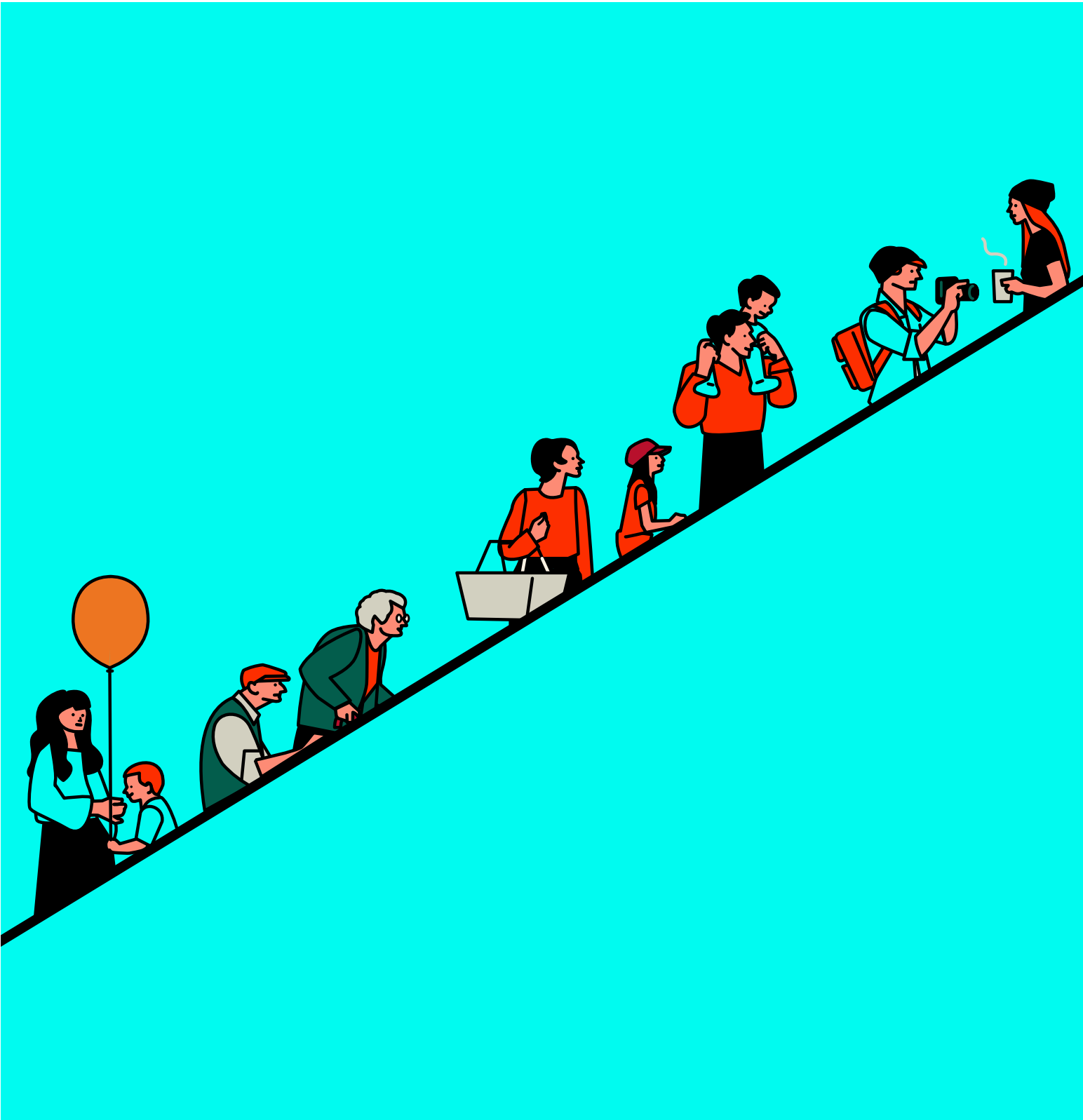


ANNUAL REPORT
2021



Letter from the Chairman

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Lar España: Our business

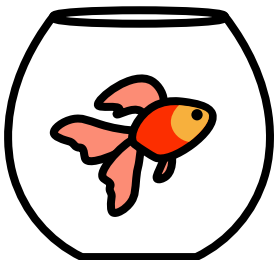
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Letter from the Chairman

D. José Luis del Valle
Chairman

Dear shareholders,

Firstly, on behalf of the Lar España Board, senior management and the entire management team, I would like to thank you for **placing your trust in us and for the continuing support** received throughout 2021.

Last year was a difficult and challenging year, yet it was also one that was filled with promise and that was ultimately a positive year. Many months continued to be plagued by new waves of the pandemic, including the last quarter which was hit particularly hard by the omicron variant.

We acted in coordination with health authorities at all times across all our 14 properties, respectfully adhering to the restrictions put in place by the different public authorities and continuing to apply even more stringent protocols than those officially required, in essence, **ensuring our retail properties were highly secure spaces**. It was a commitment we made as a Company to our employees, tenants and end customers and I think that once again we more than rose to the challenge.

Throughout Europe, and especially in Spain, **shopping centres and retail parks have successfully defended their position during these two years of pandemic**. Lar España's centres guaranteed access to essential services during the worst weeks of lockdown, and after this, they became widely recognised as highly secure environments for shopping, leisure activities, eating out and for families to spend time together. Over these past two years, **our gross lettable area has remained very high – operating at close to full capacity with an occupancy rate of 96.1%**.



Thanks to our sound management, at the end of the last financial year, footfall and **sales levels had almost recovered levels last seen in 2019**, just before the onset of the pandemic.

With health and safety being a priority for all our employees, we have also made significant improvements in terms of our financial management, in **bolstering our cash position, refinancing debt and continuing to offer attractive returns to all our shareholders**. It has been a year of considerable hard work and dedication from both our commercial and management teams. We have **made improvements and come within closer reach of achieving all our strategic goals**, and are now ideally placed to further increase our leadership in the sector in both the medium and the long term.

We began the year with the sale of 22 retail units all operated by one supermarket chain to the European investment fund Blackbrook Capital.

With a gross lettable area of 28,000 sqm, **the EUR 59 million deal, which brought a value uplift of 24%**, was completed in February 2021. At a time when the market was particularly volatile, this sale allowed us to increase our liquidity and strengthen our cash position, while also bringing greater stability in the medium and long term.

Similarly, and seven years after Lar España was first floated on the stock exchange, the **extension to 2026 of the exclusive management contract with Grupo Lar on more favourable terms** was the third measure designed to optimise one of the best tools for guaranteeing the development and operational management of our portfolio in a world which has proven time and time again that it only has room for true specialists. In our case, the model has become the best way to **secure value-add – working alongside a true management expert and the more than fifty years real estate experience that our external manager brings to the table**. The contract renewal was unanimously approved by our Board of Directors.

In July and October 2021 we successfully issued **two unsecured senior green bonds amounting to a total of EUR 700 million and which were oversubscribed by almost five times on both occasions**. By doing this, all of the corporate debt burden has been eased, the guarantees pledged against assets were removed and their maturity extended considerably, extending them to July 2026 for the bonds from the first issue and to November 2028 for the bonds from the second issue.

Following both issues, the **average maturity increased from 2.6 years to 6.2 years**, while the **average cost of debt was reduced from 2.2% to 1.8%**. The **rating agency Fitch** assigned a **stable investment grade or BBB** rating to both Lar España and its two green bond issues, also in line with the second party opinion issued by **ISS Corporate Solutions**.

Collaboration and dialogue

Over these past two years, Lar España has maintained an **ongoing, honest, open and collaborative dialogue** with its more than one thousand tenants, and the Company will continue to do so going forwards. An alignment of interests between landlord and tenant has always been one of the keys to success in the sector. And looking ahead this is going to be truer than ever. Our retailers and we ourselves **are on the same page and fully committed to driving business in each shopping centre and retail park**, to each taking an active role in improving the retail mix and what it offers in each centre and to working together to achieve this goal. **Omnichannel retailing** – the merging of the physical and the digital worlds – will make modern retail more efficient. The more and the better we work together with our tenants, the better both of our results will be.

Thanks to this unique approach, sales at the end of 2021 across the 14 properties owned by Lar España reached **EUR 892.8 million, 24.1% more** than in 2020 and just 2.1% down on 2019. We received **74.4 million visitors** throughout the year, **up 16.2%** on 2020, meaning the growth in visitor numbers registered by Lar España was more than 17 basis points above the average growth for the sector which came in at 14.5%.

In 2021 we obtained a total of **EUR 79.1 million in accounting income**, a significant but not comparable figure in the year-on-year comparison given the sale of 22 supermarkets to Blackbrook and given that the lion's share of the rental discounts agreed during the pandemic were booked to the 2021 accounts.

If we compare income before deducting these rental incentives, income for the year stood at EUR 85.22 million – **21% year-on-year increase**. A figure that climbs to **27% in the yearly comparison** if we also exclude the 2020 income from the 22 supermarkets sold to Blackbrook in February 2021.



In short, **a recurring rental income as resilient as ours provides us with an exceptional capacity to predict future incoming revenues and is testament to our corporate strength.** We also have the added benefit of having **hand picked** each and every one of our assets to compile an extraordinary portfolio and being the sole owner of every single property. By doing this, we have guaranteed their **leading position in their respective catchment areas, a first-rate tech component and a top quality tenant mix** that includes the best brands on the Spanish market. All essential requirements for any shopping centre or retail park wanting to prosper in the short to medium term. And attributes which also go hand-in-hand with the tech transformation that is sweeping through the sector in terms of sales experiences.

Against this backdrop, in 2021, Lar España reported a **consolidated net profit of EUR 25.8 million**, underpinned by a **solid recurring revenue and the tried and tested resilience** of the 14 properties in our portfolio. With such a performance, we have successfully managed to put the losses suffered in 2020 in purely accounting terms – as a result of the one-off drop in the independent property valuations – well and truly behind us. In 2021, **our assets achieved a value uplift of 0.5% to reach EUR 1,424 million.**

At the same time, the Company has **upheld its commitments in terms of its shareholder remuneration policy.** On 18 November 2021,

it delisted 3.94 million shares acquired via the third share buyback programme, **reducing its share capital by 4.5%.** The aim of this share amortisation was to increase the profit per share of the remaining shares and as such **raise the shareholder remuneration** by the same percentage.

It is worth taking a moment here to reflect on the concerted effort that has been made over the last three years via all the share **buyback programmes that have in total amortised 17.1 million shares, equivalent to 13.4% of our share capital.**

This, along with the uptick seen in results over the past year – despite the restrictions applied to the retail sector during the successive waves of COVID-19 – led the Company to propose a **dividend payment of 36 euro cents per share** at the General Shareholders Meeting. If approved, this will equate to a **EUR 30 million payment in dividends, and offer a 7% return per share, one of the best in the market and 30 basis points higher than the dividend paid last year.**

Although our share price still reflects a considerable discount, just like in the rest of the real estate sector, it is worth highlighting that generally speaking the market consensus on Lar España is one of **significant upside potential.** A total of twelve firms actively cover us, with the majority assigning us a buy recommendation and a **potential uplift of over 30%.**

Lar España **has successfully reinvented itself, remaining one step ahead of social change and leading from the front** in terms of the shopping and leisure trends.

I firmly believe that in part these successes are due to the Company's unfaltering commitment to **sustainability, governance and social-related issues – better known as the ESG criteria**. For a long time now this has been a key aspect for investors, just as it is for society as a whole. A recent study carried out by a well-known consultancy firm found that **sustainability and environmental management criteria** in the real estate sector **increased yields by 6% and sales by 7.6%**. It is no coincidence that our increase in yield is higher in both cases.

We have made excellent progress in these areas during 2021. **Two new EPRA Gold Awards, a BBB rating in the MSCI ESG Index, a new entry in the carbon footprint register** and further improvements made on the **2021 GRESB assessment**.

In terms of governance, **we have been included in the Ibex Gender Equality Index** and we continue to meet **every single one of the recommendations** contained within the CNMV's Code of Good Practice for Governance.

In short, once again, the Lar España property portfolio has **successfully reinvented itself, remaining one step ahead of social change and leading from the front** in terms of the shopping and leisure trends that will take hold as the world returns to normal and the economy recovers. The opportunity to socialise that our shopping centres and retail parks offer has always been a major draw.

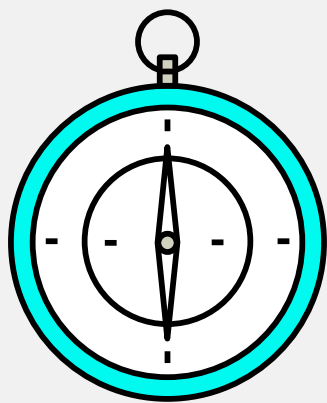
So much so, that many have become the undisputed number one go-to destination for entire communities. They are places where families and groups of friends go to meet up, and where they are far more than mere consumers.

This concept, which was already growing ever more popular before the pandemic, will continue to go from strength to strength as soon as this COVID-induced chapter is confined to the past. We are faced with **a model that many people have very clear in their minds**. The good news is that technology will help us to keep it that way, with **disruptive technology** and e-commerce set to play a defining role going forwards.

To conclude, our financial capacity, balance sheet and cash position, combined with both our performance in terms of innovation, sustainability and governance and the most advanced professional management, mean we can truly and honestly say that **we couldn't be better placed to begin the next chapter of our story**.

D. José Luis del Valle
Chairman
April, 2022

Main milestones



FEBRUARY 23.02.2021

Supermarkets portfolio divestment

On 23 February 2021, the Company 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 was 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.

APRIL 22.04.2021

Annual General Shareholders Meeting

The Lar España **Annual General Shareholders Meeting** was held on 22 April 2021, 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.

MAY 21.05.2021

Dividend

Following approval at the Annual General Shareholders Meeting, the shareholder **dividend payment** was distributed, amounting to a total of **€0.31 per share**.

JUNE

08.06.2021

Renewal of the Investment Management Agreement

On 8 June 2021, the Company's Board of Directors approved the main terms and conditions for the **renewal of the management agreement entered into by the Company and Grupo Lar Inversiones Inmobiliarias, S.A.** on 12 February 2014 and novated on 19 February 2018, which was due to expire on 1 January 2022 (the Investment Management Agreement or "IMA").

The terms and conditions for the renewal of the IMA have been agreed taking account of the **experience accumulated to date and the good relationship between the Company and the Manager**, on the understanding that these changes **benefit the Company** and improve the **alignment of interests**.

The most relevant amendments with respect to the current version of the IMA are as follows:

- **Term of agreement:** The new agreement will have a five-year term from 1 January 2022 to 31 December 2026.
- **Base fee:** The base fee will be a fixed fee of **0.62%** of net asset value (NAV).
- **Performance fee:** The performance fee structure under the current IMA will be maintained, with the following modifications: the applicable rate will be cut from **20% to 10%**; it will not include a catch-up clause; the applicable hurdle rate will be set at **8.5%** as from 2022; 80% of the performance fee will be calculated on the basis of NAV growth per share and the remaining 20% will be

calculated on the basis of the Company's share price performance; it will be settled annually; it will be limited to a maximum amount of 1.5 times the annual base fee; and it will be paid, at the Company's choice, in cash or in treasury shares valued at their closing price on a predetermined date.

- **Additional performance fee for special actions:** For cases in which the Company undertakes new asset development or extension work on its current assets, an additional performance fee is added as a percentage of the total cost (CAPEX excluding land). The applicable rate will be 4% of total costs below or up to €40 million; and 3% of total costs above €40 million. Asset refurbishments will not give rise to a performance fee and will be covered by the base fee.
- **Exclusivity commitment:** The exclusivity commitment included in the current IMA will be revised to include a non-compete clause depending on the catchment area of the Company's assets; and a right of first refusal for the Company in relation to possible acquisitions of assets in Spain.

JUNE

16.06.2021

Change of registered address

In June 2021, Lar España, along with our single management company, relocated our head office to fully refurbished premises on Calle María de Molina. **As a sign of our unwavering commitment to sustainability and tackling climate change**, some of the most standout features of the new headquarters include:

- The use of natural lighting throughout.
- Installation of a closed-loop air-conditioning and filtering system.
- Indoor air quality constantly controlled and treated using photocatalytic filters (SFEG).

Throughout the relocation process we focused on trying to **reuse existing furniture and equipment** wherever possible, in order to reduce waste, cut down on resource use and recycle as much as possible.



JULY

15.07.2021

Green Bond issuance

On 15 July 2021, Lar España successfully placed an issue of unsecured senior green bonds maturing in July 2026. The pre-established maximum amount of €400 million was more than four times oversubscribed.

The annual coupon was set at a fixed rate of 1.75%, as compared with a 2.9% interest rate on the bond issued in 2015. The rating agency Fitch assigned an investment grade or BBB rating to both Lar España and its green bond issue.

The green bond issue was led by Morgan Stanley Europe, acting as the global coordinator and advising on the issue's sustainable structure. JP Morgan also acted as the lead manager for the issue, which was placed with qualified investors and will be quoted on the Luxembourg Stock Exchange's Euro MTF market.

	Rating	Outlook
FitchRatings	BBB	Stable

Lar España planned to use the green bond funds to fully or partially refinance a selection of real estate assets so as to reduce carbon emissions by assuring that the assets are environmentally friendly and meet the 2021 Green Bond Principles of the ICMA (International Capital Markets Association).

This will also bring liquidity to a very robust level, with long-term debt at around 40% of the asset value, striking a balance of secured and unsecured debt while keeping mostly fixed euro interest rates, thus bolstering the Company's capacity to pay out recurring dividends.

In parallel, the Company launched a public offering to buy back the secured senior simple bonds issued in February 2015 for a total of €140 million, maturing in 2022, which are traded on the Irish Stock Exchange's Euronext Dublin market. The buyback offer was led by Morgan Stanley Europe as the single dealer manager.

For Lar España chairman José Luis del Valle, "having significantly brought forward the maturity of the debt with extremely strong demand among top-level public and private institutional investors, we have given clear proof of the excellent receptivity and international confidence in the differential retail project that Lar España Real Estate represents. We are proud of the recognition of investors, who have clearly expressed their confidence in the strength of our balance sheet, in our capacity to generate recurring income and in the profitability of our management and dividend distribution policy".

For Del Valle, "the green bond has been managed in an exemplary manner and in record time, with the important endorsement of a BBB investment grade-stable rating from Fitch and a second party opinion from ISS. The transaction substantially strengthens our balance sheet structure, significantly reduces our financing cost and enables us to remain consistent with our proactive policy of maximum quality and transparency, profitability for shareholders and added value for all our stakeholders and for society in general. It also puts us in a leading position in view of the exciting recovery that the sector has already begun."

The rating agency Fitch assigned an investment grade or **BBB rating** to both Lar España and its green bond issuances.

OCTOBER

26.10.2021

Second Green Bond Issue

In November 2021, Lar España **successfully placed a seven-year senior unsecured green bond issue**. The preset maximum amount was **€300 million** and subscription requests were received for **close to five times the amount offered**. The aggregate nominal amount was in line with the outstanding balance of Lar España’s secured debt, which has been fully refinanced, marking the end of the Company’s transition from a secured to an unsecured financing strategy and **thus completing the Company’s debt refinancing process**.

The transaction was closed at a **fixed annual coupon of 1.843% as from issuance, calculated by reference to the nominal amount**. This issue, together with the issue of July of the same year, **cut the average cost of debt from 2.2% to 1.8%**. The **rating agency Fitch ratified the BBB rating** for both Lar España and this new issue.

This second issue was led by Morgan Stanley Europe, which acted as global coordinator and advisor to the sustainable structure, as in the first issue. On this occasion, Morgan Stanley also acted as the lead manager for the issue, which was placed with qualified investors and **will be quoted on the Luxembourg Stock Exchange’s Euro MTF market**.

Thanks to this refinancing, **all of Lar España’s debt is unsecured, maintaining the interest benchmark at a fully-fixed rate and extending the average maturity period from 2.6 years to 6 years** by issuing the second green bond.

The Company intends to use an amount equivalent to the proceeds of the green bond issue to refinance, in whole or in part, a selection of its real estate assets so as to reduce its **carbon footprint and make the assets environmentally friendly** and compliant with the 2021 Green Bond Principles issued by the International Capital Markets Association (ICMA).

OCTOBER

15.10.2021

Completion of the share buyback programme

Lar España announced that **the buyback programme ended** and was terminated on 14 October 2021. Under the buyback programme, the Company acquired a total of **3,940,761 treasury shares representing 4.50% of Lar España’s current share capital**.

The acquisition of treasury shares under the buyback programme was carried out and reported on a regular basis in accordance with Articles 2.2 and 2.3 of Delegated Regulation (EU) 2016/1052.

The buyback programme was implemented by JB Capital Markets, S.V., S.A.U., which acted as the financial intermediary. The Company also announced the reactivation of the liquidity agreement for the management of its treasury shares signed on 5 July 2017 and announced to the market on 10 July 2017 by means of price-sensitive information (registration number 254421), which was still suspended due to the extension of the buyback programme, in the terms reflected in the price-sensitive information submitted on 14 April 2021 (registration number 8633).

