(€ Million)



⁽²⁾ Only available cash considered.

⁽³⁾ The net LTV after 22 supermarkets portfolio divestment, would be 39,4%.



IV. Shareholder return

The **shareholder rate of return** in 2020 stood at **(3.66%)**. To calculate the rate of return, we use the growth per share over the financial year, which is the sum of:

- The variation in the Company's EPRA NAV per share.
- Dividend per share distributed during the financial year.

Shareholder Rate of Return

(3.66%)

Shareholder Rate of Return = Growth (NAV +Dividend) per share

EPRA NAV per share 31.12.2019

	€/share
EPRA NAV 31.12.19	11.47
EPRA NAV 31.12.20	10.42
NAV Growth 2020	(1.05)
2019 Dividend paid in 2020	0.63
Growth (NAV + Dividend)	(0.42)
SHAREHOLDER RETURN 2020	(3.66%)



V. Proposed Shareholder Remuneration

Lar España was founded with the aim of generating strong returns for its shareholders via a significant dividend payout. In line with recent company notifications, and despite the unprecedented situation experienced in 2020, the Company has confirmed that it will continue to retain an attractive dividend policy.

Based on the cash generated in 2020, the dividend pay-out will amount to €27.5 million.

Therefore, the pay-out to shareholders for the financial year ended on 31 December 2020 to be presented at the Annual General Meeting will be €27.5 million, equating to earnings of €0.31 per

Lar España has formed part, once again, of the Ibex Top Dividendo, a group comprising 25 shares listed on the Ibex 35, the Ibex Medium Cap or the Ibex Small Cap that offer shareholders the highest return in terms of dividends. This has further advanced our aim of generating value for our investors.



Dividend

27.5 € Million

€/share

0.31

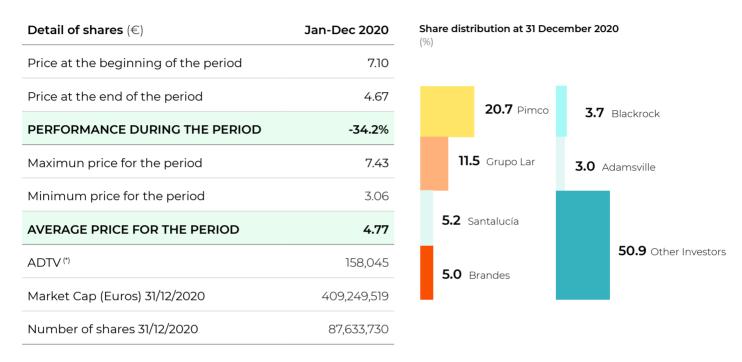
Dividend Yield over **NAV** (31.12.20)

3.1%

Dividend Yield over market capitalization (31.12.20)

6.7%

VI. Share price information and performance

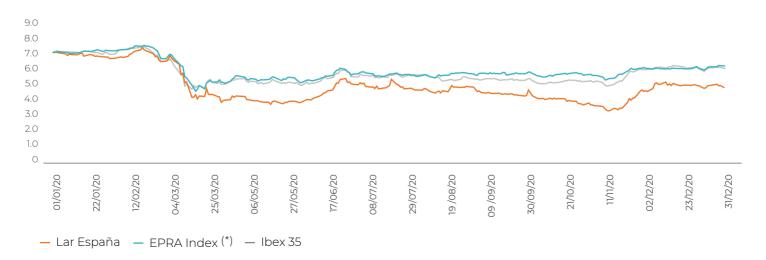


^(*) Average Daily Trading Volumen in number of shares.

The **share price performance** during 2020 compared with the IBEX 35 and EPRA Index performance can be seen in the following graph:

Lar España share price performance vs Ibex 35 and EPRA Index

(January-December 2020)





Potencial Return

47.6% (*)

Analyst Recommendations

As of the date of this report, Lar España has the coverage of 10 analysts, whose average target price is **€6.89.**

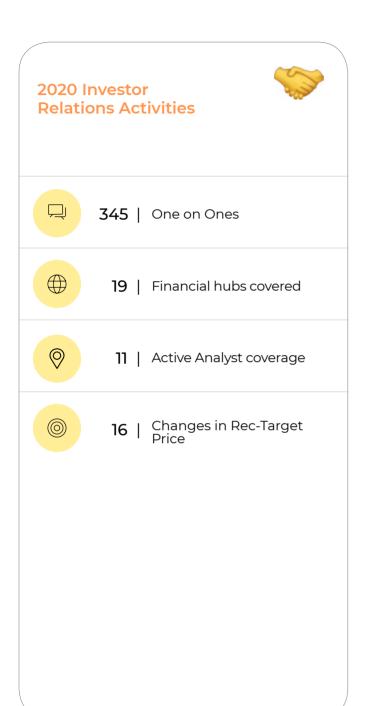


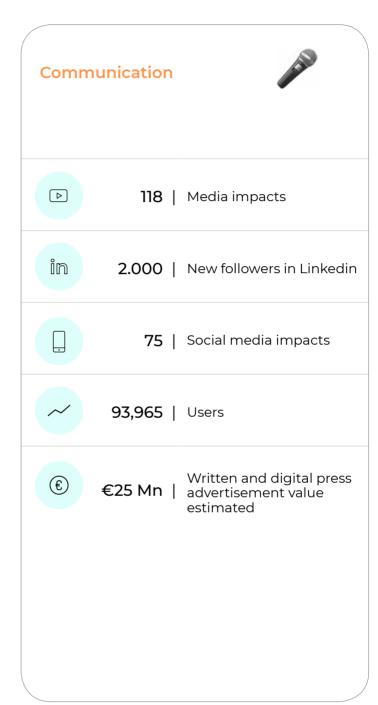
Broker	Recommendation	Analysis Date	Target Price (Euros)
∆ Santander	Hold	15/05/20	8.90
≈ MIRABAUD	Hold	15/05/20	8.27
intermoney valores sv	Buy	25/02/21	8.00
[©] Sabadell	Buy	25/02/21	6.08
renta4banco	Buy	26/02/21	7.30
GVC Gaesco	Buy	26/02/21	7.11
■ JB CapitalMarkets	Buy	26/02/21	6.30
bankinter.	Hold	26/02/21	5.18
KEMPEN & CO	Hold	01/04/21	5.00
BESTINVER Gacciona	Buy	06/04/21	6.80

Source: Bloomberg









2 Top picks

bankinter.







5.3 EPRA Information

This highlights the international recognition for the information reported by Lar España and made available to its shareholders.

In **October** 2019, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association(1) updated its Best Practices Recommendations(2) guidelines in order to improve the presentation, transparency, comparability and relevance of the published results of listed real estate companies in Europe. Lar España fully supports and endorses the principle of standardizing the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the financial information.

For this purpose, we have included an specific chapter with our main economic indicators following EPRA guidances.

It is important to note that all EPRA indicators related to ESG/Sustainability included in this report have been verified by an independent external. The Independent Review Report is included in Annex 6.3.