DECEMBER

20.12.2021

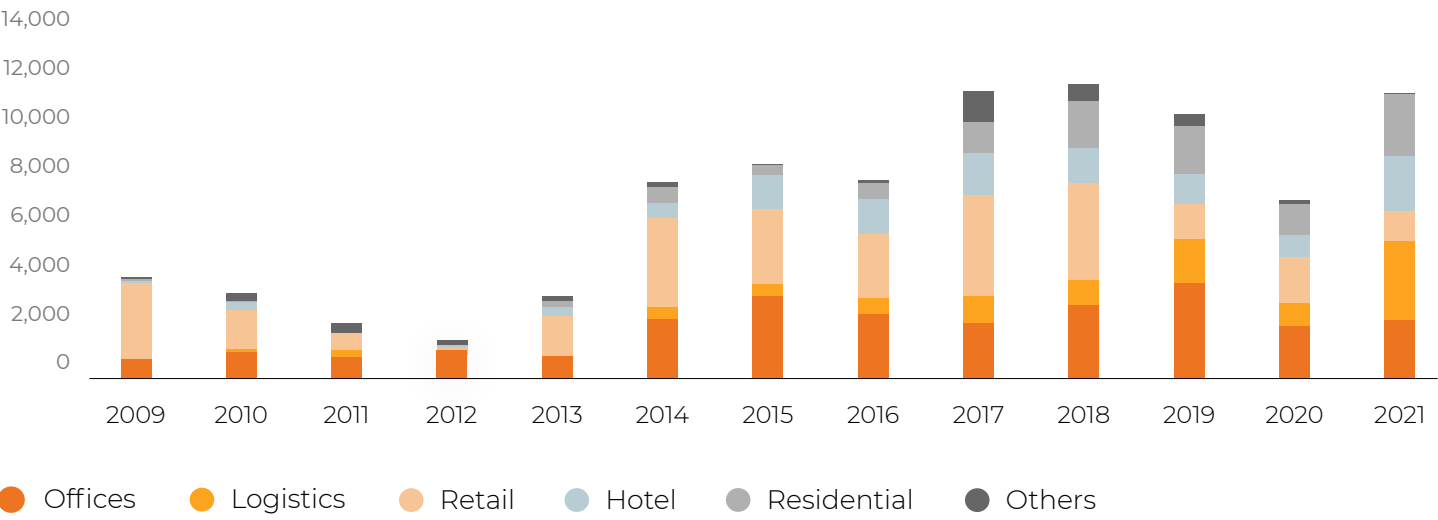
Registration of a capital reduction

Lar España announced that the public deed recording the **reduction of the Company’s capital by a par value of €7,881,522 by redeeming 3,940,761 treasury shares with a par value of two euros each acquired under the Company’s buy-back program**, was entered in the Madrid Commercial Register on 15 December 2021.

As a result, Lar España’s share capital stands at €167,385,938, consisting of **83,692,969 registered shares** with a par value of two euros each. Article 5 of the Company’s bylaws on capital and shares of Lar España was amended accordingly.

Quick View

Investment volume by sector (€Mn)

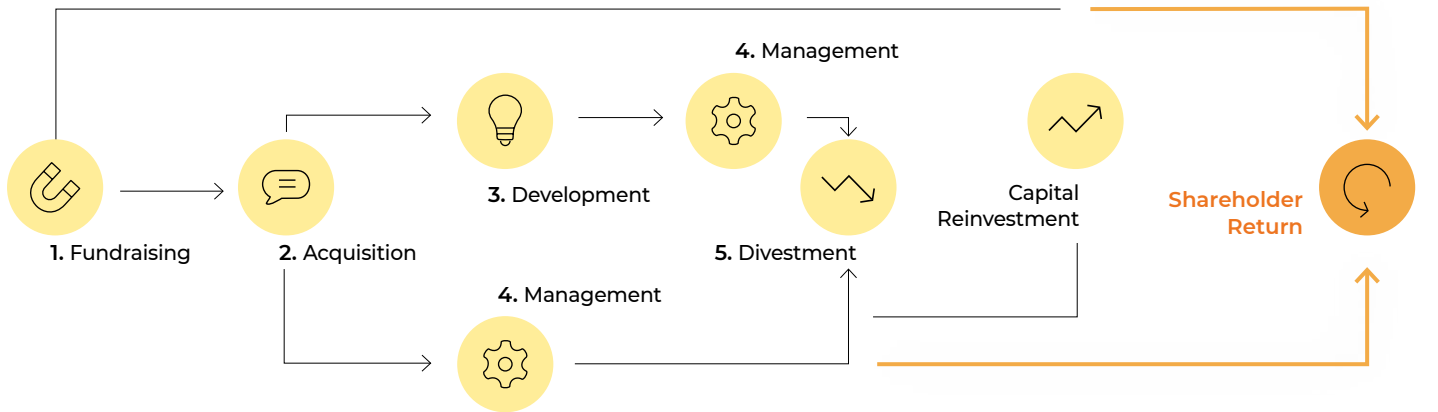


Source: Cushman and Wakefield.

Business model

The Company’s investment policy is based primarily:

- On strategic assets, shopping centres and retail parks.
- Opportunities to invest in leading retail sector assets in their catchment area.
- Risk diversification, whereby the Company’s expansion throughout Spain is conducted primarily through investment in, and the development of, shopping centres.



Governance

Corporate governance:

- The Articles of Association and regulations of the General Shareholders Meeting were reviewed and amended in 2021 to adapt them to the latest legal developments and best practices in the area of good corporate governance.
- A new version of the Board Regulations, the Audit and Control Committee Regulations and the Appointments, Remuneration and Sustainability Committee Regulations was approved in order to adapt the corporate rules and regulations of those committees to the most recent legal reforms, in particular, the amendment of the Spanish Companies Act introduced by Law 5/2021.
- Roll-out of an Action Plan for 2021 and 2022 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.
- The Appointments and Remuneration Committee has been renamed the Appointments, Remuneration and Sustainability Committee, with its duties extending to the review of ESG-related information and developments.

Ethical behaviour and compliance:

- Continued compliance with the Code of Conduct and the Internal Rules of Conduct in the Securities Markets.
- Monitoring of the Whistleblowing Channel and the Crime and Money Laundering Prevention Model.
- Improvement of Enterprise Risk Management (ERM) system.

ESG:

- Increase of 25% in the GRESB (Global Sustainability Real Estate Benchmark) assessment rating as compared to the previous year.
- Independent review by ISS-ESG of Lar España's strategy according to the Green Bond Principles issued by ICMA (International Capital Markets Association).
- Inclusion of Lar España in the IBEX Gender Equality Index.
- Registration of Lar España's carbon footprint for the years 2018, 2019 and 2020 in MITERD.
- Over €570,000 earmarked for community collaborations, sponsorships and initiatives.
- Implementation of a Waste Management Plan aimed at increasing data control and monitoring, preventing pollution and making sustainable use of resources.
- The data automation platform for dynamic data analysis and visualisation of environmental indicators was put into operation in 2021.
- A project was initiated to monitor indoor air quality at the properties.

Risk and opportunity management

- Alignment of the Risk Control and the Management Policy and Enterprise Risk Management (ERM) system with the main guidelines set out in the document "Enterprise Risk Management—Integrating with Strategy and Performance (ERM 2017)" published by COSO (Committee of Sponsoring Organizations of the Treadway Commission), to ensure that risks are properly identified, assessed, managed and controlled.
- Updating of the Corporate Risk Map, identifying the main risks that affect the group.

The **priority risks** in 2021 were as follows:

Strategic risks:

- Outbreaks, epidemics and pandemics.
- Political and macroeconomic situation, as well as changes in consumption and social behaviour models.
- Regulatory changes/legal uncertainty.
- Inadequate adaptation to climate change and environmental.

Operational risks:

- Value of buildings.
- Health safety of employees, collaborators, customers and visitors at shopping centres and precincts.
- Cybersecurity and information security.
- Renegotiation of contracts as a result of the pandemic.
- Customer solvency and credit risk.

Financial risks:

- Market risk and worsening of macroeconomic indicators.

Regulatory risks:

- Requirements of the SOCIMI regime.

Transformation: digital culture and innovation

Implement new tools that increase the value and positioning of our assets:

- Asset management (Seeketing, Mallcomm, Dotgis and Customer Journey) to assess and quantify the visitor experience and optimise management of the centres and customer relations.
- System for managing environmental information on the assets to achieve greater control and efficiency in this regard.
- Project to improve air quality in the shopping centres.

Corporate strategy and positioning in respect of ESG

- Definition of four pillars based on the Sustainability/ ESG Policy that structure the action model and shape the company's vision, focusing on:
 - › The surrounding area
 - › Corporate governance
 - › Social capital
 - › Environment
- Implementation of the Sustainable Development Goals (SDGs) through an action plan.
- Carefully selected strategic acquisitions.

2021 results

- **Asset valuation of 1,424 million euros.**
- **€700 million** green bonds issuance, with an **investment grade BBB rating assigned by Fitch** and improving significantly both the cost of debt and its average maturity period.

Lar España: Our business

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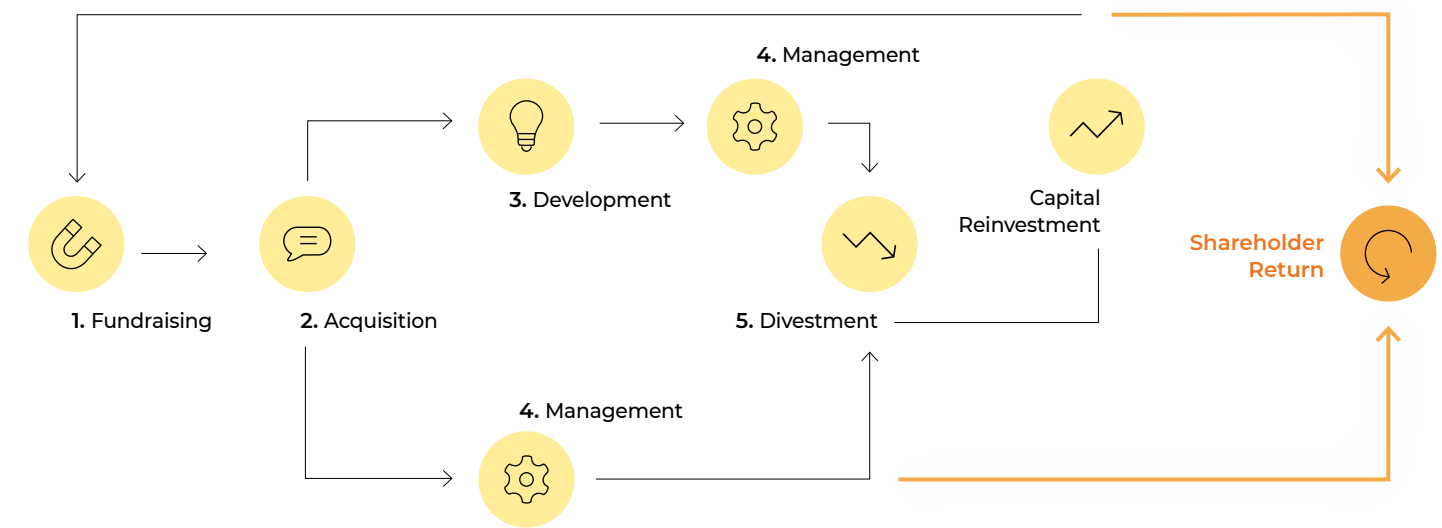
Digital culture &
Innovation
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Lar España carries out its operations and decision-making in an **ethical, responsible and sustainable** manner in order to make a **positive contribution** to society and the environment, while providing financial return for investors.



1.1 Business model



1

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)

2

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

3

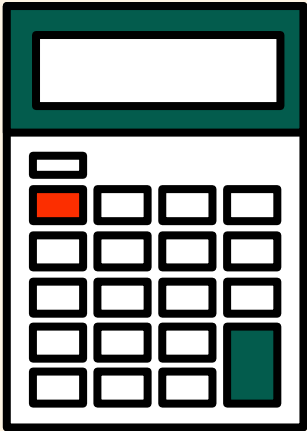
In the property **development, construction and refurbishment phases**, we pay special attention to reducing negative environmental and social repercussions.

4

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.

5

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.





Shopping Centre
Ànec Blau (Barcelona)

1.2 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 three-year 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/NTA.

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 disinvestment 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 assets that are poorly managed and that **have strong upside potential**, especially centres where there is an opportunity for repositioning or extending them.

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.

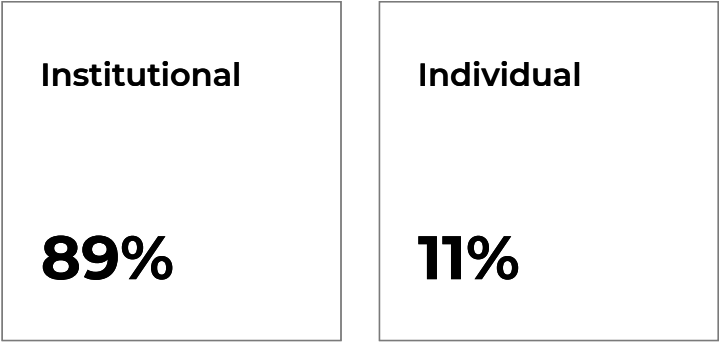
The Company's pipeline remains solid, allowing it to continue to comfortably meet its forecast investment targets.

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.**

Furthermore, it is conscious of its role within its activity, endeavouring 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, while providing financial return for investors.

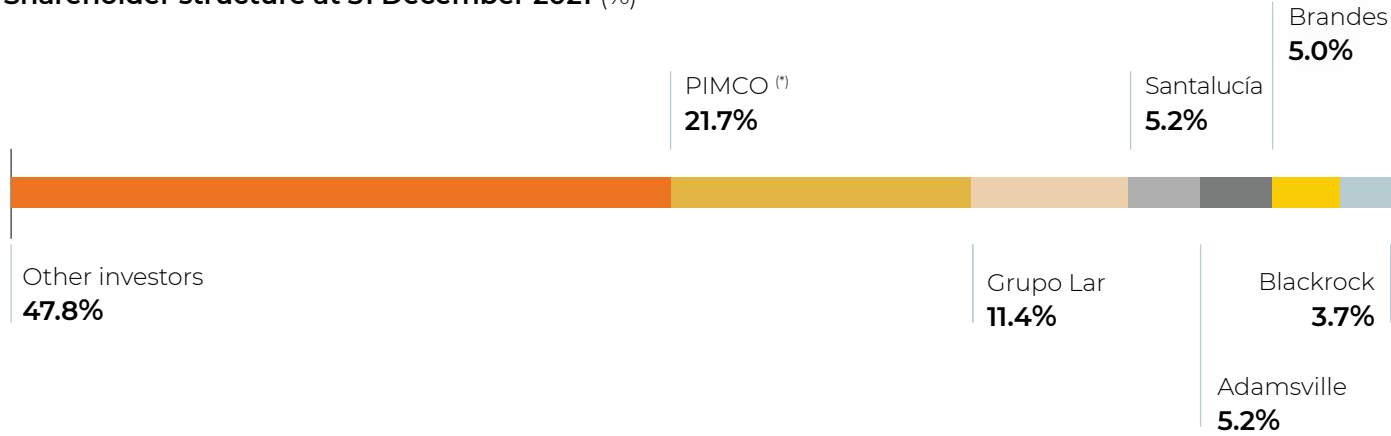
To Lar España, **corporate investment and environmental engagement** are much more than just hoops we need to jump through; they are vital to our future success. Our approach keeps us alert to new opportunities – like advances in energy efficiency, digital innovation and collaborative relationships with suppliers at the top of their fields. Thus, the Company remains committed to **creating shared value**, keeping a fluid communication with its stakeholders and investing in projects that champion sustainability in all its forms and working continuously to improve our assets' performance.



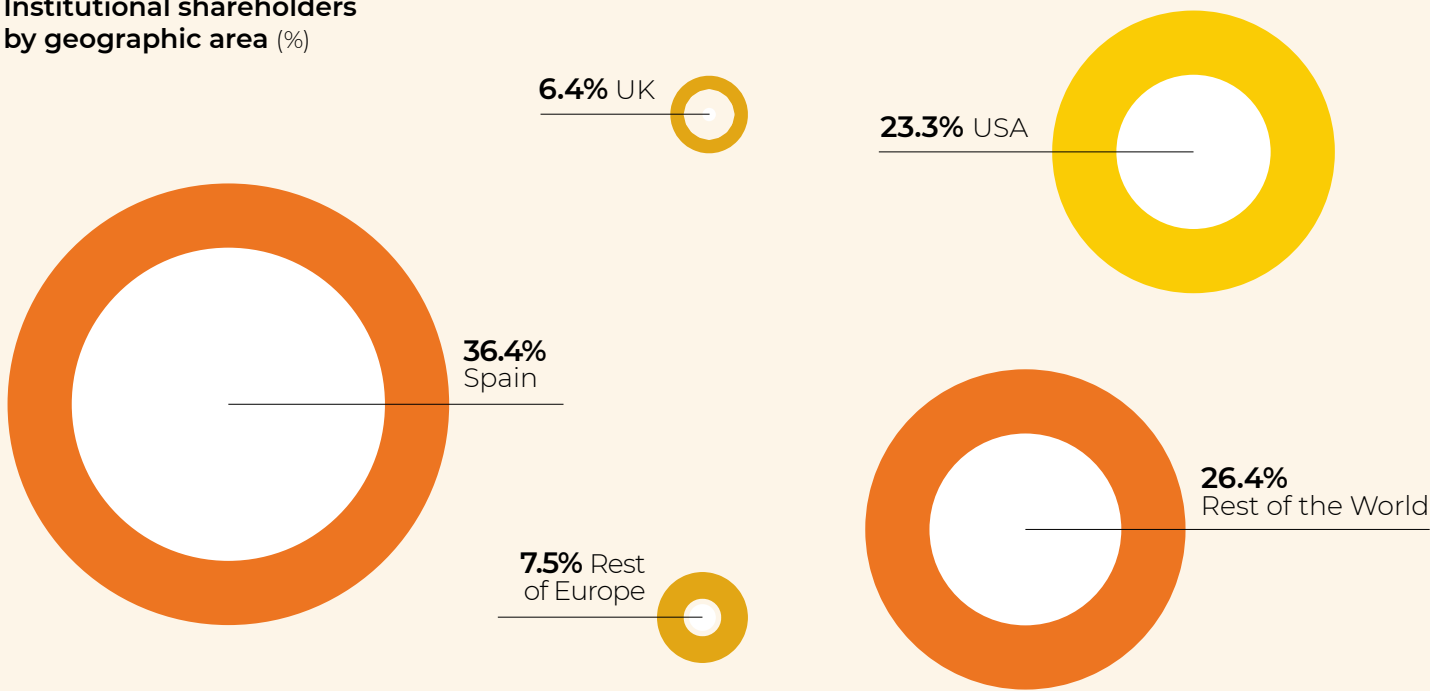
Shareholder structure

Lar España's shareholders include some of the most important investment and financial groups in the world.

Shareholder structure at 31 December 2021 (%)



Institutional shareholders by geographic area (%)



(*) On 28 January 2022, PIMCO Bravo II Fund L.P. sold its total stake in Lar España to Castellana Properties SOCIMI, S.A.

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.

At 31 of December 2021, the **Board of Directors** comprised 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 2 – **ESG**).

- C

Chairman
- M

Member
- D

Director

- Independent Director

Audit and Control Committee
- Proprietary Director

Appointments, Remuneration and Sustainability Committee



Mr. José Luis Del Valle

C

M



Mr. Alec Emmott

D

M



Mr. Roger Maxwell Cooke

D

C



Ms. Isabel Aguilera

D

M



Ms. Leticia Iglesias

D

C



Mr. Miguel Pereda

D

M



Mr. Laurent Luccioni (*)

D



Mr. Juan Gómez-Acebo

Secretary of the Board (Non-Director)



Ms. Susana Guerrero

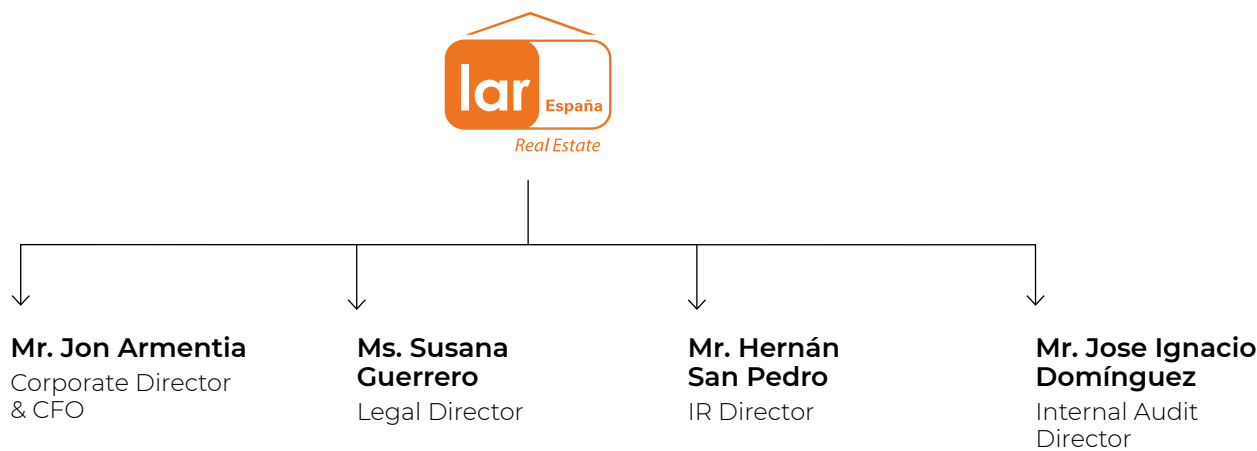
Vice-secretary of the Board (Non-Director)

(*) On 28 January 2022, Mr. Laurent Luccioni submitted his resignation as a member of the Board of Directors following the sale by PIMCO of his total stake in Lar España.

Lar España also features a **Management Team** that runs Lar España and is comprised of four people (three 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 2021 stood at 0%.

Its structure is detailed below:





Mr. Jon Armentia
Corporate Director & CFO

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 20 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).



Ms. Susana Guerrero
Legal Director

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.



Mr. Hernán San Pedro
IR Director



Mr. Jose Ignacio Domínguez
Internal Audit Director

Mr. Jose Ignacio Domínguez is the Internal Audit Director of Lar España and joined the Company in September 2021.

He is an Executive with extensive international professional experience in several fields of private listed multinational companies, related to Finance, Internal Audit, Risk Management & Compliance and Corporate Governance. Previously, Jose Ignacio has worked, among others, in companies such as Price Waterhose Coopers, Fomento de Construcciones y Contratas, or the more recent, Grupo Ezentis.

Graduated in Economics and Business Administration from the Complutense University of Madrid and the San Pablo CEU University College. Postgraduate Master from the IESE Business School. Member of the Official Register of Accounts Auditors of Spain, (ROAC). CRMA certified by the Global Institute of Internal Auditors (IIA).

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 impact	EPRA: Sustainability Performance Measures (Social)			
	EPRA sBPR code	Indicator	LAR ESPAÑA 2020	LAR ESPAÑA 2021
Diversity	Diversity-Emp	Percentage of direct employees	Men: 67% Women: 33%	Men: 75% Women: 25%
	Diversity-Pay	Percentage of direct employees	N/A ^(*)	N/A ^(*)
Rotation	Emp-Turnover	Number and percentage of direct employees	Men: 0% Women: 0%	Men: 0% * Women: 0% * In 2021, a new male employee was hired, which represents a hiring rate of 25%
Health and safety	H&S-Emp	Injury rate (IR), lost day rate (LDR), accident severity rate (ASR), absence rate (AR) and work-related deaths for all employees	IR Men: 0 Women: 0 LDR Men: 0 Women: 0 ASR Men: 0 Women: 0 AR Men: 0 Women: 0 Number of deaths due to accident or illness at work Men: 0 Women: 0	IR Men: 0 Women: 0 LDR Men: 0 Women: 0 ASR Men: 0 Women: 0 AR Men: 0 Women: 0 Number of deaths due to accident or illness at work Men: 0 Women: 0
	H&S-Asset	Number of assets	14 out of 14 ^(**)	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	120 hours	27 hours
	Emp-Dev	Percentage of direct employees	100%	100%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

Diversity-Emp: Employee diversity by gender at 31 December 2020 and 2021.
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 2020 and 2021.
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 2020 and 2021.
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 4 employees, and only one of them is a woman.
(**) It does not take into account the portfolio of 22 supermarkets divested during 2021.



Shopping Centre
Lagoh (Seville)

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

Vision

To provide our customers with unique shopping experiences by combining leisure and retail through an omnichannel approach.

Mission

To lead the industry based on the size of our portfolio, the quality of our assets and our management.

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 September 2021, Lar España was awarded for the **seventh 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 **fourth 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.





Retail Park
Megapark (Vizcaya)

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 5.4.



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.

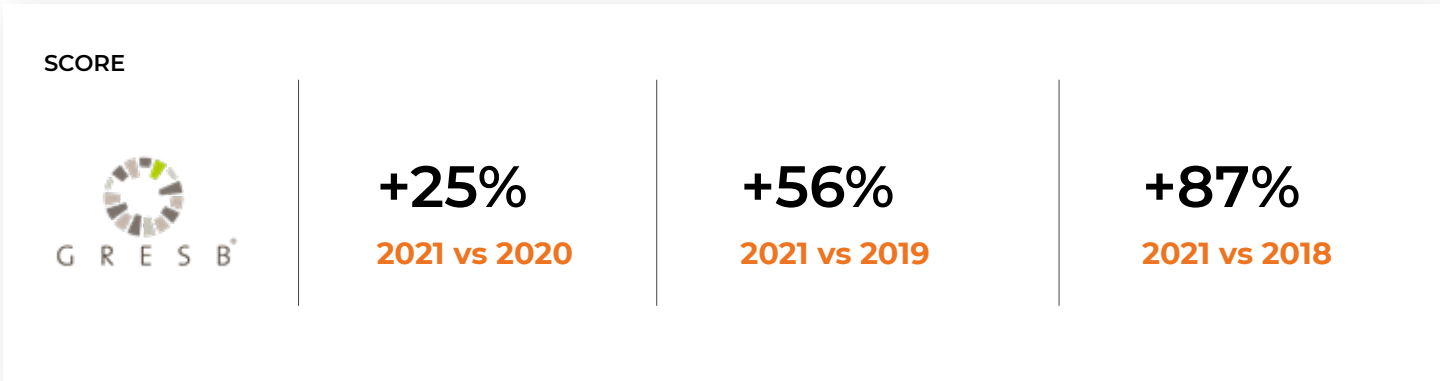
Thanks to our numerous good governance, sustainability and social engagement initiatives, we were awarded a **BBB rating** in the MSCI international index^(*). This recognition is a testament to the Company's many advances in this area and our commitment to aligning our strategy with international ESG standards.



During 2021, Lar España has taken part, for the **fourth** year running, in **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**, and an **increase of over 50%** compared to its rating in 2019 and **almost 90%** compared to the first year Lar España took part in this index in 2018.



Additionally, during 2021, **it 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.



(*) The use by Lar España of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names here in, do not constitute a sponsorship, endorsement, recommendation, or promotion of Lar España by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

The index is designed to identify Spanish companies with leading ESG corporate responsibility practices, which are used as a benchmark by a wide range of investors and market participants when evaluating responsible investments.

This has been achieved thanks to the fulfillment by Lar España of the requirements to become a component of the index, evidencing the good practices carried out by the Company in environmental, social and governance matters.



Lar España has **successfully issued two unsecured senior green bonds, amounting to a total of EUR 700 million**. As part of this issue, ISS-ESG conducted an **independent review of the Company's sustainability strategy**, based on the 2021 Green Bond Principles issued by the ICMA (International Capital Markets Association).

The rating agency Fitch also assigned an **investment grade or BBB rating** to both Lar España and its green bond issuances. The issuances were led by Morgan Stanley Europe, acting as global coordinator and advising on the sustainable structure of the matter.

In 2021, ISS-ESG conducted an **independent review of the Company's sustainability strategy**.

The bonds were ultimately placed with qualified investors and **are listed on the Euro MTF market of the Luxembourg Stock Exchange**.

Lar España has used the funds to refinance all or part of a selection of real estate assets, in order to **reduce carbon emissions by ensuring that these assets are environmentally friendly**.



Further proof of the Company's commitment to transparency can be found in the results obtained in the **Informe Reporta** – a study analysing the quality of the information provided to stakeholders by Spanish listed companies. The study looks at four key areas: **relevance, transparency, accesibility and the Company's commitment to providing such information**.

Lar España ranked 24th out of 116 companies, 11% higher than it achieved for the information published in 2020 in the general ranking, which then increased to 17% for the financial and real estate sector scoring, where it ranked 5th out of 25 companies, thanks to the quality of its financial and non-financial information.

The Company therefore continues to **perform above the average for the IBEX35 companies** in Informe Reporta and is very close to the **Top 10 companies** in this index.

IBEX Gender Equality Index

Lar España has been included as one of the 30 companies that form part of the **IBEX Gender Equality index, as a sign of the Company's commitment to diversity issues.**



In 2020 Lar España **joined the United Nations Global Compact and signed the letter of commitment, thus showing its clear intention to align its sustainability/ ESG strategy with the United Nations 2030 Agenda.**

In 2021, the Company went a step further by developing an **Action Plan** and identifying relevant issues and their contribution to the SDGs.

As a result of this analysis, **three strategic priorities and six goals** were identified, associated with the corporate and operational functions of the value chain of Lar España and its stakeholders.

Thus, the Company **identified the most relevant SDGs for its activity.** Implementing these lines of activity will **align the strategy and management model with the achievement of the eight defined SDGs and their corresponding targets** (see Section 2. ESG).

To ensure the correct implementation of the SDGs, the company raises awareness and promotes the **adoption of the 2030 Agenda in the governance of the Company and in the definition of corporate policies.** It also monitors the actions carried out within the company's activity to contribute to each of the SDGs identified.

→ 9 corporate actions & 13 operational actions





Shopping Centre
Gran Vía de Vigo (Vigo)

1.3
Key figures 2021

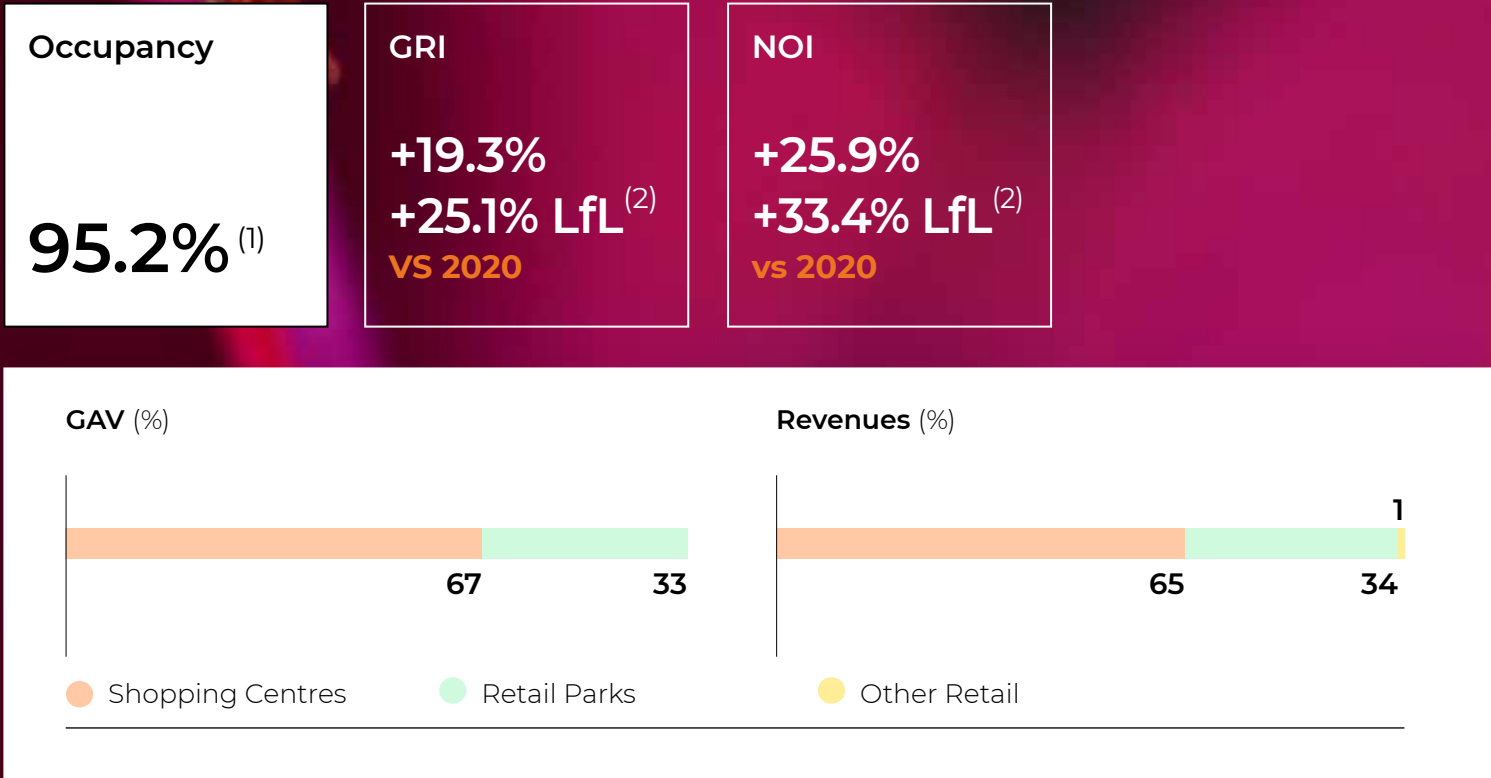
→ Portfolio Information

GAV ⁽¹⁾ 1,424 Million €	Assets 14	WAULT 2.7 years
GLA 551,326 sqm	Gross Annual Rent 94.3 Million €	

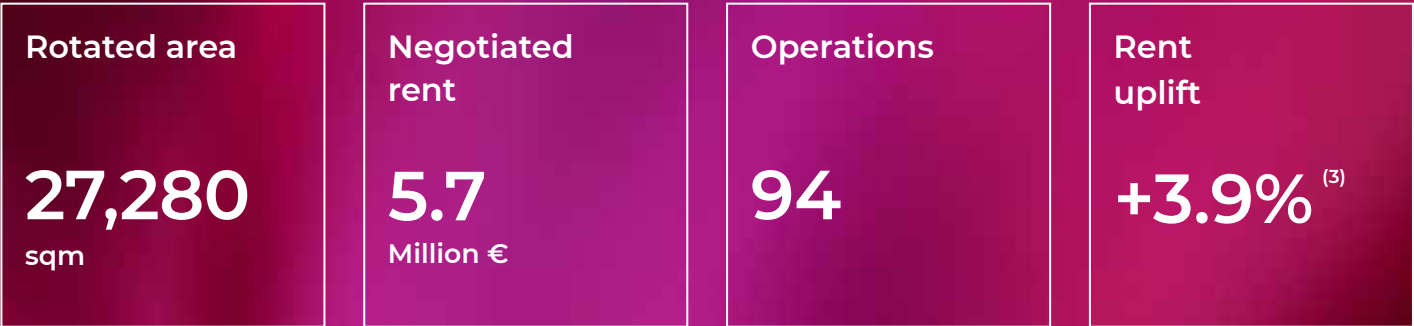
→ Financial Information

Rental Income ⁽²⁾ 79.1 Million €	EPRA Earnings 23.9 Million € (0.28 €/share)	EBITDA 50.7 Million €	Profit 25.8 Million €
EPRA Net Asset Value 869.5 Million € (10.41 €/share)⁽³⁾	Financial Debt 892.7 Million €	Net LTV 40.7%	
Average Cost of Debt 1.9% ⁽⁴⁾	Dividend 30.0 Million € (0.36 €/share)	(1) Information based on valuations carried out by independent valuers on 31 December 2021. / (2) Revenues and Other income. / (3) When analyzing the evolution of this measure it is important to take into account the dividend paid in Q2 2021 (0.31 €/share). / (4) After the upcoming maturity that have taken place in February 2022 in relation to the issuance of the Company's first bond of €140M, the average pro forma cost of the debt would be reduced to 1.8%.	

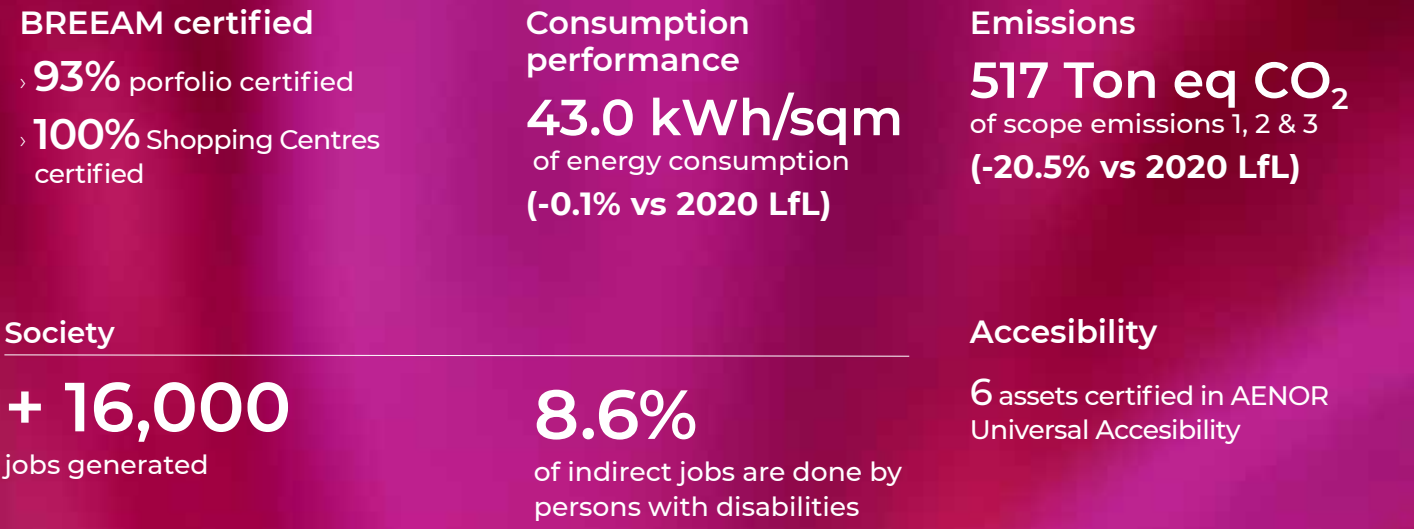
Operating Results



Leasing Activity



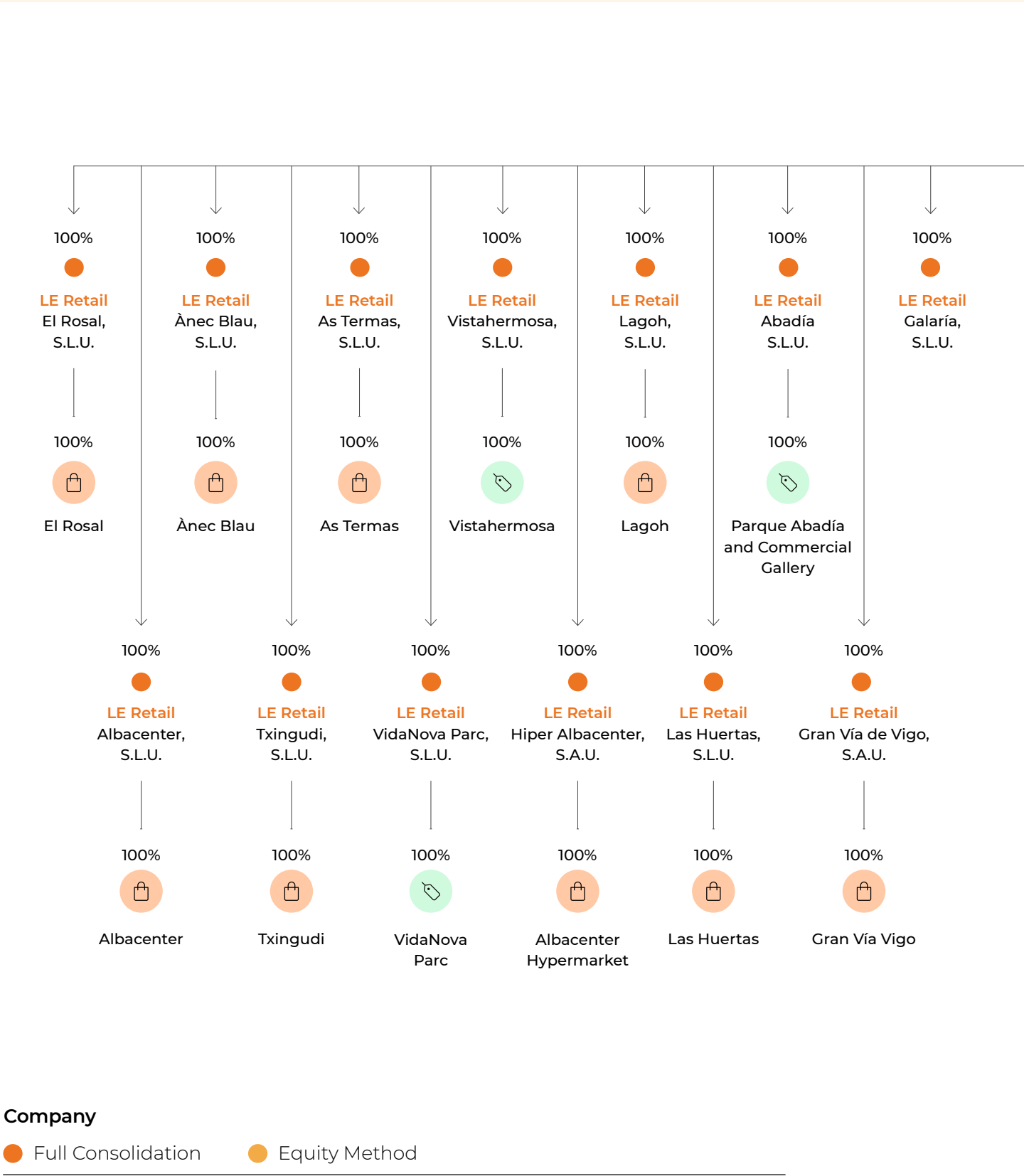
Sustainability/ESG

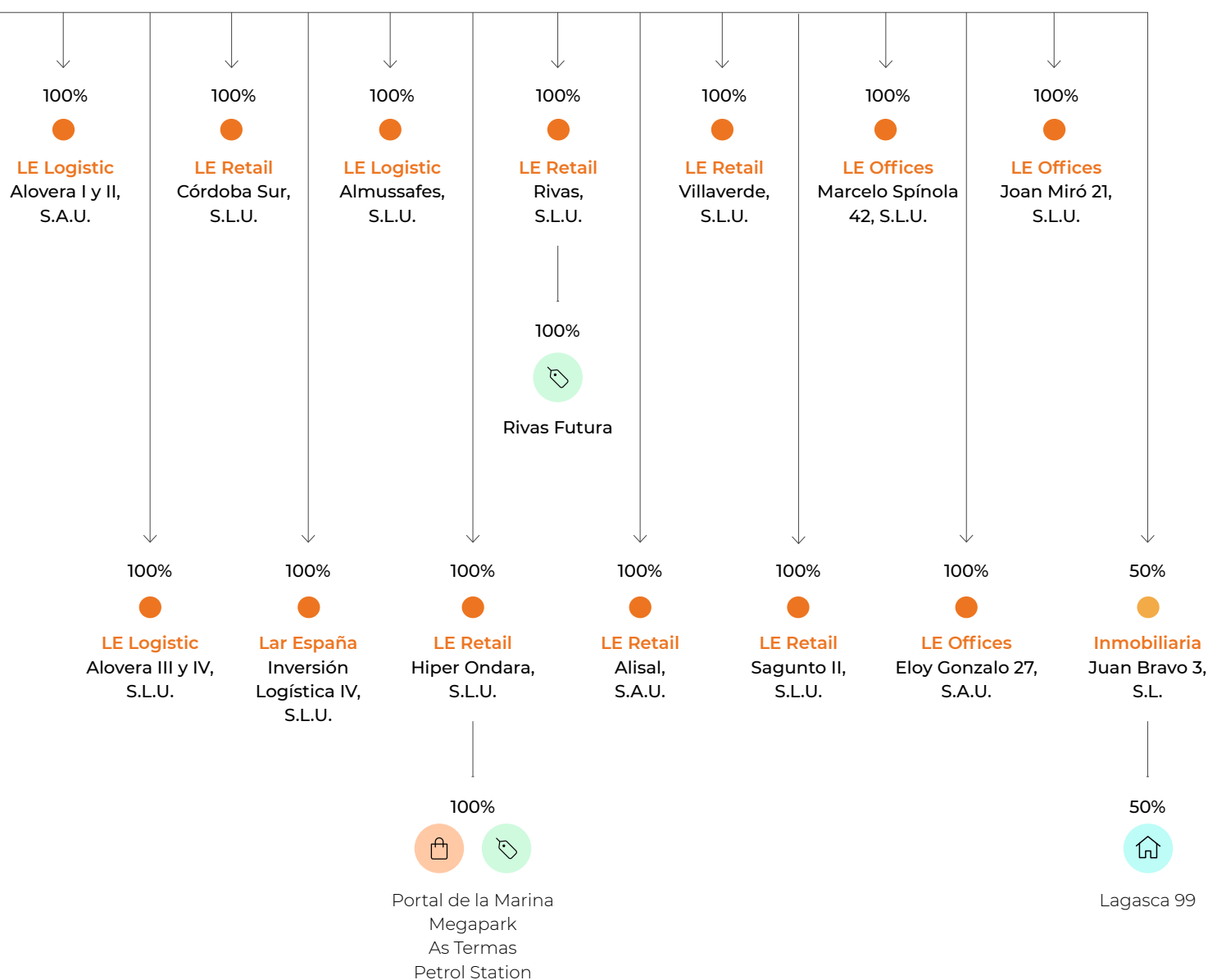
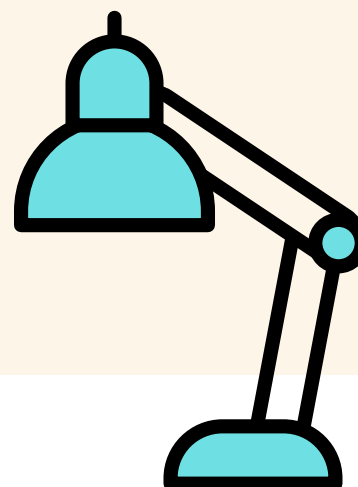


(1) Ratio calculated according to EPRA recommendations. / (2) Like for Like, excluding 22 Supermarkets portfolio divested in Q1 2021. / (3) Excluding 4 non-comparable operations.