In September 2020, for the sixth consecutive year, Lar España was awarded the EPRA Gold Award for the quality of financial information made available to its main interest groups. Regarding the information published about ESG, Lar España has again obtained the highest distinction by EPRA, achieving for the third consecutive year the Gold Award. This highlights the international recognition for the information reported by Lar España and made available to its shareholders.







Key performance indicators described in the Best Practices Recomendations developed by EPRA are shown as follows:

			31/12/2020	31/12/2020
Indicator	Description	Reference	(Thousands of Euros) %	(Euros per share)
EPRA Earnings	Earnings from operational activities	Page 272	49,902	0.58
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	Page 273	881,376	10.42
EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.	Page 273	859,650	10.17
EPRA NRV (*)	Net Reinstatement Value, assumes that entities never sell assets and aims to represent the value required to rebuild the entity	Page 276	881,376	10.42
EPRA NTA ^(*)	Net Tangible Assets, assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	Page 276	881,376	10.42
EPRA NDV (*)	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	Page 276	859,650	10.17
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	Page 278	5.7%	
EPRA "Topped-up" NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).	Page 278	5.9%	
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	Page 279	4.5%	
EPRA Cost Ratio	Administrative & operating costs (including direct vacancy costs) divided by gross rental income.	Page 280	23.5%	
EPRA Cost Ratio (excluding costs of direct vacancy)	Administrative & operating costs (excluding direct vacancy costs) divided by gross rental income.	Page 280	21.3%	

EPRA Earnings

EPRA Earnings per share

+29% vs 2019

EARNINGS PER IFRS INCOME STATEMENT	(53,668)	80,730
Change in value of investment properties	100,656	(40,037)
Profits or losses on disposal of investment properties, development propertie held for investment and other interests	-	(1,008)
Tax on profits or losses on disposals	-	(1,102)
Negative goodwill	-	-
Changes in fair value of financial instruments and associated close-out costs	2,914	1,836
Acquisition costs on share deals and non-controlling joint venture interests	-	-
Deferred tax in respect of EPRA adjustments	-	-
Adjustments to above in respect of joint ventures	-	-
Non-controlling interests in respect of the above	-	-
EPRA EARNINGS	49,902	40,419
Weighted average number of shares (excluding treasury shares)	85,605,283	89,879,866
EPRA EARNINGS PER SHARE (EUROS)	0.58	0.45



EPRA Net Asset Value Ratios

In October 2019, **EPRA published** an update of its "Best Practices and Recommendations" document in which, at 31 December 2020, the calculation of the EPRA NAV and EPRA NNNAV ratios is replaced by three new indicators: EPRA NRV, EPRA NTA and EPRA NDV (1).

The EPRA Net Asset Value indicator set makes adjustments to the company's own funds in accordance with the IFRS financial statements to provide investors with the most relevant information on the fair value of the assets and liabilities of a property investment firm, in different scenarios.

Previous methodology

EPRA NAV

(Thousands of Euros)	31.12.2020	31.12.2019
NET ASSET VALUE PER THE FINANCIAL STATEMENTS	859,650	982,780
Fair value of financial instruments	4,525	3,779
Debt fair value	-	-
Deferred tax liabilities	17,201	17,201
EPRA NAV	881,376	1,003,760
Number of shares (excluding treasury shares)	84,559,058	87,529,910
EPRA NAV PER SHARE (EUROS)	10.42(2)	11.47

EPRA NNNAV

(Thousands of Euros)	31.12.2020	31.12.2019
EPRA NAV	881,376	1,003,760
Fair value of financial instruments	(4,525)	(3,779)
Debt fair value	-	-
Deferred tax liabilities	(17,201)	(17,201)
EPRA NNNAV	859,650	982,780
Number of shares (excluding treasury shares)	84,559,058	87,529,910
EPRA NNNAV PER SHARE (EUROS)	10.17(2)	11.23

⁽¹⁾ For further information, please consult the official EPRA website: https://www.epra.com/application/files/2315/7321/0568/ EPRA_FAQ_-_FINAL_version.pdf

⁽²⁾ When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/share).

EPRA Net Asset Value new methodology

According to the new recommendations contained in the EPRA "Best Practices and Recommendations", the **new ratios replacing the to the calculated previous EPRA NAV and EPRA NNNAV** indicators calculated under the old methodology are as follows:

EPRA Net Reinstatement Value (NRV):

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

EPRA Net Tangible Assets (NTA):

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA Net Disposal Value (NDV):

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a "liquidation NAV" because, in many cases, fair values do not represent liquidation values.







New EPRA Net Asset Value metrics

31/12/2020

			New methodology		Previous methodology
(Thousands of Euros)	NRV Net Reinstatement Value	NTA Net Tangible Assets	NDV Net Disposal Value	NAV	NNNAV
Equity attributable to shareholders	859,650	859,650	859,650	859,650	859,650
Hybrid Instruments	-	-	-	-	-
Diluted NAV	859,650	859,650	859,650	859,650	859,650
Include					
Revaluation of investment properties	-	-	-	-	
Revaluation of investment properties under construction	-	-	-	-	-
Revaluation of other non-current investments	-	-	-	-	-
Revaluation of tenant leases held as finance leases	-	-	-	-	-
Revaluation of trading properties	-	-	-	-	-
Diluted NAV at Fair Value	859,650	859,650	859,650	859,650	859,650
Exclude					
Deferred Tax in realtion to fair value gains of IP	17,201	17,201	n,a	17,201	17,201
Fair value of financial instruments	4,525	4,525	n,a	4,525	4,525
Goodwill as a result of deferred tax	-	-	-	-	-
Goodwill as per the IFRS balance Sheet	n.a	-	-	n.a	-
Intangibles as per the IFRS balance sheetIFRS	n.a	-	n.a	n.a	-
Include					
Fair value of fixed interest rate debt	n.a	n.a	-	n.a	-
Revaluation of intangibles to fair value	-	n.a	n.a	-	-
Real estate ransfer tax	-	-	n.a	-	-
NAV	881,376	881,376	859,650	881,376	859,650
Number of shares (excluding treasury shares)	84,559,058	84,559,058	84,559,058	84,559,058	84,559,058
NAV per share	10.42 (*)	10.42 (*)	10.17 (*)	10.42 (*)	10.17 (*)