1.4
Company chart 31.12.2021

Group scope of **accounting/financial consolidation** as of 31 December 2021 is as follows:





Asset Class



Shopping Centres



Retail Parks



 Residential

1.5
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.

Afterwards, on 8 June 2021, the Company’s Board of Directors approved the main terms and conditions for the **renewal of the management agreement** entered into by the Company and Grupo Lar, which was due to expire on 1 January 2022 (the Investment Management Agreement or “IMA”).

The terms and conditions for the renewal of the IMA have been agreed taking account of the **experience accumulated to date and the good relationship between the Company and the Manager**, on the understanding that these changes **benefit the Company** and improve the **alignment of interests**.

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**.



I. 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

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

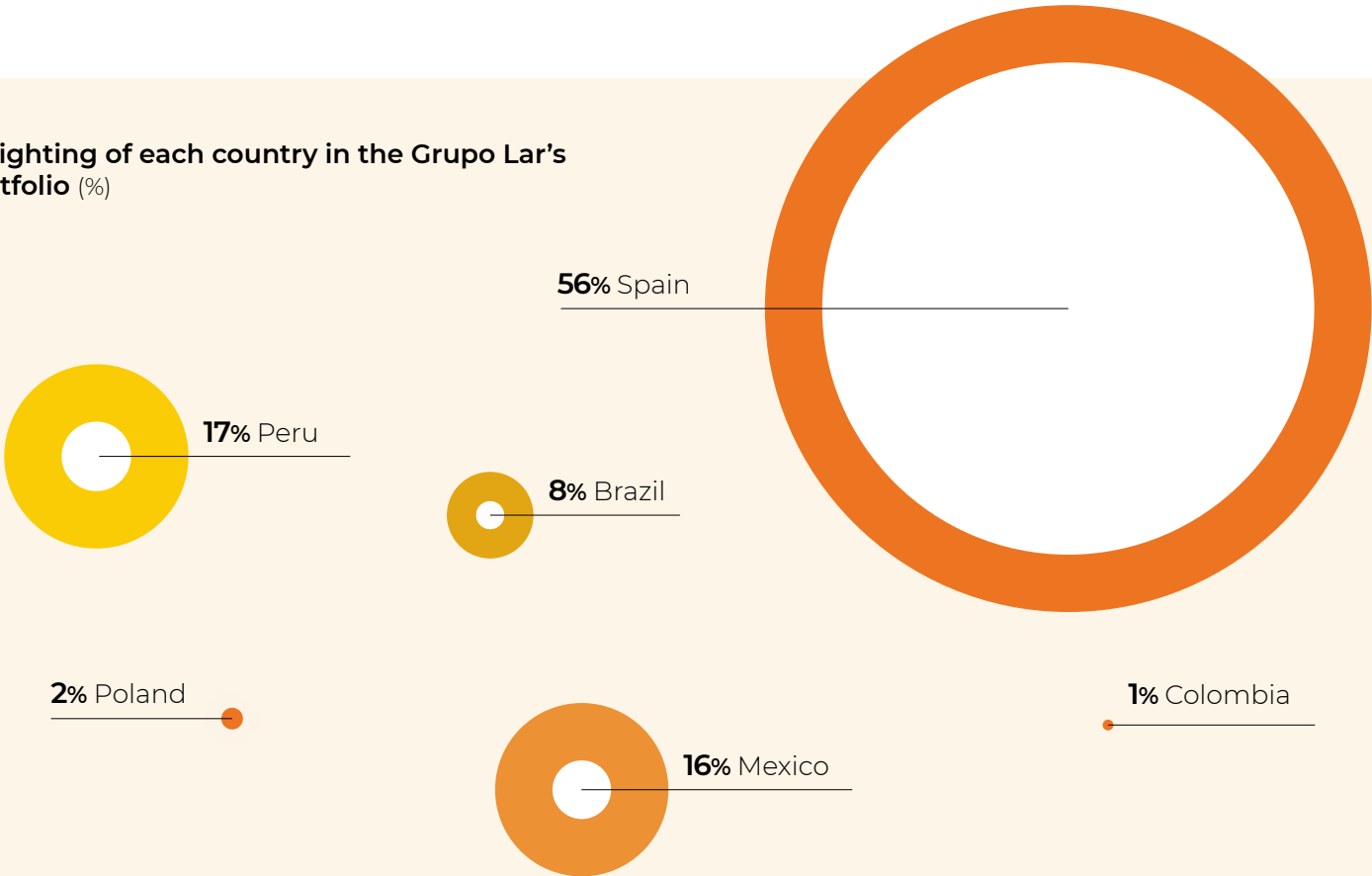
Large **experience and knowledge** of the Spanish real estate market.

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 (%)



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.**

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

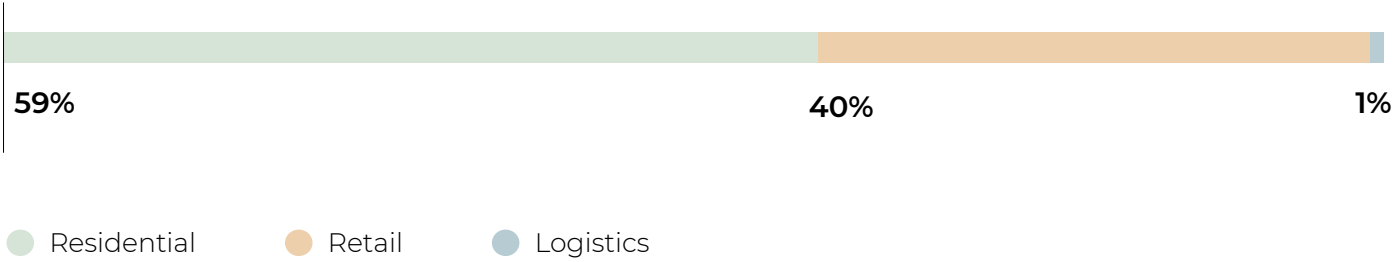
Co-investor and operational partner for Institutional Investors and Hedge Funds. Grupo Lar has a unique track record of successfully leveraging on **JVs and Alliances with tier 1 Investor and Corporations**, in order to maximise the return on investment for its partner.

6. Strong balance sheet

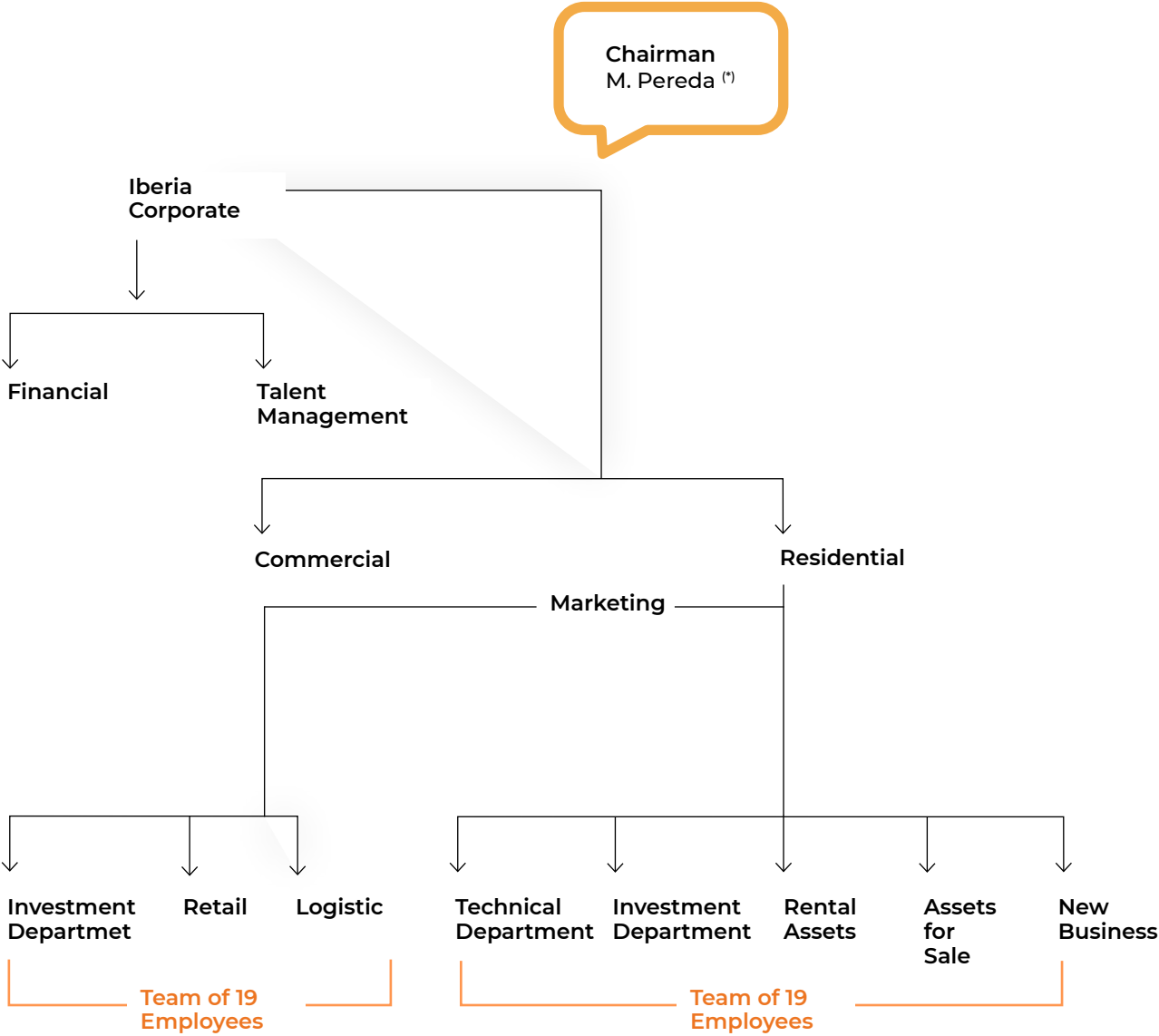
It boasts a **solid financial position** and the ability to adapt to different property cycles thanks to the **diversity of its assets and their locations.**



% GAV managed by Grupo Lar at 31 December 2021 (%)



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



(*) Grupo Lar Inversiones Inmobiliarias Board Member.

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.



Long term successful Joint Ventures

- Grupo Lar has successfully partnered with the **Real Estate funds** of highly regarded international institutions.
- **50-50% JV with Grosvenor**, from 2000 to 2008, to develop, invest and manage office, shopping and business centres in Spain (6 industrial parks, 6 office buildings and 13 shopping centres).
- Grupo Lar and **Whitehall (Goldman Sachs)** set up an alliance (1998-2002) 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 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.

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.

Last year, 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.



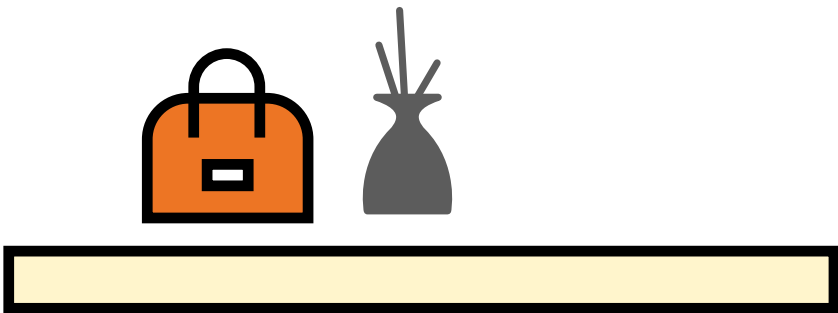
Grupo Lar’s extensive experience and in-depth knowledge are clearly emulated in **Gentalia**, the largest retail property manager in Spain and in which Grupo Lar owns 100% of the capital.

With over 20 years of experience, Gentalia’s business covers the areas of **consultancy, asset management, letting and shopping centre and retail park management, having positioned itself as as one of the most solid, active and innovative companies.** 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 **29 shopping centres and 5 projects** of varying types, operating throughout Spain. This equates to a gross lettable area of **1,020,000 sqm**, providing the Company with access to up-to-date knowledge and constant contact with the tenants of over 1,900 retail units, including all the **prestigious retailers on the market.**





II. Grupo Lar fees as Lar España’s Manager in 2021

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 Management 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 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 million.**
- 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 2021 total **8,609 thousand Euros.**

Base Fee	Thousands of Euros
EPRA NAV/NTA 31.12.20	881,376
Gross fee	8,814
Grupo Lar expenses incurred by Lar España	(205)
BASE FEE	8,609

(*) In June 2021, the Company renewed the management agreement with Grupo Lar, whose conditions will be valid from January 1, 2022 until **December 31, 2026.**

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/NTA 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/NTA and the market capitalisation of the Company**, and subject to an overall cap equivalent to 3% of the EPRA NAV/NTA 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/NTA 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/NTA** variation is calculated as follows:

EPRA NAV/NTA Evolution	Thousands of Euros
EPRA NAV/NTA 31.12.20	881,376
EPRA NAV/NTA 31.12.21 (*)	869,635
Gross difference	(11,741)
2020 Dividend paid in 2021	27,500
Share capital reductions	20,763
Net difference	36,522
INCREASE % 31.12.20 - 31.12.21	4.14%
Return above 10%	0.00%
PERFORMANCE FEE	-

(*) Pre performance Fee figure.

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

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

Market Capitalization Evolution	Thousands of Euros
Market capitalization 31.12.20 ^(*)	420,949
Market capitalization 31.12.21 ^(*)	418,130
Gross difference	(2,819)
2020 Dividend paid in 2021	27,500
Share capital reductions	20,763
Net difference	45,445
INCREASE % 31.12.20 - 31.12.21	10.80%
Return above 10%	0.80%
PERFORMANCE FEE	134

Therefore, **134 thousand Euros** has been accrued linked to this concept, in accordance with the 2021 annual increase in market capitalization.

To conclude, the sum of **8,743 thousand Euros** that results from adding the base fee to the performance fee is entered in the Global dated Income Statement at 31 December 2021 under the heading "Other Costs". See section 4. "Financial and EPRA information".

Fixed and variable fees have been taken into account in the EPRA Cost Ratios calculation (section 4. "Financial and EPRA information").

(*) Calculated according to the average closing price of the last 20 sessions.





Shopping Centre
Ànec Blau (Barcelona)

1.6 Market context

1. A year of economic recovery in the wake of the pandemic

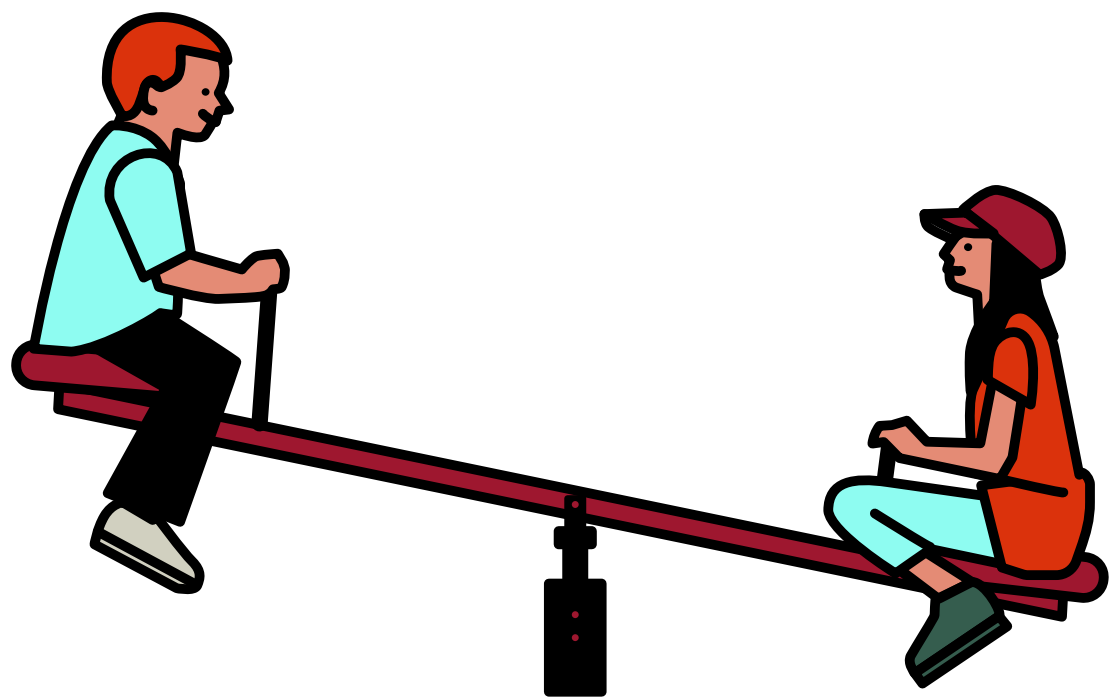
Growth and GDP

Improving qualitative indicators, along with rising employment levels have fuelled a sharp upturn in economic growth. Strong consumption levels were underpinned by the **gradual recovery in the labour market** and the resulting uptick in household income. The gradual easing of uncertainty regarding the pandemic and the economic climate has also helped families become a little less cautious in terms of saving and given an **extra boost to household spending**.

The Spanish economy made a strong recovery in 2021 following the setbacks inflicted by COVID-19 in 2020.

According to data released by the Bank of Spain, in 2021 **GDP grew by 5.1%^(*)** year-on-year, largely thanks to household consumption. The reduction in the number of registered COVID-19 cases – thanks to the **rollout of the vaccine programme** – spurred high levels of growth in activity during the second half of the year, despite the fact that the restrictions implemented as a result of the sixth wave dampened initial growth forecasts.

Nonetheless, **uncertainty remains high** and next year’s economic outlook is still very dependent on rising inflation, supply chain tensions and the consequences of the war in Ukraine.



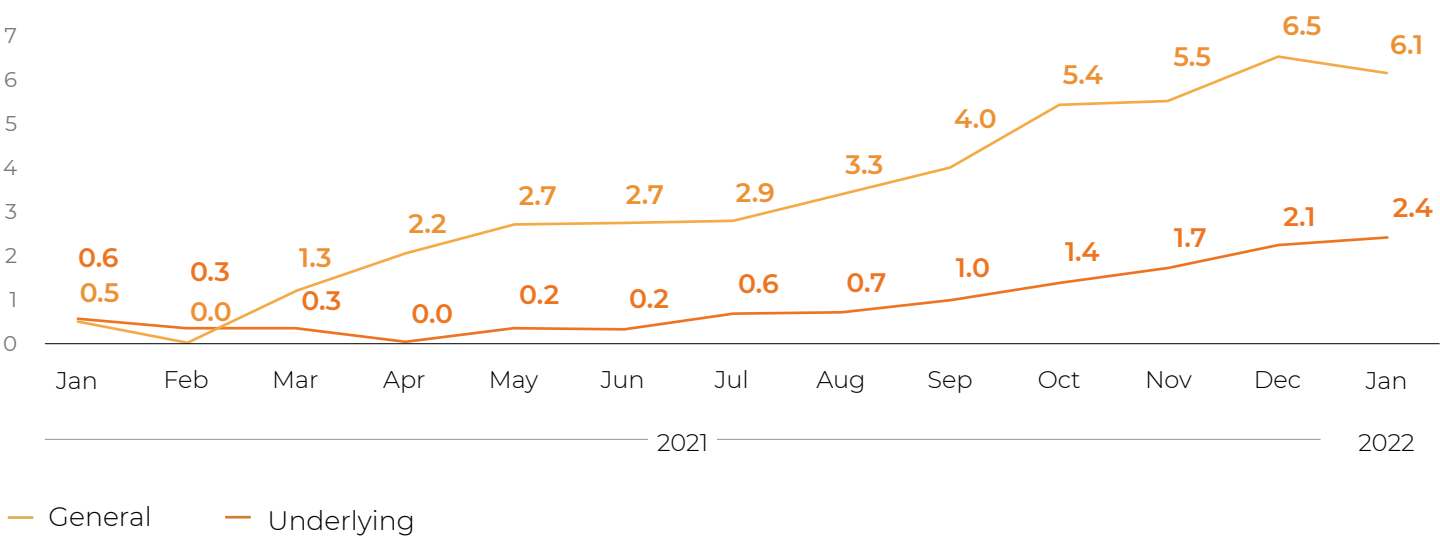
(*) Source: National Statistics Institute (INE).

Inflation

Inflation has **risen sharply** in recent months, largely as a result of soaring energy prices. Although this was initially thought to be a passing trend caused by

supply chain issues, the **CPI** posted a **6.5% increase in December** to take **average inflation** for 2021 up to **3.1%**, its highest rate in 10 years.

Annual CPI rate (%)



Source: National Statistics Institute (INE).

Employment

The job market ended the year on a **positive note**. **Unemployment** fell in 2021 as the economy recovered, reaching **13.3% at year-end^(*)** (vs. 16.1% at year-end 2020). Meanwhile, the number of **employed persons** was up by 840,700, equating to a **4.4% year-on-year increase**.

Following the jobs lost due to the pandemic in 2020, we expect **employment levels to rise over the next few years**. Spain's Chamber of Commerce forecasts an increase of circa **4.9% for 2022** – largely dependent on the Government and businesses using the European Next Generation funds to correctly implement the structural reforms required if the labour market is to absorb the existing supply of available workforce.

(*) Source: National Statistics Institute (INE).

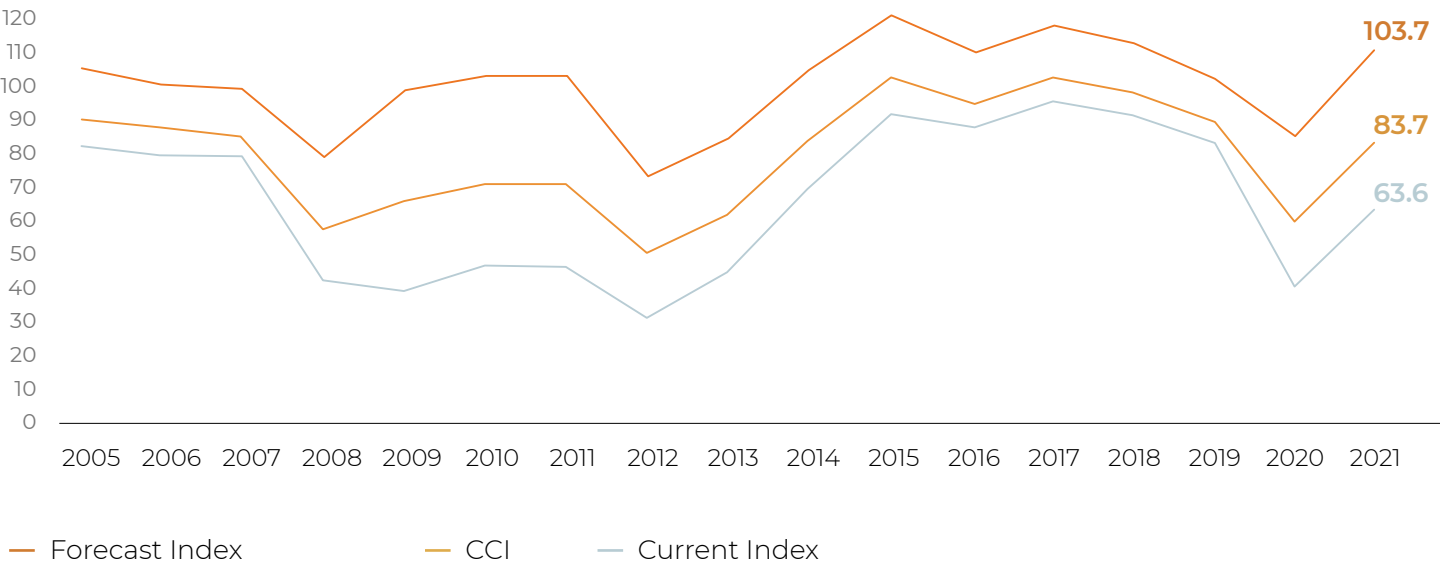


Consumer Confidence Index

The annual average CIS **Consumer Confidence Index (CCI)** stood at **83.7 points** in 2021, 23.7 points above the figure for 2020, but still short of all the figures recorded between 2014 and 2019. **Despite the figure for Q4 registering a negative trend** on the back of growing uncertainty, the overall CCI trend was positive in 2021, rising by a total of 25.6 points over the course of the year (+45.9%).

In addition, the score in terms of the current situation rose 37 points in 2021 and climbed 14.2 points in terms of expectations. Regarding consumption forecasts, these remain very closely linked with the war in Ukraine, inflation and energy prices.

Consumer Confidence Index, Current Index and Forecast Index evolution (%)



Source: Centre for Sociological Research.

Tourism

Tourism regained its role as one of Spain’s key economic drivers in 2021, with its **contribution to GDP climbing from 5.5% to 7.4%**. According to the INE, the number of international tourists visiting Spain **increased by 64.4%** compared to 2020, although this total is still down by 62.7% compared to 2019.

International tourists spent a total of €34,816 million in Spain during 2021, which was **up by 76%** compared to 2020. **The average tourist expense** grew by 7% year-on-year to €1,118, with the average daily spend also up by 2.7%, to €137.

Source: National Statistics Institute (INE) and exceltur.org.



2. Investment buoyant despite pandemic woes

Investment in Spain returned to **pre-pandemic levels** at the end of 2021. Total investment in Spanish real estate hit over **€12,100 million** at the end of the year, up by 57% on the figure for 2020, with investment figures bouncing back, especially in the distribution and office sectors.

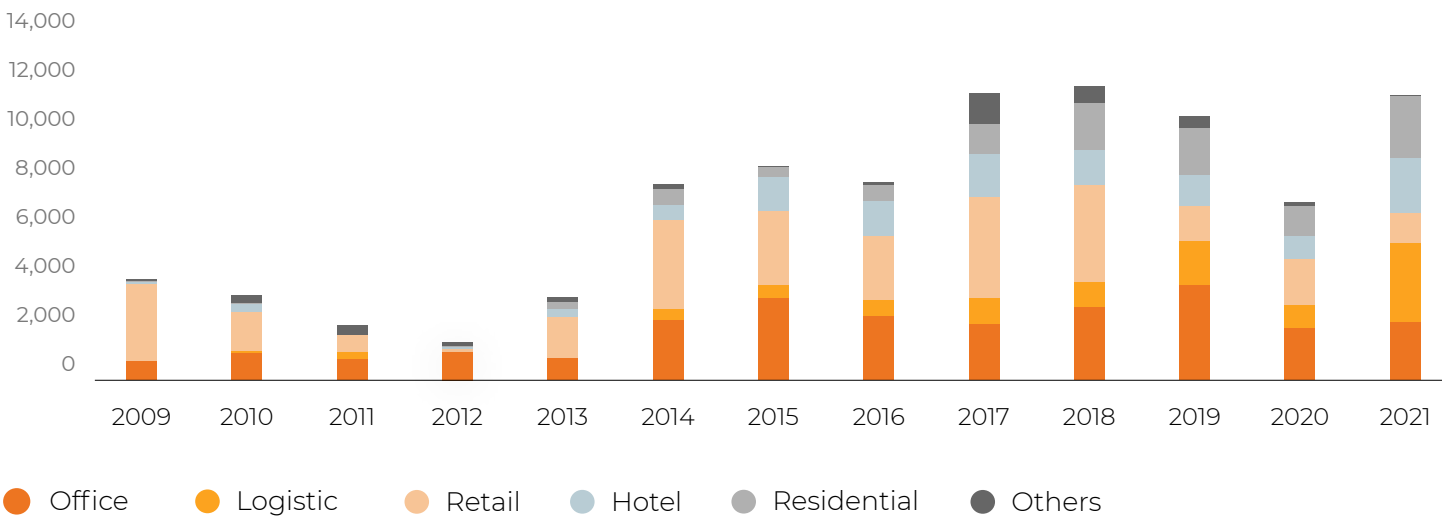
Commercial investment (offices, retail and logistics) rose to over **€7,300 million**, clearly demonstrating the Spanish real estate sector's return to form. The **office** segment remains a bastion of the sector, seeing over €2,500 million invested, up by almost **50% versus 2020** and driven primarily by higher take-up in Barcelona.

Swelling logistics demand took investment in this sector up to €3,478 million, resulting in the **sharpest growth for the last five years**. Investor appetite is expected to tick up particularly for quality portfolios with long-term leases. However, the sector will become **ever more discerning in terms of the impact that sustainability and efficiency** have on these assets.

As for the **retail sector**, it was hit hard by the widespread economic downturn last year, and this has been reflected in investment levels, which reached **€1,328 million** – approximately **half of the previous year's** investment volume – following the uptick seen in Q4. Despite the muted level of activity in the market, the investor focus has been centred on food retail (supermarkets and hypermarkets) and retail parks, subsectors that investors view as safe alternatives in terms of generating income.

The **food retail** segment has continued its **upward trend**, posting its second best ever figure. **Retail parks** will continue to attract **investor attention** as appetite in food retail eases slightly. Moreover, the recovery in this segment has been noticeably quicker to take hold, increasing the investment potential of these assets and gradually attracting institutional investors.

Investment volume by sector (€Mn)



Source: Cushman and Wakefield.

Shopping centres have managed to overcome pandemic-induced adversities **without suffering any major structural changes**. **Opportunistic** investment has been the dominating force in this segment, although transaction volume is expected to increase over the next two years now that the market has stabilised and **uncertainty is gradually waning**. The **trends** that have taken hold during the pandemic – despite the rise in e-commerce – are the same trends that were already taking shape before the onset of COVID-19: **enhancing the user experience and diversifying the leisure offering**.

The **high street** segment remains a firm fixture on the investor radar, with the market remaining extremely liquid. However, the price mismatch in terms of buyer and seller expectations is in no way proving conducive to deals being closed. **Interest** is focused on **prime areas**, while the lower level of resilience of secondary areas is being penalised.

Shopping centres have managed to overcome pandemic-induced adversities **without suffering any major structural changes**.

Investor profile

Spain's highly liquid market continues to make it the number one choice for investors looking to deploy capital in southern Europe. **International investors accounted for 80%** of the total investment in Spain in 2021, further entrenching their dominant position in the market.

2021 was a major year for **investment funds**, which stumped up **80% of all retail investment**, while private investors and SOCIMIS/REITs accounted for the rest.



Source: Cushman and Wakefield.

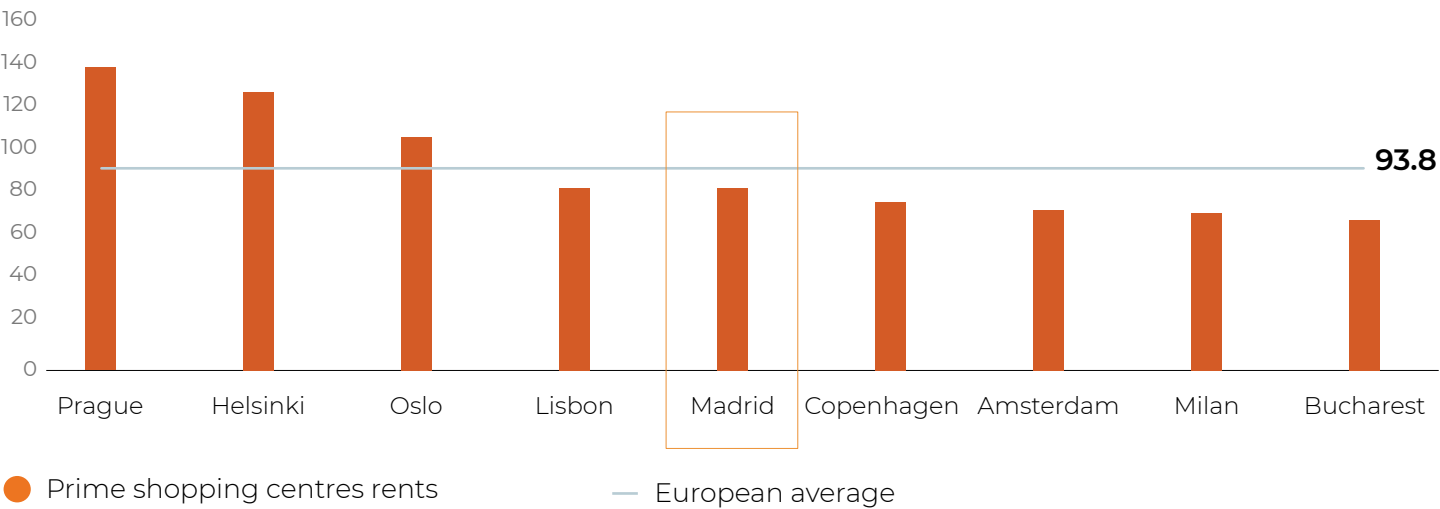
3. Retail market

Prime rents

The unprecedented situation seen in 2020 changed the legal and contractual outlook of the retail sector, with landlords and tenants having to reach agreements that would minimise the negative impact of the enforced closures and capacity restrictions for both parties.

Over the course of 2021, some landlords extended the stepped rents renegotiated in 2020 to the end of the year to guarantee occupancy, while others opted to end these special conditions once activity levels at their centres justified returning to 2019's rental levels.

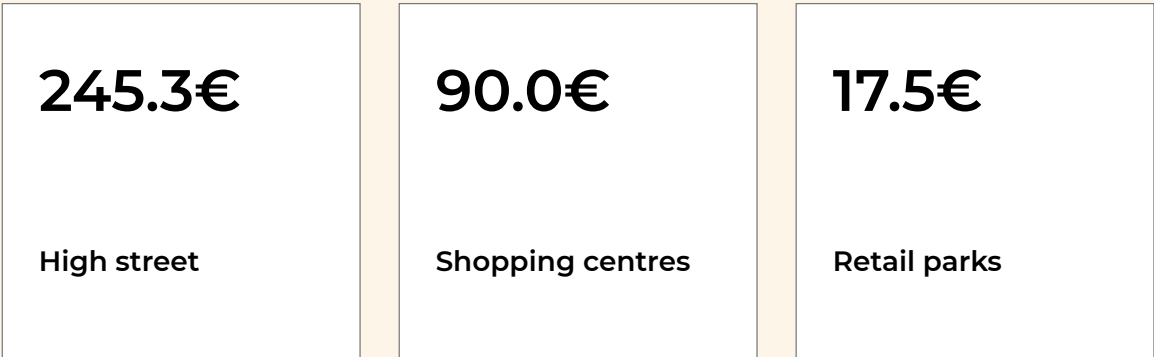
Prime shopping centres rents (€/sqm/month)



Source: Cushman and Wakefield.

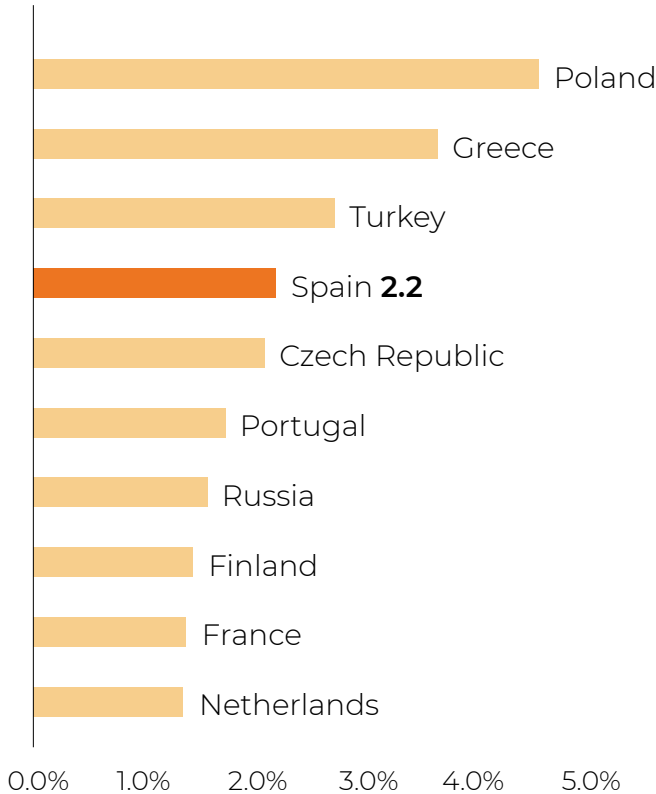
Prime rents remained unchanged at shopping centres throughout 2021, standing at **€90 per sqm/month at year-end**. Prime rents at retail parks stood at **€17.5 per sqm/month** at the end of 2021, meaning levels at both shopping centres and retails parks **remained unchanged** year-on-year.

→ Prime rents Q4 2021



Source: JLL

Shopping centres rents growth
(% p.a. 2021-2025) Top 10 Europe



Source: JLL Research.

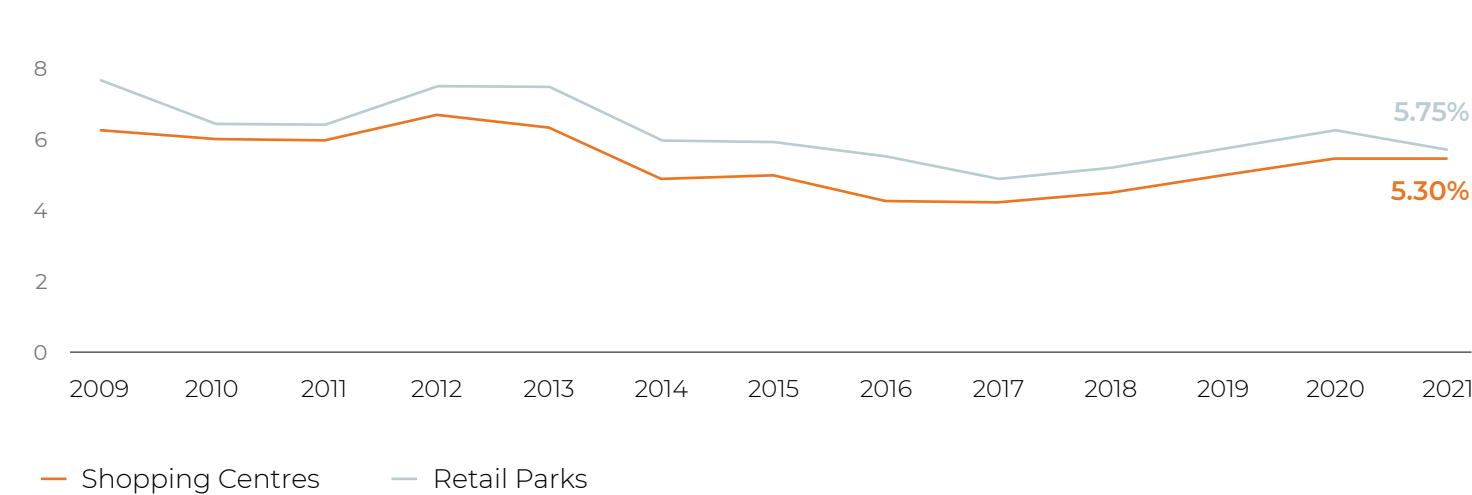
Prime yields

Yields across Europe’s prime shopping centres started to trend upwards right from the very start of 2021. In Spain, prime retail yields remained stable in 2021, given the market’s ongoing uncertainty and the fact that rents remained unchanged, primarily in the shopping centre and high street segments (mainly in the fashion sector).

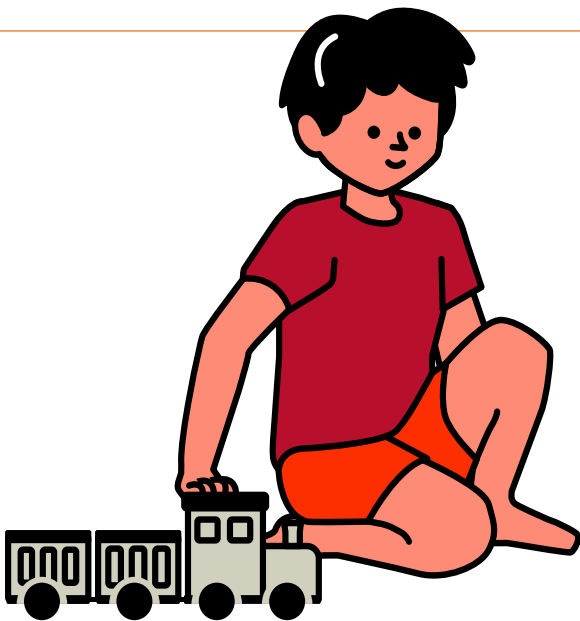
Forecasts suggest that in 2022 prime shopping centre and retail park yields will remain flat, with the narrowing seen in retail park yields being less pronounced.

By the end of December, **prime high street yields had reached 3.45%**, while **the figure for shopping centres stood at 5.30%**. For **retail parks**, the prime yield stood at **5.75%** at the end of the year, meaning that **yields have remained stable** across all three asset classes year-on-year.

Prime yields Spain (%)



Source: Cushman and Wakefield and JLL.



Stock

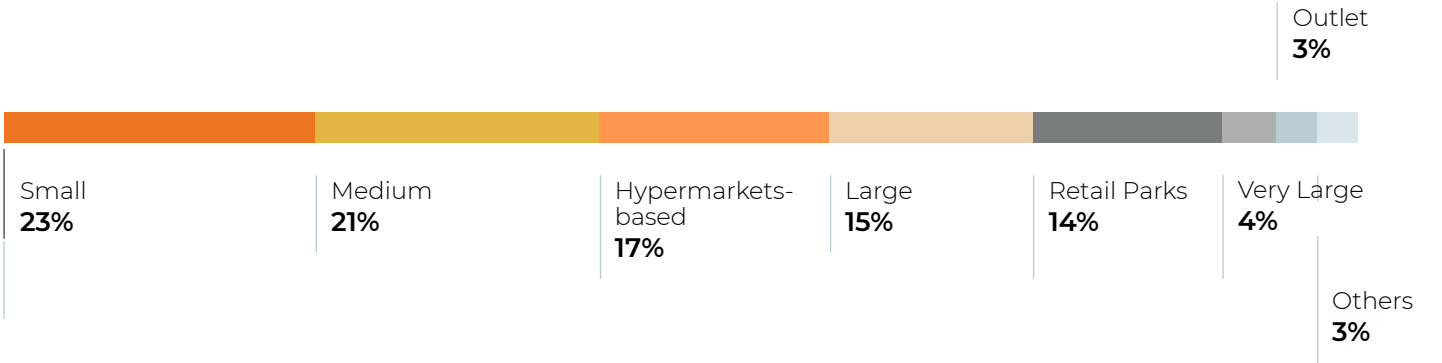
The current supply of traditional **retail space in Spain now stands at over 16 million sqm**. This figure includes shopping centres, outlet complexes, leisure centres, retail parks and hypermarkets with shopping arcades.

Nine new shopping centres opened their doors over the course of 2021, adding over 250,000 sqm of additional GLA to the market. **Retail and leisure parks** accounted for **40%** of new GLA. Overall, Spain’s current stock of shopping centres and retail parks, as at 2021 year-end, stands at **572 properties and 16 million lettable sqm**.

Although during in the first nine months of 2021 new retail units were not opened at the same rate as they were in 2019, many retailers are redefining their concepts and restructuring their store networks. This has sparked activity in the market, with some brands picking back up where they left off with their expansion strategies, albeit more conservatively so, while others are reducing the number of stores they occupy to bolster their online channels.

Looking ahead, **13 new retail and/or leisure projects** are due to open this year, representing a GLA of around 250,000 sqm, while expansion works at two existing centres are expected to add a further 62,000 sqm of GLA.

Distribution of current stock by property type (*) (%)



(*) According to the classification by the Spanish Shopping Centre Association (AECC): Very large (>79,999 sqm) Large (40,000-79,999 sqm) Average (20,000-39,999 sqm) Small (5,000-19,999 sqm).