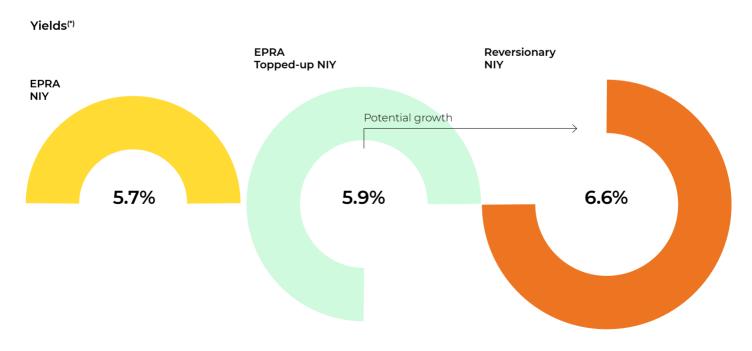


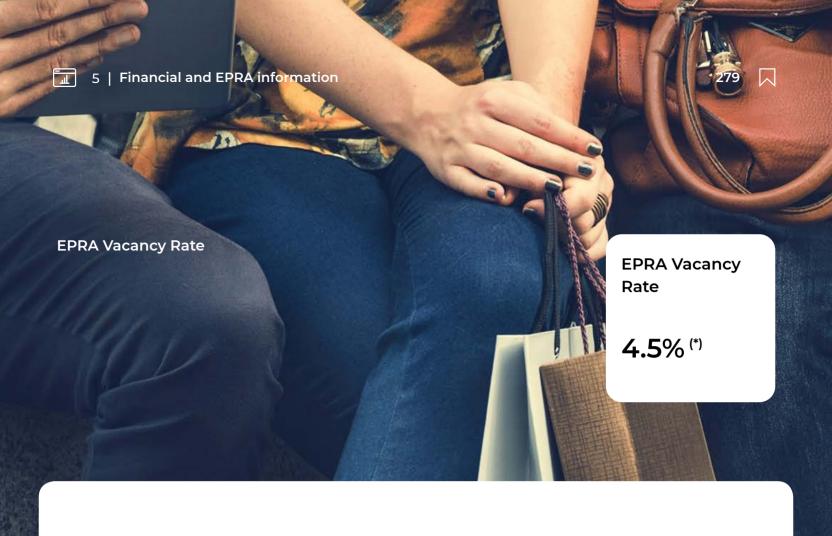
31/12/2019

	New methodology			Previous methodology	
(Thousands of Euros)	NRV Net Reinstatement Value	NTA Net Tangible Assets	NDV Net Disposal Value	NAV	NNNAV
Equity attributable to shareholders	982,780	982,780	982,780	982,780	982,780
Hybrid Instruments	-	-	-	-	-
Diluted NAV	982,780	982,780	982,780	982,780	982,780
Include					
Revaluation of investment properties	-	-	-	-	-
Revaluation of investment properties under construction	-	-	-	-	-
Revaluation of other non-current investments	-	-	-	-	-
Revaluation of tenant leases held as finance leases	-	-	-	-	-
Revaluation of trading properties	-	-	-	-	-
Diluted NAV at Fair Value	982,780	982,780	982,780	982,780	982,780
Exclude					
Deferred Tax in realtion to fair value gains of IP	17,201	17,201	n.a	17,201	-
Fair value of financial instruments	3,779	3,779	n.a	3,779	-
Goodwill as a result of deferred tax	-	-	-	-	-
Goodwill as per the IFRS balance Sheet	n.a	-	-	n.a	-
Intangibles as per the IFRS balance sheetIFRS	n.a	-	n.a	n.a	-
Include					-
Fair value of fixed interest rate debt	n.a	n.a	-	n.a	-
Revaluation of intangibles to fair value	-	n.a	n.a	-	-
Real estate ransfer tax	-	-	n.a	-	-
NAV	1,003,760	1,003,760	982,780	1,003,760	982,780
Number of shares (excluding treasury shares)	87,529,910	87,529,910	87,529,910	87,529,910	87,529,910
NAV per share	11.47	11.47	11.23	11.47	11.23

EPRA NIY y EPRA "topped-up" NIY (31/12/2020)

(Thousands of Euros)	Total Shopping Centres	Total Retail Parks	Total Other Retail	Total Lar España
Completed Property Portfolio	952,250	463,820	58,870	1,474,940
Allowance for estimated purchasers costs	19,386	8,060	908	28,354
Gross up completed property portfolio valuation (A)	971,636	471,880	59,778	1,503,294
Annualised cash passing rental income	59,933	30,563	3,966	94,462
Property outgoings	-5,315	-3,167	-14	-8,496
Annualised net rents (B)	54,618	27,395	3,952	85,966
Notional rent expiration of rent free periods or other lease incentives	2,259	1,202	0	3,461
Topped-up net annualised rents (C)	56,877	28,598	3,952	89,427
EPRA NET INITIAL YIELD (B/A)	5.6%	5.8%	6.6%	5.7%
EPRA TOPPED-UP NET INITIAL YIELD (C/A)	5.9%	6.1%	6.6%	5.9%





TOTAL LAR ESPAÑA	99,875	4,492	4.5%
Total Other Retail	3,391	0	0.0%
Total Retail Parks	32,848	1,535	4.7%
Total Shopping Centres	63,636	2,957	4.6%
	ERV (Thousands of Euros)	ERV Vacancy (Thousands of Euros)	EPRA VACANCY RATE %

EPRA Cost Ratios

(Thousands of Euros)	2020	2019
Administrative expenses	(474)	(424)
Operating costs net of recoverable income (1) (2) (3)	(20,520)	(19,595)
Administrative/operating expenses in associates	-	-
EPRA Cost (including vacancy cost) (A)	(20,994)	(20,019)
Direct vacancy costs	(1,941)	(2,060)
EPRA Cost (excluyendo vacancy Cost) (B)	(19,053)	(17,959)
Gross Rental Income less ground rent costs-per IFRS (4)	95,476	83,304
Net associated costs (net service charge) (3)	(6,195)	(6,131)
Gross Rental Income (C)	89,281	77,173
EPRA COST RATIO (including direct vacancy costs) A/C	23.5%	25.9%
EPRA COST RATIO (excluding direct vacancy costs) B/C	21.3%	23.3%

Considering recurring expenses alone, the EPRA Cost Ratio in 2020- including direct vacancy costs - would be 15.7%, while if we exclude those costs, this ratio would stand at 13.5%. If additionally, costs directly related to development projects are also excluded, these ratios would stand at 21.9% and 19.2%, respectively.

⁽¹⁾ Maintenance costs are included.

⁽²⁾ Fixed management fee included. No variable fees have been accrued in either period.

⁽³⁾ The sum of these two headings corresponds to the item "Other expenses" in point Consolidated Statement of Comprehensive Income (page 260).

⁽⁴⁾ It includes the item "Revenue" in point Consolidated Statement of Comprehensive Income (page 260) and the mall income which is included in the item "Other income" in point Consolidated Statement of Comprehensive Income (page 260).



6

Annex

6.1

Association and sponsorship actions

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About this Annual Report

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Independent Review

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GRI & EPRA sBPR Index

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Glossary

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6.1 Association and sponsorship actions

Community work undertaken in 2020:



Authorities and civil society

- Collaboration with Breogán Basketball Club.
- Free loan of space to Club Deportivo Lugo.
- Collaboration with the Lugo Padel Club.
- Free loan of space to the Lugo Dance School.
- Municipal authorities: collaboration in the charity races "Corre con Nós", donation of sweets for the Three Kings parade.
- Free loan of space for the UME's temporary emergency command post (COVID-19).
- Collaboration with the Coronavirus Makers Lugo platform to make protective screens.