Source: Asociación Española de Centros Comerciales (AECC).

Footfall

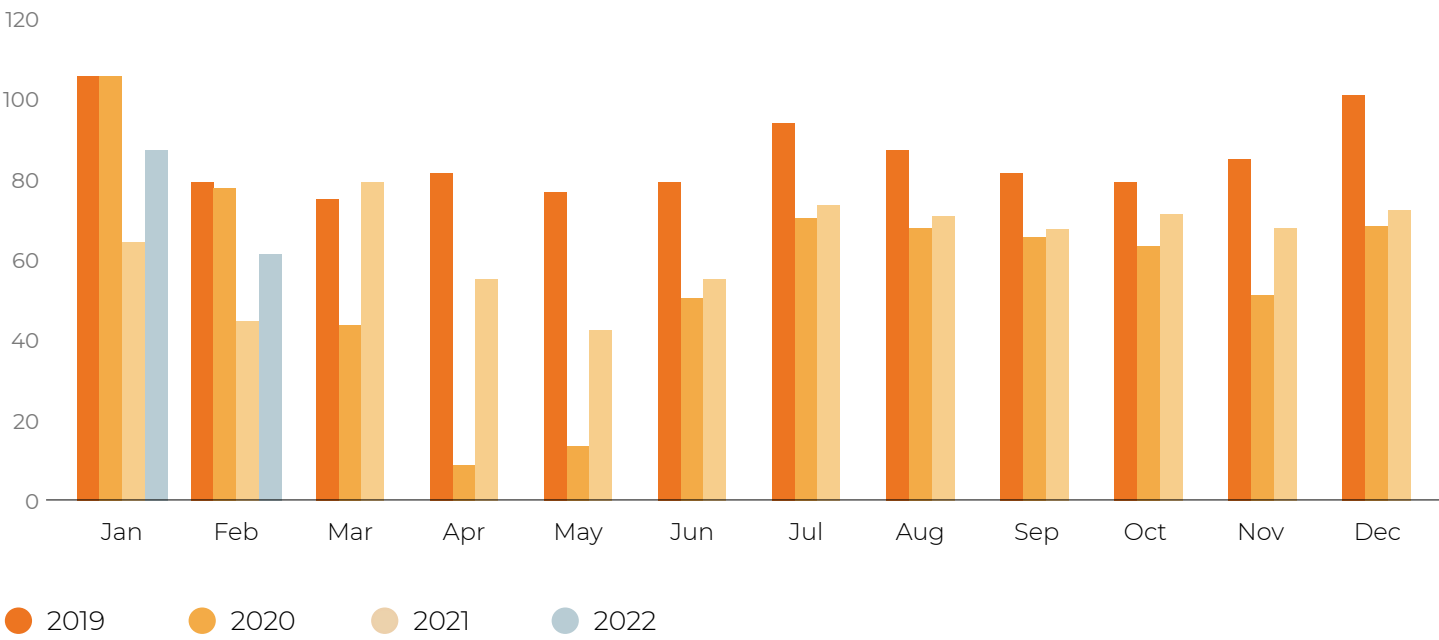
During Q1 2021, shopping centre performance was affected both in terms of visitor numbers and sales volumes by the restrictions implemented in the various regions, which even included enforced closures of some businesses (for example restaurants and leisure establishments in some autonomous regions).

Following the **drop in footfall in 2020 (-33.7%** according to the ShopperTrak index), 2021 showed clear signs of recovery, ending the year **14.5% up** on 2020.

The recovery in the shopping centre sector has been visibly quicker than in other retail segments. A trend that has consolidated over the last few quarters, increasing the investment potential of these assets and gradually attracting institutional investors.

Below is a breakdown of the **year-on-year percentage change each month for visits** to retail properties in Spain during the past four years, including the first two months of 2022, according to the leading ShopperTrak index:

ShopperTrak index monthly evolution (millions of visitors)



Source: Savills Aguirre Newman.

Sales

Q2 2021 was particularly **positive** in terms of **shopping centre sales, which rose 76.4%**, a far better figure than the decline in sales in 2020 (-51.7%). However, it still remains below the 2019 level.

Out-of-town **shopping centres and retail parks** 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.

In the second half of the year **shopping centre sales** recovered pre-pandemic levels. Some sectors even **recovered 2019 sales levels** in 2021, with Homeware and Sports regaining pre-pandemic levels throughout all of 2021.

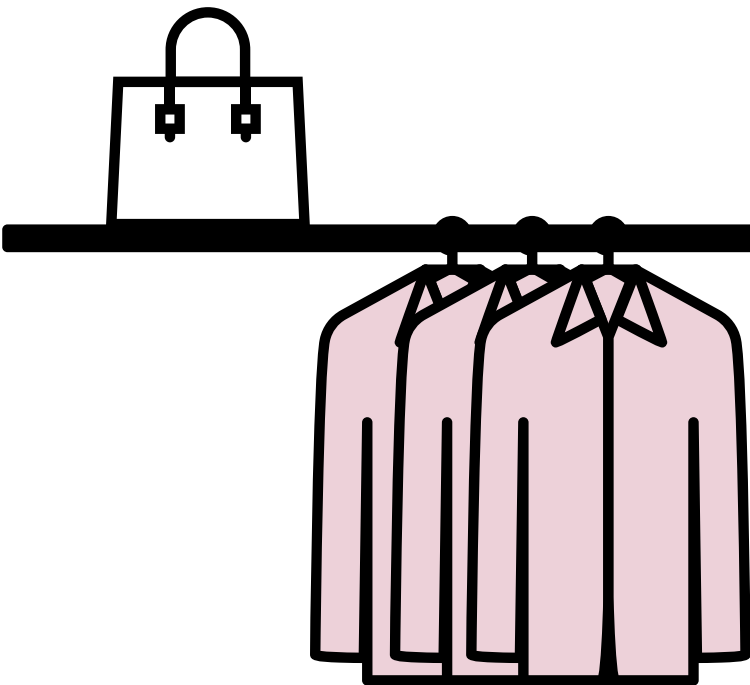
However, the **rate of recovery** has been quicker in terms of shopping centre sales than it has been in terms of footfall, signalling a shift in consumer behaviour, with consumers preferring to make less trips to centres, but increasing their average spend per visit.

Retailers reinventing themselves

In recent years, retailers have picked up and run with various **new, innovative concepts** that enhance the in-store customer experience, with a strong emphasis on **omnichannel models** that create a fusion between online and brick-and-mortar stores.

The retail sector is currently undergoing some important **structural changes** which is making us rethink the way retail spaces are traditionally understood. Following the situation sparked by the COVID-19 pandemic, the success of properties will largely depend on their quality, size and the concept that they offer.

Beyond having a negative connotation, **repositioning shopping centres is a way of modernising and updating what they offer** by carrying out an in-depth analysis of the alternative uses that strengthen a centre's retail offering and enhance the asset as a destination for consumers.



Source: Cushman and Wakefield.

ESG: more than just a passing trend

The new study released by JLL Valuation Advisory “Valuing Retail in its Global Journey to Net Zero Carbon” shows how as a result of the COVID-19 pandemic, investors are increasingly taking account of **climate and sustainability-related issues** in their real estate investment decisions. The **growing awareness and importance** of ESG factors for stakeholders means that all assets – including retail properties – will be affected by the challenges posed by sustainability in the long term.

The way in which landlords and investors respond to these challenges has a direct impact on the value of their properties. A significant factor to take into consideration when identifying ways to drive value in any **retail strategy is to ensure that it generates a positive social impact** for both stakeholders and the environment. These companies must decide where they are going to invest their capital to meet their **ESG objectives while still remaining profitable** – carefully planning investment decisions so as to anticipate environmental and climate-related concerns can generate savings for companies.

We started 2022 clear on what needs to be done to create a sustainable world and with a greater understanding of the implications that this has for those involved in shaping the built environment. The real estate sector, responsible for almost 40% of the world’s carbon emissions, will play a key role in the fight against climate change.



As such, the sector is becoming ever more environmentally aware, as highlighted in the report published by the Urban Land Institute (ULI) and PwC **regarding trends in the European real estate market** in which it underlines **sustainability as the real estate sector’s main priority** despite the current situation it is facing.

All change and progress must also contribute to improving **sustainability and reducing the carbon footprint**, something that has become one of consumers’ primary concerns and a challenge that has been taken on by society as a whole. Data from the latest CGS report on business and sustainability highlight this trend: **68%** of those surveyed **believe the sustainability** of a product/service is a major factor when deciding whether to buy a product or not and **47%** would be **prepared to pay a premium for sustainable products**. Brands and retail spaces are not just valued for what they offer, but also for their sustainability credentials and their contribution to society in the areas in which they operate.

Sustainability will be synonymous with quality and efficient properties will set the **benchmark over the coming years**, marking the start of the **sector's long-term transition towards competitive and sustainable development**, understanding 'sustainable' to mean more balanced and responsible economic growth from an economic, social and environmental point of view.

Investors and owners must find ways to make far-reaching **sustainable changes** to their retail properties, for example, obtaining **environmental certifications**, including green clauses in **supplier contracts and tenant leases**, increasing monitoring at properties and installing solar panels, rainwater collections systems and electrical vehicle charging points. All these improvements must be made with **cost optimisation** and transparency in mind.

Sustainability will be synonymous with quality and efficient properties will set the **benchmark over the coming years**, marking the start of the **sector's long-term transition towards competitive and sustainable development**, understanding 'sustainable' to mean more balanced and responsible economic growth from an economic, social and environmental point of view.

Source: JLL Valuation Advisory report 'Valuing Retail in its Global Journey to Net Zero Carbon'.



Omnichannel strategy

Before the onset of the COVID-19 pandemic, the retail sector had already started to adapt to new consumer trends via **digital transformation strategies**. However, the arrival of the pandemic forced companies to accelerate their transformation processes. According to a report by ESADE, **74% of retail companies invested in and rolled out digital transformations** during the first few months of the pandemic.

As a result of new trends and technological advances, retail is faced with a new paradigm in which the **phygital** concept – the combination of physical space and the digital environment – is taking on an ever more important role.

The unprecedented situation of 2020 sparked a wave of change in consumer habits and highlighted the need to accelerate the transition towards online sales, but to also adopt other strategies to meet new needs. The return to normality has shown that the **physical store will remain a key** sales channel in Spain.

Fundamental aspects of the new digital environment such as **technology and the omnichannel model** must be combined with other areas related to security and reliability that are key for the end customer. Consumers require a **bespoke and consistent** level of customer care across all sales channels, meaning that the shopping experience starts before the customer has even set foot in the door of a store.

Stores are set to become **experience destinations** offering the latest in contactless shopping technology, **integrating the online channel with specific spaces** for purchasing or collecting orders. Within this new climate, shopping centres and retail parks are **excellently placed** to take advantage of the opportunities offered by this transformation,

given that they benefit from large retail spaces and a high number of visitors, as well as professional management teams who can **tailor the spaces to ensure that they meet the market's new needs**.

One of the objectives will be to turn **shopping centres into multiuse spaces** that don't just offer visitors the opportunity to shop, but instead offer a whole host of daily uses. Medical clinics, offices, co-working spaces, advisory firms and academies can all already be found in these spaces and are soon to become an increasingly common feature.

In response to this new demand, 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 repurposed as last-mile delivery hubs.

Outlook for the coming years

Economic recovery and increased consumption will have a **positive impact on retail footfall and sales**, resulting in continued growth for the sector. Shopping centres have enjoyed a flurry of new store openings and will continue to do so, albeit at a slightly more moderate pace.

The future looks brighter as the economy and consumption bounce back, with yields set to ease for more resilient and prime properties, which could in turn widen the gap between prime and secondary locations.

1.7. Digital culture & Innovation

2021 saw further development of new trends in the retail 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.

The Company is **committed to innovating across the board, as well as to making its properties more efficient and sustainable** and to attracting the finest talent, which has enabled it to adapt to the changing needs of the market, ensuring that it has the **ability to meet the needs and expectations** of its main stakeholders.

At an industry level, the company 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/ ESG and value creation in the long term**, through the exchange of experiences and search for new innovative solutions.

In this context, Lar España has continued to work on **projects that are a tool to gain a better understanding of user behaviours and profiles and to improve their experience**. 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.



TES project

Lar España continues to spearhead digital transformation in the industry in Spain, creating value through the **technology, engagement and sustainability - TES** - project, its 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.

Area	Mechanisms
Technology (T)	
Assess and quantify the visitors experience and optimise the management of the assets and customer relationships..	› E-commerce › Seeketing › Social media › WiFi › Omnichannelling › SEO positioning
Experience (E)	
Provide a unique added-value offering by transforming shopping centres and retail parks into experience-led destinations, responding to current consumer needs.	› Optimal retail offering › High-quality and bespoke services › Attractive Food & Beverage areas › Inviting, vibrant and urban spaces
Sustainability/ESG (S)	
Implement measures aimed at reducing the impact of each property on the environment, as well as making a positive impact on society by creating shared value.	› Sustainability certifications › Responsible management › Commitment to the environment › Active listeners › Ethics and integrity › Transparency

→ Main objectives of the TES project

1



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.

2



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.**

3

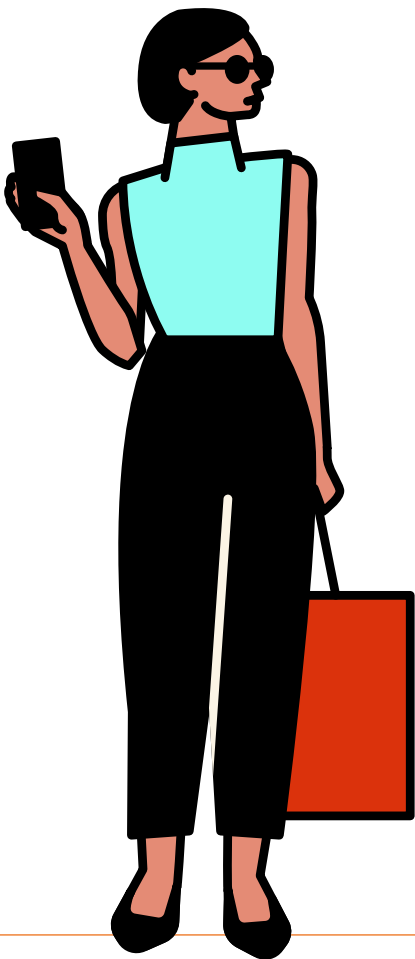


Contribute to sustainability by deploying **technologies that foster a more efficient management of the assets** and exercise greater control over the properties' environmental impact.

Technological

Technological innovation remains a key component of Lar España’s business development, **creating tools** that help the Company to understand how its assets are performing and to make more informed decisions. The Company was already one step ahead of the transformation of the industry and **has continued to roll out digital initiatives** in two key areas: portfolio information management and asset management.

Below is a description of each of these tools and the value they generate for the company:



› Click & Shop

Description

Omnichannel sales platform launched in November 2020 for the following shopping centres: El Rosal, Lagoh, Portal de la Marina, Ànec Blau, Albacenter, Gran Vía de Vigo and As Termas.

Objectives

- › Offer customers discounted products from a range of brands with a choice of the following sales channels: the brand’s own website, the shopping centre store or via telephone (including WhatsApp).
- › Better understand customers through their shopping preference, offering a **digitalised service** that fits their needs and provides retailers with a new channel, both

for footfall and online traffic, with the aim of increasing their sales.

In this respect, the company has adapted to the digital transformation of the market by taking the centre’s offering beyond the physical environment, constituting a new communication channel for retailers and positioning the asset as a catalyst for footfall/traffic and sales.

Achievements

Over 100 businesses have signed up since launch, offering **more than 1,000 products** and **receiving upwards of 40,000 visits**.

› Mallcomm

Description	
A 360° platform that enables the creation of a communication channel between the retailers and the various levels of management and services within the shopping centres: store employees, management, etc. This system enables management of the retailers' sales indicators, discounts for employees, job offers, events and marketing, safety, critical communication, maintenance and cleaning, as well as the option of obtaining feedback.	
Objectives	Achievements
› Improve management of the assets through a real-time tool that enhances communication and facilitates administration.	The platform has been rolled out in 7 portfolio shopping centres.

› Seeketing

Description	
This platform integrates the information generated via the shopping centre channels, enabling the company to then cross-reference and analyse the data with the aim of generating value for customers. The system uses nodes or beacons (antennae) that are installed in the shopping centre combined with powerful marketing intelligence software in order to better understand user habits.	
Objectives	
› Develop proximity marketing initiatives to drive footfall and customer satisfaction. › Enhance shopping centre management by means of advanced data analytics.	› Track the shopping centres' unique visitors. › Gain a better understanding of footfall by store, area, frequency of visit and dwell time.
Achievements	
In 2021 the Company performed proximity marketing initiatives that affected users identified via WiFi networks, obtaining very positive results in relation to converting impacted users and participating users.	

› Dotgis

Description	
This 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 assets, thus creating better overall visibility and a deeper understanding. The result is the ability to analyse, shortly after the data is collected, how the various retailers are performing in each asset or as a whole, using different KPIs, thus gaining a deeper understanding of the trends in the various retail segments.	
Objectives	
› Analyse 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 shopping centres where this tool is implemented.	

› SEO positioning

Description	Objectives
SEO positioning refers to the visibility of a website in organic search results across the various search engines. Lar España is working to design and adapt elements of its websites to be smarter and more effective.	› Improve asset websites' positioning in search engine results. › Create corporate websites (to provide information) that are compatible with the transactional websites (e-commerce).
Achievements	
1,878,053 Total number of sessions	4,778,490 Websites views 1,379,182 Users

› Sales through WhatsApp

Description	
In early 2021 the company launched a new sales and personal advisory service available to shoppers at the Lagoh shopping centre through WhatsApp . This is in addition to the face-to-face offering, taking one more step towards an omnichannel experience and a 360° service . The system not only helps to enhance the shopping experience but also serves to consolidate new relationship models between the firms present at the shopping centres and visitors.	
Objectives	Achievements
› Offer the best possible experience to shopping centre visitors through both the offline and the online channels.	This step forward allows retailers to offer personal assistance, harnessing their knowledge and increasing in-store sales . From the customer's perspective, they can obtain exact information on the desired product and its in-store availability, all without having to go to the premises first.

Experience

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

Projects like the “Club Disfrutones” foster interaction with local communities and promote numerous initiatives for customers and other stakeholders.



› Disfrutones app

Description	Objectives
Application related to the Disfrutones loyalty club, giving members access to shopping centre discounts, prize draws, services and the latest news, at any time and directly through their mobile phones . Signing up is free and can be done through any of the available channels.	› Generate customer loyalty and increase footfall, resulting in higher sales in the asset’s commercial premises, as well as better understanding consumer preferences and profiles. The application adds another communication channel and represents a key facet in the creation of a digital community .
Achievements	

It is currently **available** in the following shopping centres: **El Rosal, Lagoh, Portal de la Marina, Ànec Blau, Albacenter, Gran Vía de Vigo and As Termas.**

› Lagoh Collect

Description
This shopping pick-up service improves the customer experience and can be requested by all visitors at either of the two Lagoh Collect points. The pertinent staff pick up the purchases from any of the stores in the centre on the day the service is requested and the products are taken to the Lagoh Collect points in the car park, where they can be collected by the customers at their convenience once they finish their shopping.



› Retailers Customer Journey

Description

Analysis programme focused on understanding the **experience of retailers**, with the main aim of redefining the company's relationship with them, strengthening collaborations through the offering of new services and the creation of added value.

Stages of the project

- › **Discover:** one-to-one interviews with retailers and the company's main stakeholders to identify the principal insights and create different categories.
- › **Ideas:** workshop with the project leaders to devise solutions for improvements in the areas detected.
- › **Describe:** design of an action plan to reduce possible points of dissatisfaction and create new points of contact and value propositions for each retailer category.

› Buyer Persona study

Description

The Buyer Persona study was undertaken to better understand customers and **adapt the communication channels to expected demand**, consisting of detecting communication drivers that encourage users to visit the asset.

› Amazon Lockers

Description

This is a self-service package delivery offering by the online retailer, Amazon. **In 2021 Lar España installed Amazon Locker in various assets**, allowing customers to pick up their Amazon packages at their convenience.

These lockers are located in accessible areas close to the stores and the orders can be collected through a unique collection code entered on the locker touchscreen. This system is currently available in the following shopping centres: Ànec Blau, Rivas futura, As Termas, Lagoh, Vistahermosa, Vidanova, El Rosal and Gran Vía de Vigo, and it will soon be available in Albacenter and Portal de la Marina.

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. Lar España's strategy is focused on improving energy efficiency, reusing water, analysing air quality, promoting photovoltaic energy projects, and obtaining sustainability certifications for its assets.

In this context, 2021 saw **further development of sustainable projects and environmental management**, making progress in the implementation and use of the automated data collection platform. 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).

› Data automation at the shopping centres

Description	
The data automation platform has been up and running since 1 January 2021, enabling the data to be monitored, analysed and compared against previous periods. Lar España is also working on energy efficiency audits and the implementation of a remote submetering system to provide up-to-date information on the status of each of the assets. Action plans will be drawn up to this effect, to be rolled out in each of the portfolio assets with a view to improving their performance and monitoring them through the application.	
Objectives	Achievements
› Continue to be a touchstone in the industry and for society as a whole, going beyond the purely financial benefits provided by better energy management and performance.	Greater reliability in the data obtained, increasing the frequency and homogeneity of the data collection, which has allowed for the optimisation of processes and resources. In addition, the departments involved have been given greater analytical power and the capacity to react when implementing the necessary corrective measures.

› Renewable energy

Description	Next steps
The Company has completed a comprehensive study of its portfolio in collaboration with KPMG aimed at analysing and identifying the most promising strategies to implement, reviewing and negotiating contracts, and monitoring and studying the progress made to install photovoltaic panels across the portfolio's assets.	› In the coming months the different installation options in each of the assets will be analysed.

› Sustainable mobility

Description

Sustainable mobility is a concept devised to **curb the environmental and social problems associated with urban mobility** for the general public. Lar España is focusing its efforts in this area because it is considered an added-value factor for the portfolio assets. On this front, the different alternatives in each of the assets are being studied in order to implement a range of sustainable mobility solutions.

Main projects

- › Electric vehicle charging stations.
- › Shared mobility.
- › Enhanced pedestrian access.
- › Campaigns encouraging the use of public transport, bus stops and taxi ranks.
- › Bicycle, scooter and motorbike access and parking, designated parking spaces for families and emergency vehicles located close to the main entrances, and parking guidance systems.