NGOs and foundations

- Free loan of retail space to 9 NGOs for 111 days.
- Collaboration with the advertising campaign for International Day Against Breast Cancer.
- Food collection drive for the municipal shelter organised by Cruz Roja [Red Cross].
- Donation of breakfasts for the personnel of the Hospital Universitario Lucus Augusti Emergency Room.
- Launch of the "Te ayudo" [I'll help you] app.
- Food collection drive for the Lugo Food Bank: 10,655 kg collected.
- Food collection drive for the Lugo Animal Shelter: 5,322 kg collected.



Shopping Centre Ànec Blau

Authorities and civil society

- Sponsorship of Maratò del Mediterrani [Mediterranean Marathon].
- Sponsorship of Mitjà Maratò Sitges [Sitges Half Marathon].
- Shirt sponsorship of Canal Olímpic.
- Te Ayudo app: collaboration in the marketing campaign to launch the citizen assistance app.
- "Usuari Responsable" [Responsible User] quiz to remind customers of the safety measures adopted in the centre. The centre awarded Responsible User diplomas with an authorised face mask.
- Collaboration with Castelldefels municipal council to help children at risk.
- Collaboration with "Xarxa de Carnestoltes" Castelldefels.
- SGS certification for protocol to prevent and protect against COVID-19..

- Free loan of retail space to NGOs.
- Collaboration with Cruz Roja (Red Cross) and the Castelldefels municipal council to raise awareness about the blood donation campaign "#etsimprescindible".
- Collaboration in the ISTEA Association's visibility campaigns.
- Collaboration with the Josep Carreras Foundation against leukaemia.
- Collaboration with Salva 1 Huella [Save 1 Pawprint] to foster adoption of homeless pets.
- Collaborations with Cruz Roja Castelldefels.
- Human clothing collection containers.





Shopping Centre

El Rosal

Authorities and civil society

- Initiative to thank the sectors that kept going during the pandemic. Invitations to the preview of the film "Military Wives".
- Municipal council: collaboration to convert a pilgrims' hostel for homeless people during lockdown.
- Collaboration with the Bembibre Basketball Club.
- Municipal council: free loan of space for the citizen card machine.
- Te Ayudo app: collaboration in the marketing campaign to launch the citizen assistance app.
- Collaboration with S.D. Ponferradina; tournament in the HYPE Station.
- "Equipo Tierra" [Earth Team] project to promote the use of face masks among school children.
- Collaboration with schools, dissemination of videos on social media during lockdown.
- SICTED: trusted tourism.
- SGS certification for protocol to prevent and protect against COVID-19.

NGOs and foundations

- Free loan of retail space to NGOs.
- Free loan of space to artists for exhibitions.
- Collaboration in campaigns with Cruz Roja, Aldeas Infantiles [Children's Villages], AECC [Spanish Association against Cancer].
- Collaboration with ADISBIER (an association which works with the disabled).
- Hermandad Donantes de Sangre [Blood Donors Association]: "Donar es de cine" ["Be a star and donate"] campaign in El Rosal (February and September).



Shopping Centre

Albacenter

Authorities and civil society

- Collaboration with entities in environmental, social, labour, cultural, etc. training.
- Collaboration with security forces to apply COVID safety measures among citizens/ customers.
- Free loan of the Sala Activity [Activity Room] to cultural associations and groups. Total of 7 actions with 89 participants and an investment of €5.600.
- Sponsorship of the Albacete Cycling Club.

- Donation of 256,500kg of food to associations such as Cotolengo and Banco de Alimentos.
- Free loan of retail space for 56 charitable initiatives with NGOs and an investment of €28,500, including:
- Collaboration with Cruz Roja on a back-toschool drive to collect school materials.
- Collaboration with the Cruz Roja "Protect children from bullying" campaign.
- Free loan of space for workshops in collaboration with Arca De Noé (animal welfare association).
- AMIAB and ACEPAIN campaign to sell 2021 calendars and face masks with 975 participants and €5,275 raised.
- Collaboration with ACNUR and Cruz Roja (Earth Day).
- Lassus "Regala Solidaridad" [The gift of charity] campaign with the sale of children's book and Christmas plants, with €3,350 raised and 570 participants.





Shopping Centre

Las Huertas

Authorities and civil society

- Free loan of common areas to Cruz Roja.
- Free loan of space in the car park to set up a blood donation unit.
- Awareness campaign about the rational consumption of water promoted by Carrefour Property at all its centres, targeted at customers, retailers and employees alike.
- Collaboration with WWF's global initiative, Earth Hour.
- Collaboration on the Act for Food campaign championed by Carrefour.
- Collaboration with the AECC for the Day against Breast Cancer.
- Action to celebrate World Environment Day, launching a campaign on social media to mark the date and give tips on caring for the planet.
- Free loan of space for a food drive in collaboration with Cruz Roja.
- Donation of food and face masks to the "Cruz Roja Responde" project [Red Cross Responds].
- Free loan of space for a back-to-school drive to collect school materials for disadvantaged families as part of the Carrefour Foundation's global campaign.
- Collaboration in raising awareness for the mass food drive of Banco de Alimentos.



Shopping Centre Portal de la Marina (Alicante)

Authorities and civil society

- Project Wonderful Summit.
- Ondara Municipal Council. Social well-being and the town hall: personal shopping for disadvantaged families. 1,120kg of food donated.
- Ondara Municipal Council. Social well-being and the town hall: donation of 4 tablets for the "Nuestra Señora De La Soledad" retirement home.
- Ondara Municipal Council. Social well-being and the town hall: monetary donations for the purchase of hygiene and sanitary products for the citizens of Ondara.
- Hospital Marina Salud: donation to fit out and paint the paediatrics area like a planetarium.
- Participation in the Denia "Ruta de la Tapa" [Tapas route].
- Sponsorship of Unión Deportiva Ondarense
- Sponsorship of the Ondara basketball court
- Sponsorship of Denia Rugby Club
- Sponsorship of the Denia Women's Football Club
- Sponsorship of Club Deportivo Tonus.

- Solidarity area: free loan of retail space to 8 NGOs. 35 days.
- "Escapararte" [Put yourself in the shop window]: free loan of space to artists for exhibitions.
- Organisation of blood donation marathon at the centre.
- Collaboration with APAD (animal welfare association).
- Macma collaboration; "Calendari Des Brillants".





Shopping Centre

Gran Vía

Authorities and civil society

- National and local police. Tribute inside Gran Vía de Vigo to all essential workers, in this case the pharmacy, Kiwoko and Carrefour.
- Te Ayudo app: social support project related to COVID-19.
- Biker rally in our outdoor deck garden. Tour of the city culminating in Hospital Álvaro Cunqueiro with the delivery of a bouquet of flowers in tribute to the public hospital workers.
- Hospital Álvaro Cunqueiro. Delivery of 4 tablets to help hospitalised patients communicate with their families.
- Vigo municipal council. Drive to collect basic goods for the O Berbés "Casa Caridad" NGO.
- Reservation of car parking spaces for the exclusive use of healthcare personnel.