Achievements

Of the 14 assets in Lar España’s portfolio, 13 have electric vehicle charging stations; i.e. **almost 100% of the portfolio offers electric charging facilities** at 31 December 2021. In total, there are **155 electric vehicle charging stations** installed across Lar España’s assets, with a further 75 pending installation, which will bring the total to 230.

› Air quality

Description

The **health and wellbeing of visitors** is a cornerstone of the company’s business model. The actions carried out to this end in 2020 included studies of new technologies to improve air quality in the assets and monitor data. **We continued to make progress in this area in 2021 via a range of different initiatives.**

Actions in 2021

- › Roll-out of new data software to enhance the monitoring of indoor air quality and increase the responsiveness of the teams involved in asset management. It is also aimed at **optimising the operational management of the HVAC equipment**, thus improving energy efficiency in the buildings.
- › Integration of the air quality results of Lar España’s assets into the data automation platform, bringing all the **ESG information** of the portfolio assets together in one application.

Achievements

This new technology **enables the simultaneous analysis** of different data related to indoor air quality, outdoor weather conditions, HVAC electricity consumption and footfall.

Moreover, all of Lar España’s properties comply with the **temperature policy** set forth in the building heating regulations (RITE) and indoor air quality audits.



Air quality control
at the Ànec Blau
shopping centre
(Barcelona)

ESG

(Environmental, Social and Governance)

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The Company remains committed to **creating shared value**, maintaining fluid communication with identified stakeholders, making investments that promote sustainability in various aspects and improving asset performance every day.



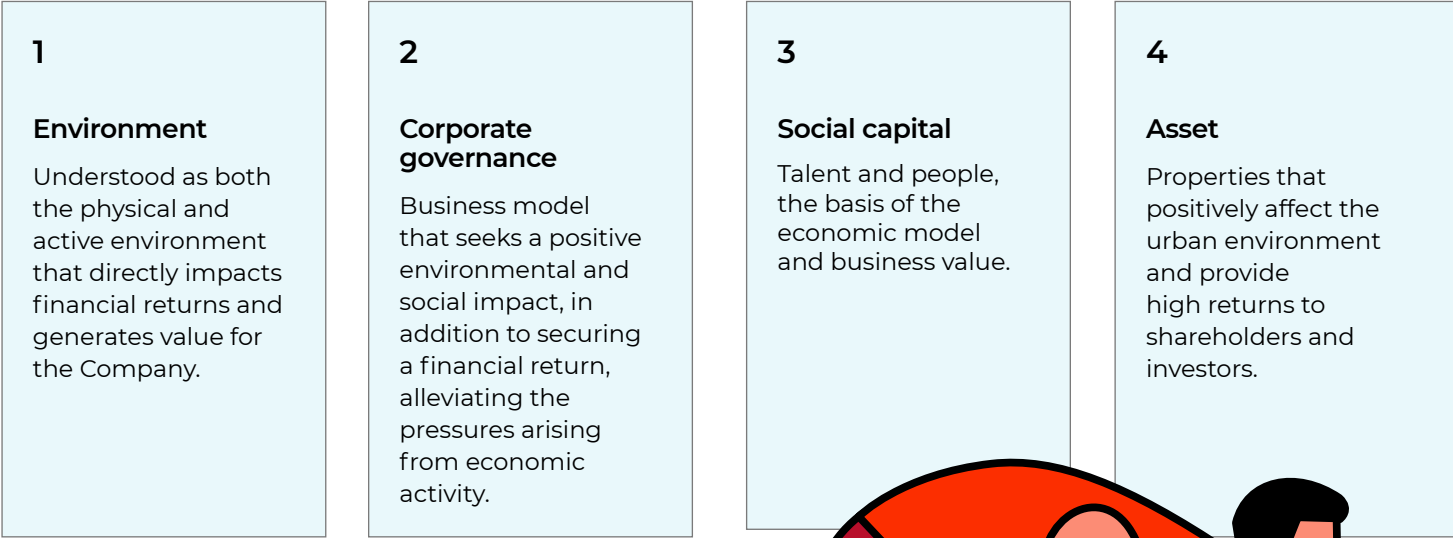
ESG (Environmental, Social and Governance)

Cognisant of its role within its activity, Lar España is committed to contributing in an **ethical, responsible and sustainable manner** through its operations and decision-making, **generating a positive impact** on both society and the environment, while securing a financial return for investors.

Lar España considers **corporate investment and a commitment to the environment** as necessary elements for society, enabling it to harness opportunities such as improvements in energy efficiency, the development of new

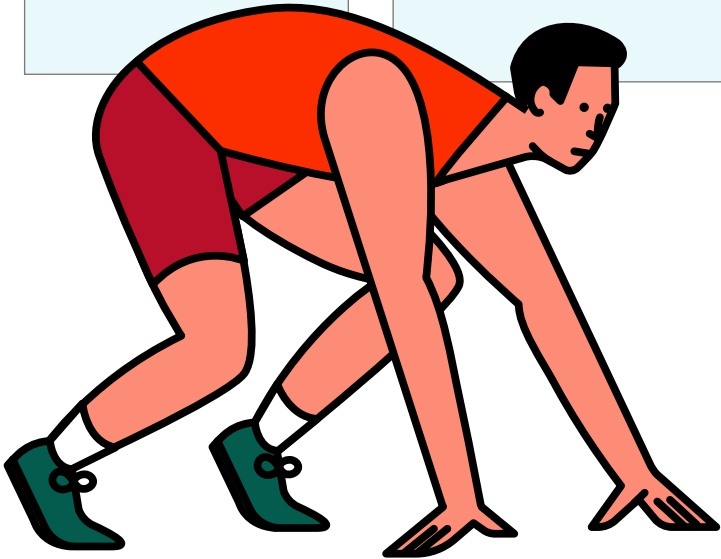
digital tools and collaboration with suppliers that guarantee the best services. The company remains committed to **creating shared value**, maintaining fluid communication with identified stakeholders, making investments that promote sustainability in various aspects and improving asset performance every day.

To create shared value, it has defined four pillars based on the **Sustainability/ESG Policy** that structure the action model and shape the company's vision, focusing on:



These commitments were materialised in the **ESG Master Plan**, which lays out the lines of action to achieve the goals set following the most demanding general and sector-based standards. It also aims to fully integrate sustainability into all areas of the organisation.

→ [Click on the link for more information on the Company's commitments.](#)





ESG Master Plan

The Company’s ESG Master Plan connects the purpose of investors with the tools necessary to solve social and environmental challenges. Uniting two visions that integrate ESG considerations into the business strategy not only provides a return to investors, but also **adds real value for society**.

The Company has established **seven strategic lines** necessary to comply with its vision of the environment, corporate governance and social and environmental capital:

- 1. Establishment of ESG Master Plan foundations.
- 2. Socially responsible investing.
- 3. Commitment to the community.
- 4. User-centred.
- 5. Positive impact on the city and the land.
- 6. Climate change, resilience and circular economy.
- 7. Communication of social impact and action.

Sustainability/ESG Committee

The Company has had an active **ESG Committee** since 2020 to promote sustainability from the main governing bodies.

This Committee comprises a **cross-functional upper management team with the heads of various company departments** involved in sustainability issues for the purpose of laying down a common sustainability strategy.

The Committee is responsible for supporting Lar España’s commitment to issues related to:

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

In 2021, three Committee meetings were successfully held, with **clear objectives and an open dialogue between all members**, in which the projects that the Company is carrying out at both asset and corporate level were monitored and the possibility of launching new initiatives was studied.



Sustainable Development Goals (SDGs)

In 2020 Lar España **joined the United Nations Global Compact and signed the letter of commitment**, thus showing its clear intention to align its sustainability strategy with the United Nations 2030 Agenda.

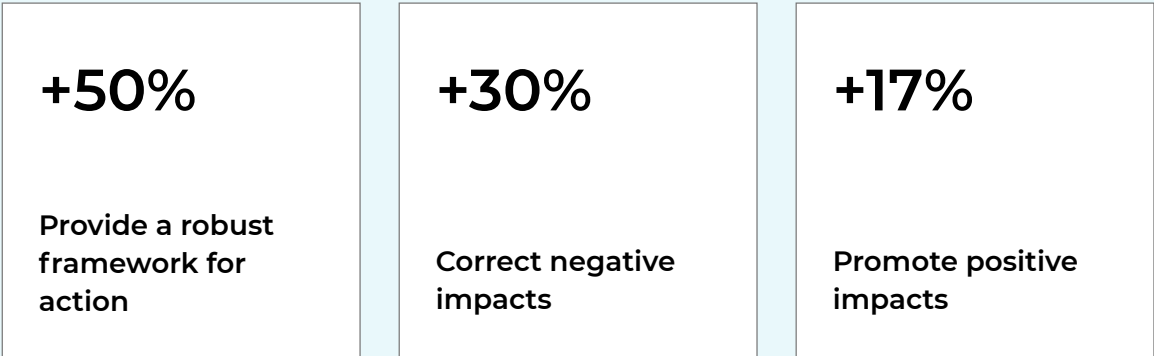
Strategy for contributing to the SDGs

In 2021, the Company went a step further by developing an **action plan** and identifying relevant issues and their contribution to the SDGs. To this end, **the value chain and related materiality matrix was mapped**, identifying both positive and negative impacts in order to mitigate them. Thereby, the SDGs are Lar España’s roadmap for contributing to build a more equitable society.

This **brought about a reflection** with the main business areas and certain stakeholders to identify the most relevant issues and define the Company’s priorities in terms of sustainability, in line with expectations and external requirements and best practices in ESG.

As a result of this analysis, **three strategic priorities and six goals** were identified, associated with the corporate and operational functions of the value chain of Lar España and its stakeholders. As a means to address the goals, **22 specific actions** have been proposed at **corporate and operational level**.

→ 9 corporate actions & 13 operational actions



Thus, the Company has **identified the most relevant SDGs to its activity** and has defined the lines of action to **align the strategy and management model with the achievement of the eight defined SDGs and their corresponding targets:**

SDG	Strategic goals for 2022-2023	Target
	› Environmental and social management. › Coordination with tenants.	Target 6.4 Increase water-use efficiency.
	› Environmental and social management.	Target 7.2 Increase renewable energies. Target 7.3 Double the rate of energy efficiency.
	› Environmental and social management. › Coordination with partners. › Coordination with tenants.	Target 8.8 Protect labour rights and promote safe and secure working environments. Target 8.5 Achieve full employment and decent work. Meta 8.3 Promote small- and medium-sized enterprises. Meta 8.4 Improve efficient and respectful production and consumption.
	› Adaptation of assets to global challenges.	Target 9.1 Develop sustainable infrastructure. Target 9.A Support sustainable and resilient infrastructure.
	› Coordination with tenants.	Target 12.1 Implement sustainable consumption and production framework. Target 12.3 Reduce food waste.
	› Adaptation of assets to global challenges.	Target 13.1 Strengthen resilience and adaptive capacity.
	› Coordination with Governing Bodies.	Target 16.6 Develop effective and transparent institutions.
	› Coordination with financial sector.	Target 17.3 Mobilise additional financial resources.

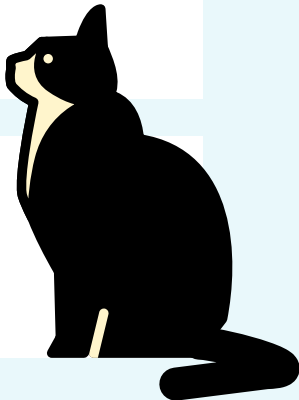
In order to ensure the proper implementation of the SDGs, the Company is promoting and raising awareness of the **adoption of the 2030 Agenda in its corporate governance and company policies.**

It is also monitoring the actions carried out as part of the Company's on-going activity to contribute to each of the SDGs identified.

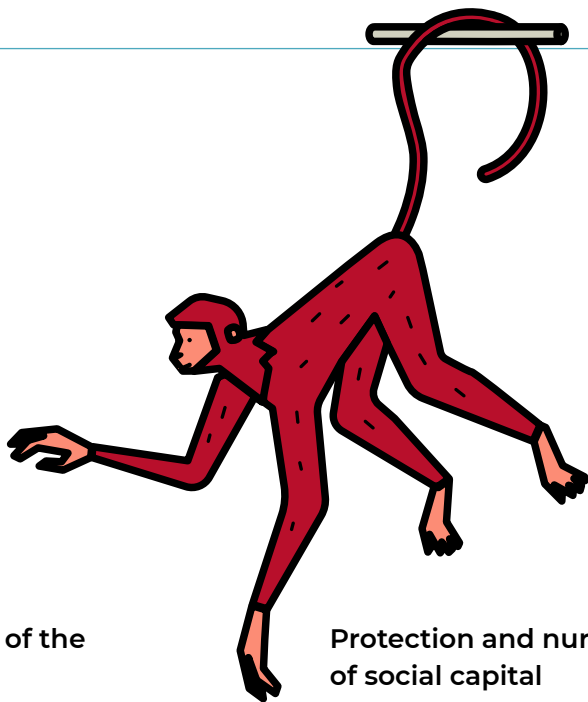
To address the objectives, Lar España commits to the following actions:



Supplier code of conduct	Tenant code of conduct	Green clauses	Draw up a decarbonisation plan
Multilateral discussion table	Focus groups	Progressive extension of green leases	Training programme
Water consumption minimisation plan	Asset-level operational reporting system	Combat food waste	On-site organic waste treatment
Expansion of the customer journey	Asset selection code	Awareness-raising programme for responsible consumption	TCFD (*) analysis of the entire portfolio
Penetration of consumption alternatives	Public-private partnership	Technical guidelines for construction	



(*) Task Force on Climate-related Financial Disclosures (TCFD).



Commitment to development of the surrounding area

The Company is **actively involved with the local communities** in the areas where its centres operate, through activities and events that foster the social and economic development of those areas.

Moreover, as part of its commitment to the development of the area in which it is located, the company promotes the creation of quality employment at its properties. As a result, Lar España generated **over 16,000 jobs** in 2021.

The importance of good governance

Lar España's governing body is responsible for **overseeing and promoting the company's ESG strategies and practices**. Thus, the Company promotes good governance not only in investor relations, but also in its relationships with its employees and other stakeholders.

It also strives to reduce its risks and improve its regulatory and tax compliance at all times. To this end, Lar España has had an **Integrated Risk Management System** in place since 2015, with the aim of ensuring a reasonable level of assurance regarding the company's ability to achieve its strategic and operating objectives. Meanwhile, the members of Lar España's **ESG Committee** work to promote matters relating to health and safety at the company's properties, monitor non-financial risks, review the sustainability strategy and prepare the non-financial information statement.

Protection and nurturing of social capital

Lar España focuses its efforts on **conveying the company's values and culture** to each of its employees, customers, shareholders and suppliers while being aware of the important role played by individuals in the performance of its activities.

Respect for the environment

Lar España undertakes to **reduce energy consumption and GHG emissions** across its entire property portfolio to help achieve the global environmental objectives. As a result, it reduced its emission intensity by **20.5%** in 2021, based on a static denominator in respect of 2020. As part of its sustainability strategy, Lar España reinforces its mechanisms to prevent, manage and mitigate any environmental impact at its centres by encouraging the **implementation of sustainability actions and evaluations based on the highest environmental standards (BREEAM)**.

In parallel, the Company invests in innovative solutions to reduce its environmental impact. The company has also received various accolades such as the **GRESB** assessment, the **EPRA Gold Award** and inclusion on the **FTSE4Good** index.

2.1
Lar España:
Corporate Governance



2.1.1
Corporate Governance

Lar España is committed to a corporate governance model that promotes **best practices** both at national and international level while offering a **stable and consistent oversight framework** that addresses the increasing demands of regulators, investors and shareholders.

Lar España's commitments are reflected in its **Corporate Governance Policy**, which sets out the core aspects of, and the Company's commitments regarding, corporate governance. This policy forms an essential part of its internal regulations. It has been drawn up having regard to prevailing applicable legislation and 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 is currently working on the roll-out of an **Action Plan** for 2021 and 2022 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.

The Action Plan is articulated around the following **objectives**:

Among the principal **measures set out in the Action Plan** for 2021 and 2022, the following are particularly worthy of note:

- **Analysis of the size, structure and composition** of the Board of Directors in general terms, and of present and future needs.
- Adaptation to the new **good governance guidelines and trends**, particularly on gender diversity matters.
- Analysis and preparation of the **succession plan**.
- Improvement of the **directors' ESG knowledge**.
- **Ongoing adaptation and improvement** with respect to ESG.

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.

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. The Company **complies fully with 98.4% of the applicable recommendations** set down in the Code, and partially with the rest (1.6%). The above figures reflect a considerable improvement in the level of compliance with the recommendations set out in the Code of Good Governance, as now there is just one of the 64 points with which the Company only complies partially.

The Lar España **Annual Corporate Governance Report (ACGR)** includes detailed information on the structure and functioning of its governing bodies, as well as the oversight of corporate governance best practices and recommendations.

Oversight of ESG matters

Elsewhere, the Board of Directors of Lar España places great importance on **ongoing adaptation and improvement with respect to ESG matters** at the Company. In 2021, the Board reviewed the Company’s progress with respect to ESG and has overseen each of the steps taken by Lar España in this connection, as well as its achievements and work in progress.

It is also tasked with supervising the Company’s **sustainability policies and strategies**. Its duties are delegated to the Appointments, Remuneration and Sustainability Committee, which is responsible for compliance with the ESG policy, monitoring the ESG strategy and practices and assessing the level of compliance before reporting to the Board of Directors.





2.1.2 Internal Rules on Governance

The **good governance system**, understood as the suite of rules, principles and procedures that regulate the structure and functioning of the governing bodies in a company, establishes relationships between the different members and determines the rules for decision-making.

Lar España’s Internal Governance Rules are the **backbone of the Company** and reflect the commitments undertaken by management and the culture of the organisation as a whole.

Regulatory framework at Lar España	
<u>Articles of Association</u>	Last amended in December 2021. The articles of association set out essential information governing the running of and decision-making at Lar España, and regulate the functioning of the Board of Directors and its Committees.
<u>General Shareholders Meeting Regulations</u>	Last amended in April 2021. These regulations govern the calling, preparation and conduct of the General Shareholders Meeting, the information relating thereto and attendance of its meetings, as well as the exercise of the shareholders' voting rights.
<u>Board of Directors' Regulations</u>	These regulations set out the principles governing the activities of the Board of Directors, and the basic rules regarding its organisation and operation, as well as the rules on the selection, appointment, reappointment, removal and conduct of its members. Their most recent amendment in November 2021 takes into account all of the aspects that must necessarily be included within the regulations in light of the amendment to the Spanish Companies Act introduced by Law 5/2021, which highlights, inter alia, the inclusion of the responsibilities and competencies of the Board of Directors with respect to related-party transactions and the setting of the individual remuneration of directors within the framework of the articles of association and the remuneration policy, as well as the discharge of their executive duties.

Regulatory framework at Lar España

<u>Audit and Control Committee Regulations</u>	These regulations establish the rules governing the organisation and operation of the Audit and Control Committee, based on the good corporate governance recommendations and criteria laid down by the Spanish National Securities Market Commission. Their most recent amendment in November 2021 took into account all of the aspects that were to be incorporated into the regulations as a result of the amendment to the Spanish Companies Act introduced by Law 5/2021 and other technical improvements.
<u>Regulations of the Appointments, Remuneration and Sustainability Committee</u>	These regulations establish the rules governing the organisation and operation of the Appointments, Remuneration and Sustainability Committee, developing any aspects of the provisions of the articles of association and Board of Directors' Regulations as may be appropriate with a view to better fulfilment of their functions. Their most recent amendment in November 2021 considered all of the aspects that were to be incorporated into the regulations as a result of the amendment to the Spanish Companies Act introduced by Law 5/2021 and other technical improvements. Besides, their most recent amendment in November 2021 saw the name of the committee changed in light of its responsibility for reviewing ESG-related information, performance and strategy.
<u>Code of conduct</u>	Last amended in February 2015. This code establishes guidelines governing the conduct of anyone acting on behalf of Lar España or its subsidiaries, and it must be complied with by Lar España and any companies with whom the latter has entered into a significant contractual relationship. Breach of the code, which is based on the principles detailed below, may result in penalties: › 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.
<u>Rules Governing the Whistleblowing Channel</u>	Last amended in December 2014. These rules regulate the functioning of the whistleblowing channel, through which any person subject to Lar España's Code of Conduct, current legislation or any other internal regulations that have been put in place who considers that certain rules are being breached may make a complaint/report a grievance so that the issue can be aired and resolved.
<u>Internal Code of Conduct in the Securities Markets</u>	Last amended in December 2017. This code sets forth the rules of conduct that must be observed by the company, its administrative bodies, employees and other affected persons in their activities in relation to the securities market, as provided for by law.

Corporate policies at Lar España

Corporate Governance Policy

This policy constitutes the Company’s frame of reference for all corporate governance matters. The policy was drawn up in accordance with the **applicable domestic 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. The policy was last updated in December 2020 in line with the recommendations of the Good Governance Code of the CNMV.

Sustainability/ESG Policy

This policy sets forth the **core principles, commitments, goals, strategy and values** that should provide the basis for managing and running Lar España in order to build a business model that will **create long-term value**, satisfy the needs and expectations of its stakeholders and generate socially responsible externalities. The policy was last updated in December 2020.

Board of Directors Remuneration Policy

This policy defines and controls the Company’s director remuneration practices, thus contributing to the **creation of** long-term, sustainable **value for its shareholders**.

The policy, which was approved in 2021, replaced a previous remuneration policy approved in 2018. It has adapted the corporate governance rules and best practices and was prepared in light of the features inherent to an externally managed SOCIMI, while also taking into account national and international market standards and the directors’ specific commitment to the Company.

Selection and Diversity Policy

This policy lays down the internal requirements and procedures to be taken into account by the Board of Directors and the Appointments, Remuneration and Sustainability Committee of Lar España in processes involving the **selection, appointment, re-election and evaluation** of the members of the Company’s Board of Directors, in accordance with the applicable legislation, the Company’s internal rules and the recommendations set out in the Good Governance Code, with a view to encouraging the appropriate selection of directors. The policy was last updated in December 2020.

- It pursues the following objectives:
- › To be specific and verifiable.
 - › To ensure that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors.
 - › To promote diversity among the members of the Company’s Board of Directors in terms of experience and knowledge, education, age, disability and gender.
 - › To promote female boardroom representation of at least 40% by 2022.