NGOs and foundations

- Free loan of retail space to 3 NGOs.
- Collaboration with the Vigo Banco de Alimentos [Food bank] in events (e.g. Sundays at Gran Vía, "Cada Paso Cuenta" [Every step counts]).
- Collaboration with shelter houses in the city (Carnaval Solidario [Caring Carnaval], "Ningún niño sin cumple" [No child without a birthday celebration]).
- Collaboration with the Bicos de Papel association to gift 4 tablets. "Cada niño un juguete" [A present for every child] initiative, consisting of a drive to collect toys for the "Stop" association.
- Hosting of the Vigo Down Association "El Viaje de mi Vida" [The trip of my life] exhibition.
- Monetary donation to Colegio Hogar San Rafael for the collaboration in our "Punto de Empaquetado" [Wrapping station] initiative, with a handmade wooden gift for our customers.
- Recognition and commemorative plaque from Cáritas for our CSR work.



Retail Park

Parque Abadía y Galería Comercial

Authorities and civil society

- Patrocinios deportivos:
 - C.D. Toledo.
 - Ciudad Toledo Fútbol Sala [Futsal].

- Membership drive for:
 - Cruz Roja.
 - Josep Carreras Foundation.
 - AECC.
 - UNHCR.
- Collaboration with APANAS [Regional Association for People with Intellectual and Development Disability]: charitable sale of items to raise funds
- Collaboration with the Toledo Down association: charitable sale of items to raise funds.
- Collaboration with Cruz Roja and the Corazón de Tambor NGO: drive to collect school material.
- Collaboration with AECC [Regional Association for People with Intellectual and Development Disability]: International Day against Breast Cancer.
- Collaboration with AFANION [Association for Children with Cancer]: benefit concert.
- Collaboration with the Toledo municipal social services: set-up of a charitable food collection point.





Retail Park Vidanova Parc

Authorities and civil society

- Sponsorship of basketball team.
- Sponsorship of football team.
- Collaboration with the Fallera de Sagunto Board

NGOs and foundations

• Support for the "Te Ayudo" initiative on social media



Authorities and civil society

- Agreement with the Seville National Police Federal Union.
- Seville blood transfusion centre: "Un regalo para ti y un gran regalo para otros" [A gift for you and a great present for others] blood donation drive.
- Collaborative agreement with Sevilla Fútbol Club and Real Betis Balompié [football clubs].
- Agreement with the Seville Entrepreneurs Confederation.
- Sponsorship of the science fair.
- Sponsorship of the Bermejales retailers association (Acoprober).
- Make a wish initiative: school material for CEIP Hernán Cortés and sports material for CEIP Aníbal González [primary education schools].
- Make a wish initiative: trolley food drive and 25th anniversary dinner.
- "Te Ayudo" project: creation of citizen support app.
- Training sessions for students of the EUSA university centre.
- Telva initiative: "A day as a fashion editor in Telva" internship.

- Free loan of retail space to 8 NGOs.
- Museo de la Esperanza [Museum of Hope]: donation to the Progreso y Salud [Progress and Health] Foundation for COVID-19 research.
- Food bank donation.
- Make a wish initiative: pet food for Asociación Ayandena, Arca Sevilla and Zarpitas Urbana [animal welfare associations].

Total financial contribution by centre



Shopping Centres & Retail Parks										
Concept	Albacenter	Anecblau	As Termas	El Rosal	Gran Via de Vigo	Lagoh	Portal de la Marina	Megapark	Abadia	Total
Free loan of units	5,600	0	0	8,500	0	15,000	18,000	0	0	47,100
Free loan of retail space	28,500	2,500	55,000	11,900	2,500	7,500	10,500	0	0	118,400
Free loan of resources	O	12,000	5,000	33,323	0	11,200	5,000	0	0	66,523
Sponsorships	2,500	15,500	7,366	0	0	37,665	10,800	0	5,000	78,831
Other	2,650	1,000	915	5,541	12,210	12,050	7,730	3,500	600	46,196
Total €/year	39,250	31,100	68,281	59,264	14,710	83,415	52,030	3,500	5,600	357,150





6.2

About this Annual Report

Report boundary

The information included in the **2020 Annual Report** relates to all of the activities carried out by **Lar España Real Estate SOCIMI, S.A**. and its subsidiaries (together, "the Group") between 1 January and 31 December 2020.

The latest annual report presented by Lar España covers the period between 1 January and 31 December 2020. The organisation has not undergone any significant change in its reporting boundary that could affect the information presented in this report.

The information presented herein refers to the most significant aspects of the financial and non-financial performance of Lar España's portfolio. In addition, this report draws on other reports to provide more detailed disclosures on certain matters. For example, the **Group's consolidated annual accounts** for the year ended 31 December 2020 are referenced to reinforce the disclosures detailing the economic dimension.

Guidelines and criteria used

Lar España's 2020 Annual Report was prepared on the basis of the guidelines established in the latest version of the Best Practices Recommendations report for real estate sector companies issued by the Reporting and Accounting Committee of the **European Public Real Estate Association (EPRA)**.

In addition, the Global Reporting Initiative (GRI) and the "Best Practices Recommendations" guidelines on Sustainability Reporting published by the EPRA in September 2017 have been applied for the fourth year running to the non-financial sustainability disclosures provided in this annual report. The purpose has been to address the

essential material aspects, as determined by means of the materiality assessment carried out by Lar España, which took into account the relevance by subject and main stakeholder, reporting at least one indicator for the aspects considered material in respect of Lar España.

In order to give an account of the organisation's performance in 2020, the following principles were applied, in keeping with the guidelines provided in the GRI Sustainability Reporting Standards with respect to the preparation of sustainability reports::

- The principles for determining the content of the report: stakeholder inclusiveness, the sustainability context and completeness.
- The principles for determining the quality of the report: balance, comparability, accuracy, timeliness, clarity and reliability..

Materiality assessment

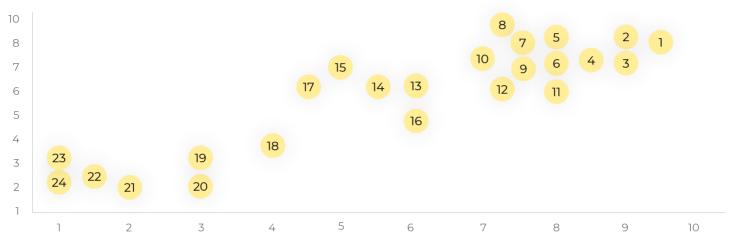
Lar España's 2020 Annual Report aims to identify and report exhaustively on all aspects that reflect the organisation's significant economic, social or environmental impacts and on those that enable it to align its corporate strategy with its stakeholders' expectations.

This report has been articulated around the reporting methodology prescribed in the GRI Standards, which involves undertaking a more indepth analysis of the topics of greatest relevance to the organisation. Starting from the materiality assessment performed in 2016, management identified a series of material aspects that are embedded within the vision, mission and strategic objectives of Lar España. Following in-depth analysis, introspection and consultation with the main stakeholders, the outcome of the materiality assessment is as follows:

Ę

Materiality matrix

Relevance for our stakeholders



Relevance for Lar España

- 1 Good Governance
 - Ethics and .compliance
- 3 ESG Risk Management
- 4 Transparency in 10. business relations
- 5 Anti-corruption and anti-money laundering
- 6 CSR investment

- 7 Responsible Investment
- 8 Environmental and social management
- 9 Interaction with local community and job creation
- Retain talent and training
- Sustainable product marketing
- Communication channels, with the local community

- Safe and healthy environment
- Modernism and design
- New experiences and services
- Cooperation with other entities
- Two-way dialogue with tenants
- Accessibility and transport links

- 19 Urban resilience
- 20 Refurbishments and conservation
- 21 Standard CSR reporting
- Equal opportunities and non-discrimination
- 23 Work-life balance
- Transparent remuneration policy



The priority of each of the aspects shown in the materiality matrix can be determined from its position.

Following the methodology of the GRI G4, the material aspects are those located in the upper right quadrant of the matrix and which obtained a score greater than or equal to 6 in both variables analysed.

- Level of importance for each stakeholder.
- Relevance for the company.

The most relevant environmental and social material aspects for Lar España for each phase of the corporation's business

model are shown below. All of these aspects were included and developed in the **ESG Master Plan**, which establishes short-, medium- and long-term measures and objectives for their implementation.

	Fundraising	Acquisition	Development	Management	Divestment	Business Support (*)
Good Governance						
Ethics and compliance						
ESG Risk Management						
Transparency in businessrelations						
Anticorruption and antimoney laundering						
CSR investment						
Responsible Investment						
Environmental and social management						
Interaction with local community						
Retain talent and training						
Sustainable and marketing						
Communication channels						
Safe and healthy environment						
Modernism and design						
New experiences and services						



^{(*) &}quot;Business support" refers to the functions of coordination and development of the different phases of the business model carried out internally by the company, i.e. by the employees. Note: The material aspects presented here have been sorted in descending order according to the variable Importance to Lar España. In those cases where more than one aspect has obtained the same value, the variable Importance of the aspect for stakeholders has been taken into account.



International standards

Lar España's 2020 Annual Report was prepared following the **GRI Sustainability Reporting Standards (Core option).**

The latest **EPRA** Best Practices Recommendations for Sustainability Reporting (EPRA sBPR), which take a more in-depth approach to non-financial aspects of relevance to the real estate sector, have also been taken into account.

Furthermore, this report has been drawn up in accordance with guiding principles of the **International Integrated Reporting Council** (IIRC) framework for the preparation of integrated reports, which are as follows:

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

Independent review

The sustainability information contained in this Annual Report has been reviewed externally by a third party with a limited review scope and based on the GRI Sustainability Reporting Standards (GRI Standards) guide. This guide includes a set of principles and indicators, which can be found in the annex to this report.

Contact details

Anyone wishing to request additional information on the contents of this Annual Report should submit their queries through the following channels:

General Communication Channels and Contact

Queries, questions, comments and information requests

info@larespana.com

+34 91 436 04 37

larespana.com/contacto/

Press

Press office, information on Lar España news and activities

prensa@larespana.com

+34 91 436 04 37

larespana.com/prensa/

Shareholder and Investor Information

info@larespana.com +34 91 436 04 37



6.3

Independent Review



Ernst & Young, S.L. Calle de Raimundo Fernández Villaverde, 65 28003 Madrid Tel: 902 365 456 Fax: 915 727 238 ev.com

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

INDEPENDENT REVIEW REPORT OF SUSTAINABILITY INDICATORS INCLUDED IN LAR ESPAÑA REAL ESTATE SOCIMI S.A. ANNUAL REPORT 2020

To the management of Lar España Real Estate SOCIMI S.A.

Scope of the work

As commissioned by the management of Lar España Real Estate SOCIMI, S.A. (hereinafter, Lar España), we have carried out the review of the sustainability indicators included as an Annex in Lar España's Annual Report 2020 "GRI & EPRA sBPR Index". This Report was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards) as stated in section "Guidelines and criteria used".

The boundary determined by Lar España for the preparation of the Report is included in section "Report boundary" in the annex "About this Annual Report".

The preparation of the sustainability information, as well as its content, is the responsibility of the management bodies of Lar España. They are also responsible for defining, adapting, and maintaining the management and internal control systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our responsibility.

Criteria

Our review was carried out based on:

- The Guidelines for reviewing Corporate Responsibility Reports, issued by the Instituto de Censores Jurados de Cuentas de España (ICJCE).
- Standard ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited scope of assurance.

Applied procedures

Our review consisted in performing inquiries to the management bodies as well as the various business units that have participated in the preparation of the Report, and in applying analytical procedures and sampling review tests as described below:

- Interviews with those in charge of the preparation of the sustainability information in order to understand how sustainability goals and policies are considered, implemented and integrated into Lar España's overall strategy.
- Analysis of the processes for collecting and validating the sustainability information contained in the attached Report.
- Verification of the processes that Lar España has in place to define the material aspects, as well as the participation of stakeholders on those.
- Analysis of the adaptation of the structure and content of the sustainability information as indicated in the GRI Standards Guidelines.
- Test, on a sample basis, of the quantitative and qualitative information of the indicators included in GRI Standards content index, incorporated as an Annex in the Report, as well as its adequate compilation from data supplied by information sources. The review tests have been defined in order to provide assurance levels as described before.
- Checking that the financial information included in the Report has been audited by independent third parties.

These procedures have been applied on the sustainability information included in the Report and in the "GRI & EPRA sBPR Index" included as an Annex in the Report, with the scope defined before.

In a limited assurance engagement, the procedures carried out vary in their nature and timing and are less in extent than those carried out for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is also substantially lower.

Independence and quality control

We have met the independence requirements and other ethical requirements of the Code of Ethics for Accounting Practitioners issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies the International Quality Control Standard 1 (NICC 1) and maintains, therefore, a global quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Conclusions

As a result of our review, we conclude that no matter came to our attention that would indicate that the sustainability information included in the Report has not been prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines GRI Standards, which includes the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions, having reviewed the "GRI & EPRA SBPR Index" included in the Annex.

This report has been prepared solely according to Lar España's interest, in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida Partner Madrid, April 22, 2021

Domicilio Social: C/ Raimundo Fernández Villaverde, 65, 28003 Madrid - Inscrita en el Registro Mercanfil de Madrid, tomo 9,364 general, 8,130 de la sección 3° del Libro de Sociedades, folio 68, hoja n° 87,690-1, inscripción 1°, Madrid 9 de Marzo de 1,989. A member firm of Ernst & Young Global Limited.



6.4 GRI & EPRA sBPR Index

It is important to note that all EPRA indicators related to ESG/Sustainability included in this report have been verified by an independent external. The Independent Review Report is included in Annex 6.3.

Category	GRI	EPRA sBPR	Indicator	Page/Comments
GENERAL DISCLOS	URES			
	102-1	N/A	Name of the organisation	290
	102-2	N/A	Activities, brands, products, and services	64 - 65
	102-3	N/A	Location of the organisation's headquarters	304
	102-4	N/A	Location of operations	200
	102-5	N/A	Ownership and legal form	54
	102-6	N/A	Markets served	38-47
ORGANISATIONAL	102-7	N/A	Scale of the organisation	64-65
PROFILE	102-8	N/A	Information on employees and other workersInformation on employees and other workers	56-59, 73, 138-139
	102-9	N/A	Description of the organisation's supply chain	96-97
	102-10	N/A	Significant changes to the organization and its supply chain	6-11
	102-11	N/A	Precautionary principle or approach	122
	102-12	N/A	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses	92-93, 96-101
	102-13	N/A	Membership of associations	62
CTDATECY	102-14	N/A	Statement from senior decision-makers	6-11
STRATEGY	102-15	N/A	Key impacts, risks, and opportunities	122-125
ETHIC AND	102-16	N/A	Values, principles, standards, and norms of behaviour	120-121
INTEGRY	102-17	N/A	Mechanisms for advice and concerns about ethics	120-121
	102-18	N/A	Description of the organisation's governance structure	104-116
	102-19	N/A	Description of the process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees	56-57
	102-20	N/A	Indication as to whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics and whether post holders report directly to the highest governance body	58-59
GOVERNANCE	102-21	N/A	Description of the processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics	126-147
	102-22	Gov-Board	Composition of the highest governance body and its committees	107, 118-119
	102-23	N/A	Indication as to whether he chair of the highest governance body is also an executive officer in the organisation. If so, a description of his or her function within the organisation's management and the reasons for this arrangement	The President of the Board does not hold an executive position

Category	GRI	EPRA sBPR	Page/Comments	
GENERAL DISC	LOSURES			
	102-24	Gov-Select	Description of the nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting highest governance body members	114
	102-25	Gov-Col	Description of the processes for the highest governance body to ensure conflicts of interest are avoided and managed	120-129
	102-26	N/A	Description of the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics	102-103
	102-27	N/A	Itemisation of the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics	119
	102-28	N/A	Description of the processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. Indication as to whether such evaluation is independent or not, and its frequency; and Whether such evaluation is a self-assessment	116
	102-29	N/A	Description of the highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities Indication as to the highest governance body's role in the implementation of due diligence processes	122-123
	102-30	N/A	Description of the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental, and social topics	123
GOVERNANCE	102-31	N/A	Statement of the frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities	Annually
	102-32	N/A	Indication of which is the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material topics are covered	Annual report is reviewed by the main board
	102-33	N/A	Description of the process for communicating critical concerns to the highest governance body	121
	102-34	N/A	Total number and nature of critical concerns that were communicated to the highest governance body and mechanism(s) used to address and resolve critical concerns	Information available in Annual Corporate Governance Report on Lar España's website
	102-35	N/A	Description of remuneration policies for the highest governance body and senior executives for the following types of remuneration	115
	102-36	N/A	Description of the process for determining remuneration Indication as to whether remuneration consultants are involved in determining remuneration and whether they are independent of management	115
	102-37	N/A	Explanation of how stakeholders' views are sought and taken into account regarding remuneration and, if applicable, the results of votes on remuneration policies and proposals	131
	102-38	N/A	Annual total compensation ratio	N/A
	102-39	N/A	Percentage increase in annual total compensation ratio	N/A



Category		GRI	EPRA sBPR	Indicator	Page/Comments			
GENERAL DISCLO	SURES							
		102-40	N/A	A list of stakeholder groups engaged by the organisation	126-130			
		102-41	N/A	Percentage of total employees covered by collective bargaining agreements	100%			
		102-42	N/A	The basis for identification and selection of stakeholders with whom to engage	126-127			
STAKEHOLDER ENGAGEMENT		102-43	N/A	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	126-147			
		102-44	N/A	Key topics and concerns that have been raised through stakeholder engagement, including how the organisation has responded to those key topics and concerns, including through its reporting Specification of the stakeholder groups that raised each of the key topics and concerns	126-147			
		102-45	N/A	Entities included in the consolidated financial statements	64-65			
		102-46	N/A	Definition of report content and topic Boundaries	290			
		102-47	N/A	List of material topics	291			
		102-48	N/A	Restatements of information	290			
		102-49	N/A	Changes in reporting	159-160			
		102-50	N/A	Reporting period (e.g., the fiscal or calendar year)	290			
REPORTING PRAC	TICE	102-51	N/A	Date of most recent report, if applicable	17 March 2020			
		102-52	N/A	Reporting cycle (annual, biennial, etc.)	Annually			
		102-53	N/A	The contact point for questions regarding the report or its contents	304			
		102-54	N/A	Claims of reporting in accordance with the GRI Standards	293			
		102-55	N/A	GRI content index	296-301			
		102-56	N/A	External assurance	294			
SPECIFIC DISCLOS	SPECIFIC DISCLOSURES							
ECONOMIC	Economic performance	201-1	N/A	Direct economic value generated and distributed	258-263			
PERFORMANCE	Indirect economic impacts	203-1	N/A	Development and impact of infrastructure investments and services supported	264			

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Category		GRI	EPRA sBPR	Indicator	Page/Comments
SPECIFIC DISCLO	OSURES				
		302-1	Elec-Abs	Energy consumption within the organisation	172-173
		302-1	Elec- Abs	Total electricity consumption	172-173
		302-1	Elec-LfL	Like-for-like total electricity consumption	172-173
		302-1	DH& C-Abs	Total district heating & cooling consumption	172-173
		302-1	DH&C-LfL	Like-for-like total district heating & cooling consumption	172-173
	Energy	302-1	Fuels-Abs	Total fuel consumption	172-173
		302-1	Fuels-LfL	Like-for-like total fuel consumption	172-173
		302-3	Energy-Int	Energy intensity	172-173
		303-4	N/A	Reduced energy usage	172-173
		303-5	N/A	Reductions in energy requirements of products and services	172-173
		CRE1	Energy-Int	Building energy intensity	172-173
	Water	303-1	Water-Abs	Total volume of water withdrawn by source	168
ENVIRONMENT		303-1	Water-LfL	Like for like total water consumption	168
		CRE2	Water-Int	Building water intensity	168
		305-1	GHG-Dir- Abs	Total direct greenhouse gas (GHG) emissions (Scope 1)	179
			GHG-Dir- LfL	Like-for-like total direct greenhouse gas (GHG) emissions	179
	Emissions	305-2	GHG-Indir- Abs	Total indirect greenhouse gas (GHG) emissions (Scope 2) (generated off site during combustion of the energy source)	179
		CRE3	GHG-Indir- LfL/GHG-Int	Like-for-like total indirect greenhouse gas (GHG) emissions	179
		305-4	GHG-Int	Greenhouse gas (GHG) emissions intensity	179
		305-5	N/A	Reduction of greenhouse gas (GHG) emissions	179
	Discharges and	306-2	Waste-Abs	Total weight of waste by type and disposal method	165
	waste		Waste-LfL	Like-for-like total weight of waste by disposal route	165
	Regulatory compliance	307-1	N/A	Monetary value of significant fines and total number of non-monetary sanctions for non- compliance with environmental laws and regulations	Lar España was not fined or sanctioned for non-compliance with any environmental law or regulation in 2020

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Category			GRI	EPRA sBPR	Indicator	Page/Comments				
GENERAL DISCLO	GENERAL DISCLOSURES									
	Labour practices and decent work	Occupational	403-1	N/A	Workers representation in formal joint management-worker health and safety committees	57				
		health and safety	403-2	H&S-Emp	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	139				
		es	404-1	Emp- Training	Average hours of training per year per employee by gender, and by employee category	139				
			404-2	N/A	Programmes for upgrading employee skills and transition assistance programs	114				
SOCIAL PERFORMANCE			404-3	Emp-Dev	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	139				
PERFORMANCE		Diversity and equal opportunities	405-1	Diversity- Emp	Diversity of governance bodies and employees	139				
	Society	Local	413-1	Comty-Eng	Percentage of operations with implemented local community engagement, impact assessments and development programmes	140				
		Anti-corruption	205-2	N/A	Communication and training on anti- corruption policies and procedures	120-121				
			205-3	N/A	Confirmed incidents of corruption and actions taken	No incidents of corruption were confirmed in 2020				
		Regulatory compliance	419-1	N/A	Non-compliance with laws and regulations in the social and economic area	The company did not receive any significant fines for non-compliance with laws or regulations in 2020				

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Category			GRI	EPRA sBPR	Indicator	Page/Comments			
SECTORIAL DISCLOSURES									
	Energy	CRE1	Energy-Int	Building energy intensity	184-189				
	Water		CRE2	Water-Int	Building water intensity	184-189			
	Emissions	CRE3	GHG-Int	Greenhouse gas emissions intensity from buildings	184-189				
ENVIRONMENTAL PERFORMANCE	EMISSIONS	CRE4	N/A	Greenhouse gas emissions intensity from new construction and redevelopment activity	184-189				
	Land degradation, of and remediation	CRE5	N/A	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations	N/A				
	Labour practices and decent work	Product responsibility	CRE6	N/A	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system	N/A			
SOCIAL PERFORMANCE	Society	Local communities	CRE7	N/A	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	No persons have been voluntarily and / or involuntarily displaced and/or resettled			
	Product responsibility	Product and service labelling	CRE8	Cert-Tot	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	157			



6.5

Glossary

PBT

Profit Before Tax.

EBIT

Earnings Before Interest and Tax.

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation...

Net profit/(loss)

Profit/(Loss) for the period after tax.

ROE (Return on Equity)

Return on equity, calculated by dividing profit for the last 12 months by the company's average equity of the last four quarters.

ROA (Return on Assets)

Return on assets, calculated by dividing profit for the last 12 months by the company's average assets of the last four quarters.

Liquidity ratio

The Company's capacity to meet its obligations with liquid assets, calculat- ed as the ratio between the Company's current assets and current liabilities.

Solvency ratio

The Company's financial capacity to meet its payments obligations with all the assets and resources available. It is calculated by dividing equity plus non-current liabilities by non-current assets...

EPRA

European Public Real Estate Association.

EPRA Earnings

Earnings from operational activities.

EPRA NAV

Net Asset Value adjusted to include properties and other investment inter- ests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA NNNAV

EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

EPRA Net Disposal Value

Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

EPRA Net Initial Yield (NIY)

Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

EPRA Net Reinstatement Value

Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA Net Tangible Assets

Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA "topped-up" NIY

This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

EPRA Vacancy Rate

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

EPRA Cost Ratio

Administrative & operating costs (including direct vacancy costs) divided by gross rental income.

EPRA Cost Ratio (excluding direct vacancy costs)

Administrative & operating costs (excluding direct vacancy costs) divided by gross rental income.

GAV

Gross Asset Value.

GLA

Gross Leasable Area in sqm.

WAULT

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from 30 september 2016, until the first break option, weighted by the gross rent of each individual lease contract.

Net LTV (Loan to Value)

Ratio that measures the total amount of outstanding principal, discounted available cash, against the value of the assets.

Dividend Yield

Profitability by dividend, that shows, in percentage, the shareholder perfor- mance by the dividends. Result of Dividend/ Average quarterly EPRA NAV of the last four quarters of the yea

Gross Annualised Rent

Gross annual investment return excluding temporary rental discounts or rent-free periods.

Average maturity period (years)

Represents the average maturity term of the company's debt.

Reversionary Yield

Yield calculated as the ratio between the rental income that would be ob-tained from leasing the entire area at the market prices estimated by the independent valuers (ERV) and the gross asset value.

GRI (Gross Rental Income)

Gross income for the period.

NOI (Net Operating Income)

Gross income discounting costs incurred during the period.

Shareholder Rate of Return

Return generated for the shareholders as the sum of the annual EPRA NAV variation and the dividends distributed divided by the company's year-end EPRA NAV value.

CBL

Central Business District, the most central, attractive shopping and office locations.

Prime rent

The highest basic rents in the best properties in various areas.

Like for like (Lfl)

Comparison of one period, with that of the same period the year before, taking into consideration the same number of assets.

DH&C-Abs

Consumo total de calefacción y refrigeración urbana.

Elec – Abs

Total electricity consumption.

Elec - Lfl

Like for like total electricity consumption.

Fuels - Abs

Total fuel consumption.

Fuels – Lfl

Like for like total fuel consumption.

Energy - Int

Building energy intensity.

GHG – Dir – Abs

Total direct greenhouse gas (GHG) emissions.

GHG - Dir - Lfl

Like for like total direct greenhouse gas (GHG) emissions.

GHG – Indir – Abs

Total indirect greenhouse gas (GHG) emissions.

GHG - Indir - Lfl

Like for like total indirect greenhouse gas (GHG) emissions.

GHG - Int

Greenhouse gas (GHG) intensity from building energy consumption.

Waste – Abs

Total weight of waste by disposal route.

Waste – Lfl

Like for like total weight of waste by disposal route.

Water-Abs

Consumo absoluto de agua.

Water-Lfl

Like for like de agua.

Water-Int

Water consumption intensity.

Cert-Tot

Total number of certificates.

Diversity-Emp

Employees diversity.

Emp-Training

Employees training.

Emp-Dev

Employees professional development.

Emp-Turnover

Employees turnover.

H&S-Emp

Employees Health & Safety.

H&S-Asset

Assets assessment of Health & Safety.

Compty-Eng

Holding of social events in assets.

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