Information, Communication, Contacts and Involvement Policy

To encourage dialogue, build trust and foster transparency vis-à-vis Spanish and international shareholders and investors. This policy is based on values such as veracity, ongoing communication, equal treatment and strict, timely compliance, in due form, with the reporting obligations.

It also outlines the **analytical procedures and develops** the main tools, channels and reporting mechanisms for informing shareholders, investors, proxy advisors and other stakeholders.

Lar España’s Sustainability/ESG policy

Lar España is committed to sustainability and the creation of long-term value, to which end it has developed a business model that **meets stakeholders’ needs and expectations** and generates socially responsible externalities. This policy was drawn up in 2015 and amended in 2018 and 2020. It is approved by the Board of Directors, which demonstrates the company’s commitment to sustainability/ESG. The policy sets out the core principles and values that should provide the basis for managing and running Lar España and its investees, namely:

- Business ethics and integrity.
- Creation of shared value.
- Environmental management.

- Property accessibility.
- Responsible and sustainable supplier relations.
- Commitment to employees and talent development.
- Tax responsibility.
- Transparency.

Through this policy, Lar España undertakes to adopt a management approach based on the identification and implementation of trends and best practices, and the establishment of objectives that lead to the adoption of specific actions, in addition to monitoring the fulfilment of objectives and commitments using indicators.

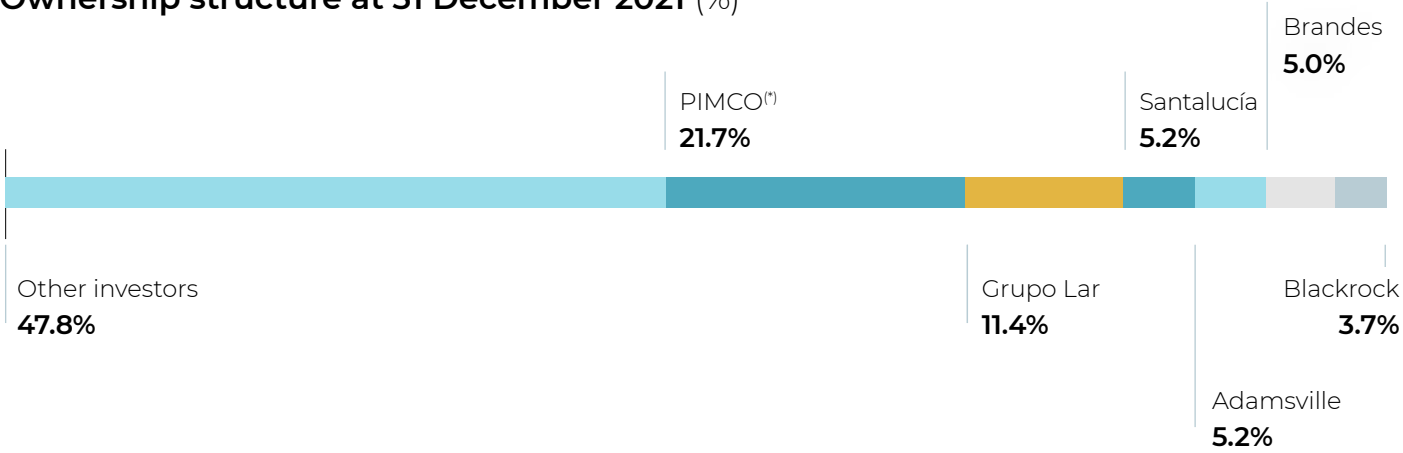


2.1.3
Governing bodies

General Shareholders Meeting

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

Ownership structure at 31 December 2021 (%)

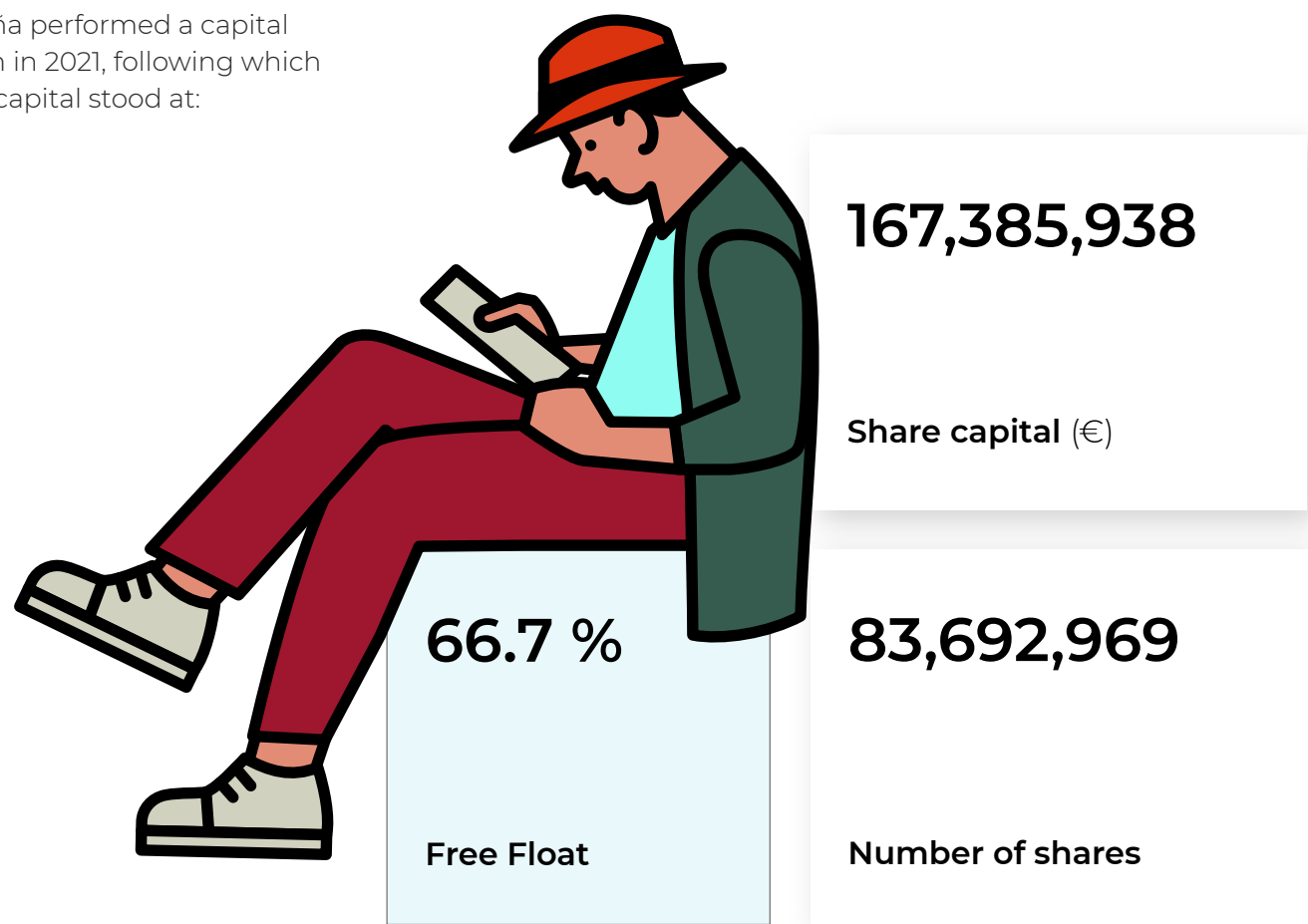


(*) On 28 January 2022, PIMCO Bravo II Fund L.P. sold all of its shares in Lar España to Castellana Properties SOCIMI, S.A.



Share capital at 31 December 2021

Lar España performed a capital reduction in 2021, following which its share capital stood at:



Functioning and activities

The **General Shareholders Meeting Regulations**, which were passed in 2016 and amended in 2017 and 2021, set down the shareholders' powers and how the meeting should be run. An amendment to these regulations was proposed at the General Shareholders Meeting in order to include the latest recommendations set forth in the Good Governance Code and adapt the regulations to Corporate Governance best practices. These proposals were approved in November 2021.

The General Shareholders Meeting **represents all of the company's shareholders and its duties include:** approving the annual accounts and the management and running of the company, deciding on the distribution of profit or allocation of loss, approving the non-financial information statement, establishing the number of seats on the Board of Directors between the minimum and maximum number stipulated in the articles of association, appointing and removing directors, approving the director remuneration policy, appointing company liquidators, approving share capital increases and reductions, adopting resolutions on the issuance of bonds and other marketable securities, approving transformations, mergers, spin-offs and assigning the company's assets and liabilities, among others.

Lar España held its **General Shareholders Meeting on 21 April 2021**. The main agenda items addressed were as follows:

1. Approval of the **individual accounts of the company and the consolidated accounts** of the Company and its subsidiaries for 2020.

2. Ratification of the company's individual and group **management reports** for 2020.

3. Approval of the **Board of Directors' management and activities** during 2020.

4. Approval of the proposed **dividend distribution** for 2020.

5. Re-election of the company's **statutory auditor**.

6. **Re-election** of Ms. Isabel Aguilera Navarro as independent director of the Company for the statutory three-year term.

7. Approval of the director **Remuneration Policy**.
8. Amendments to the **Articles of Association**.

9. Amendments to the **General Shareholders Meeting Regulations**.

10. **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.

11. Advisory vote on the **annual report on director remuneration** for 2020.

12. Note for the record on the amendment to the **Board of Directors' Regulations and to the Regulations of the Audit and Control Committee and the Appointments, Remuneration and Sustainability Committee**.
- All proposals were adopted with broad majorities.



Dialogue with shareholders, investors and proxy advisors

Lar España has a **Policy on Information, Communication, Contacts and Involvement** in place, the aim of which is to create trust and transparency, and to regulate all contact with shareholders, investors, proxy advisors and other stakeholders by implementing the main instruments, channels and mechanisms used by the company to report to, and communicate with, its stakeholders.

The policy, which was approved in 2017 and updated in 2018 and 2020, is based on the following principles:

Veracity and transparency of all information provided and **equal treatment** of all recipients.

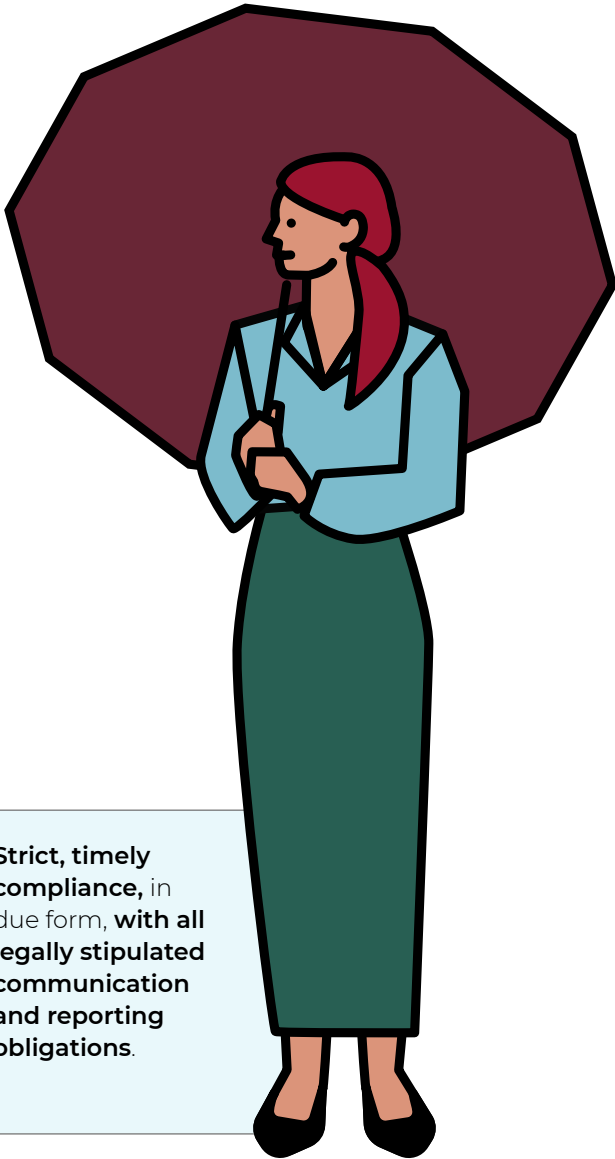
Ongoing dialogue, accessibility and timeliness of information.

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 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 General Shareholders Meeting.



An additional core principle of the policy is the adoption of a **strategy for reporting** economic-financial, non-financial and corporate information that helps ensure that

the information made available to the market and to stakeholders is widely disseminated and of the highest quality, while observing the applicable legislation on insider information.

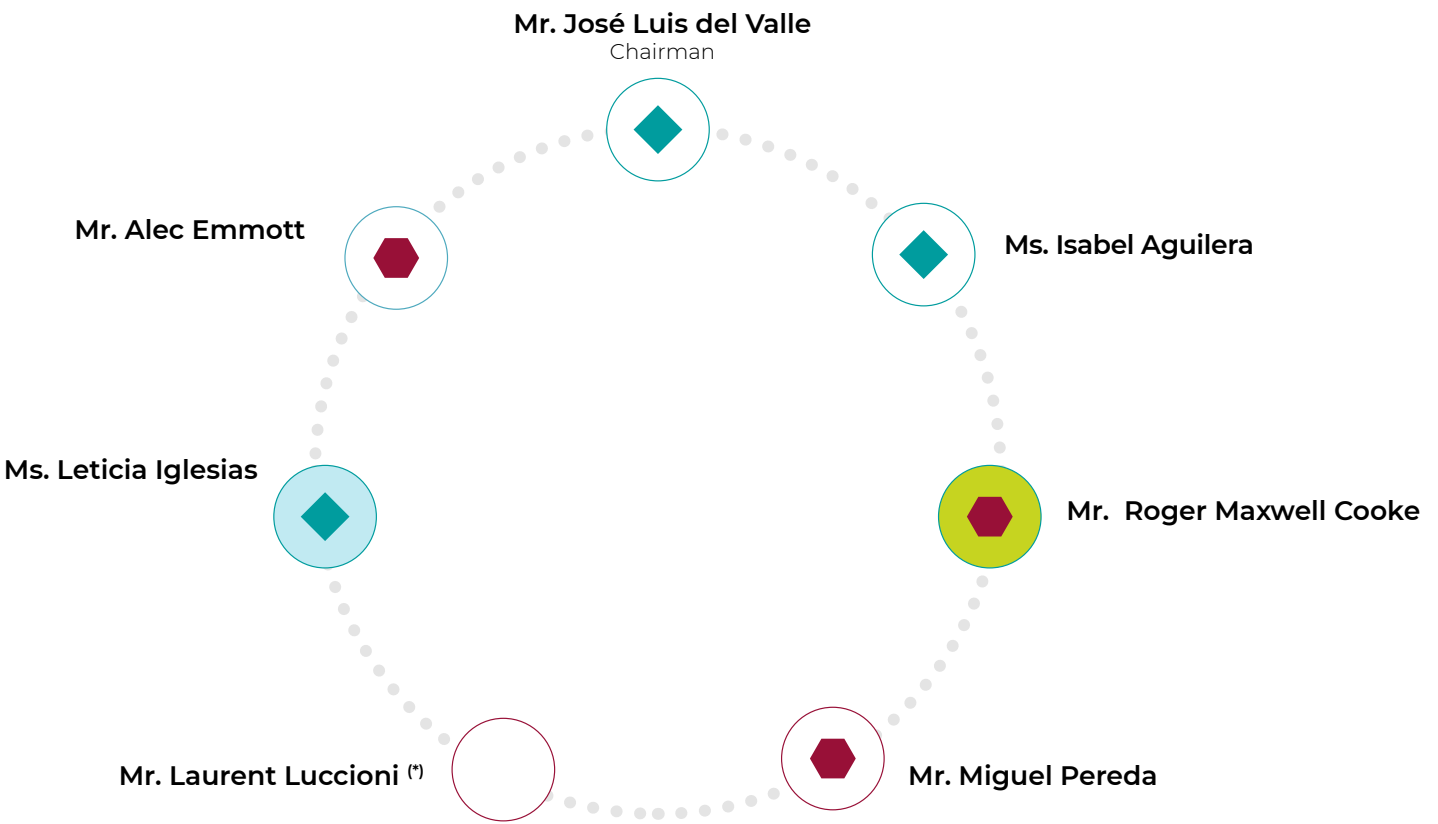
Board of Directors

The composition of the Board of Directors in 2021 was the same as in the two previous years. At the General Shareholders Meeting held on 21 April 2021, Mrs. Isabel Aguilera was re-elected as independent director.

The Board of Directors was thus made up of **seven directors** at 31 December 2021, of which **five were independent and two proprietary**.

In 2021, 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, thus enabling a balance to be achieved between women and men in respect of decision-making.

- Chair of the Audit and Control Committee
- Chair of the Appointments, Remuneration and Sustainability Committee



- ◆ Member of the Audit and Risk Committee
- ◆ Member of the Appointments, Remuneration and Sustainability Committee
- Independent
- Proprietary

(*) On 13 December 2021, Mr. Laurent Luccioni tendered his resignation as member of the Appointments, Remuneration and Sustainability Committee. Additionally, on 28 January 2022, following the sale by PIMCO Bravo II Fund L.P. of all of its shares in Lar España, Mr. Laurent Luccioni tendered his resignation as member of the Board of Directors.

Competency matrix

	Mr. José Luis del Valle (Chair)	Mr. Alec Emmott	Mr. Roger Maxwell Cooke	Ms. Isabel Aguilera	Ms. Leticia Iglesias	Mr. Miguel Pereda	Mr. Laurent Luccioni
Sector: Real estate/ Retail/Appraisals		●	●			●	●
Technical sector: architecture/ urban planning/ engineering	●			●			
IT				●			
Finance	●			●	●	●	●
Audit/risk	●				●		
International market	●	●	●	●	●	●	●
Other boards	●	●		●	●		●
Investor/ stakeholder knowledge	●	●			●	●	●
Team and talent management			●	●	●	●	
ESG	●	●	●			●	
Senior executive/ CEO duties	●	●	●	●	●	●	●

The above matrix provides a very succinct summary of the skills which the board considers most relevant for the management of the Company, indicating the most noteworthy aspects of each director's background. It does not reflect all the skills of the board members; only those previously defined as essential in which each director possesses expertise.

—> **Click on the link for further information on the professional profile of the members of the Board of Directors.**



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 committees** endowed with supervisory and control powers: the Audit and Control Committee and the Appointments, Remuneration and Sustainability Committee.

The Board of Directors is vested with the broadest powers and authority to **manage, direct, administer and represent the Company**, except on matters reserved for the General Shareholders Meeting. However, its everyday management is delegated to the management team under the supervision of the committees and the board.

The board met **15 times** in 2021. All of the directors attended 13 of the meetings in person, and specific voting instructions were given by proxy at each of the other two meetings.

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

Selection of directors

The Appointments, Remuneration and Sustainability Committee reviewed the categories of each of the members of the Board of Directors in 2021 and concluded that the current categories continued to apply. The committee also **reviewed the board’s skills matrix**, concluding that it was up to date and that no adjustments were necessary. This matrix is regularly reviewed in order to ensure the optimal composition and operation of the Board.

Promotion of board diversity

Lar España constantly endeavours to meet social and good governance expectations. The Board of Directors, through the Appointments, Remuneration and Sustainability Committee, thus continued to **promote gender diversity** on the Board of Directors in 2021.

In this connection, the possibility of increasing the number of women on the Board of Directors to achieve the target of having 40% of the board seats held by female directors by the end of 2022, in accordance with recommendation 15 of the Good Governance Code, was analysed in 2021.

In 2021, 28.6% of the company’s directors were female. Following the resignation of Mr. Laurent Luccioni as board member in January 2022, female representation increased to **33.3%**.

Criteria used to establish the Remuneration Policy

The remuneration system establishing both the current policy and the new policy expected to be submitted to the 2022 General Shareholders Meeting aims to promote the **company’s long-term profitability and sustainability** and incorporate the necessary precautions to avoid assuming excessive risk and rewarding poor performance, thus ensuring that the interests of the directors are in line with those of the company and its shareholders, and that the directors’ independence is not compromised.

The current **Remuneration Policy** is based on the following principles:

- Ensuring independent judgement.
- Attracting and retaining the best professionals.
- Long-term sustainability.
- Transparency.
- Clarity and customisation.
- Fair and proportionate compensation.
- Involvement of the Appointments, Remuneration and Sustainability Committee.
- Approval of the remuneration cap by the shareholders at the General Shareholders Meeting and delegation to the board.

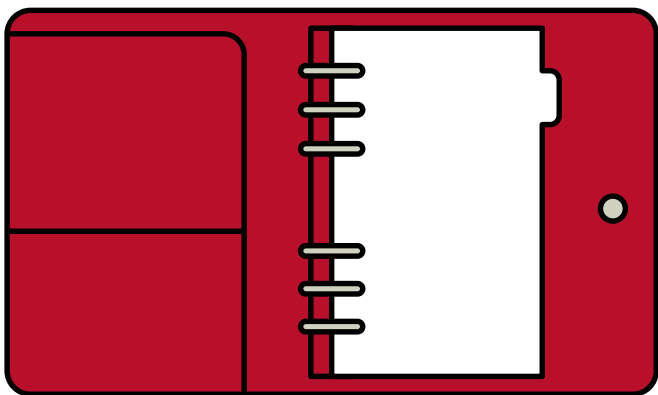
Remuneration of the Board of Directors in 2021 (*)

- **Chair 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€ to 22,500€ per annum (**).

The criteria governing the remuneration of each of the directors show that **the difference between the remuneration of women and men is 0%** on the Board of Directors, Committees and employees of Lar España, being only conditioned by the responsibilities and functions of each of the cases.

(*) All directors’ remuneration is fixed. There is no variable remuneration and there are no additional compensation concepts. The cap on total remuneration is set at €530,000 per annum.

(**) The Chair of the Audit and Control Committee shall earn an additional €7,500 per annum (making a total of €22,500 per annum) and the Chair of the Appointments and Remuneration Committee, an additional €2,000 (making a total of €17,000 per annum).



Board performance evaluation

The self-evaluation process performed in 2021 was conducted by the Chair of the board, together with the Appointments, Remuneration and Sustainability Committee, the Secretary and the Deputy Secretary. The following aspects were taken into account:

- The quality and efficiency of operation of the Board of Directors.
- The operation and composition of the Committees.
- Boardroom diversity in terms of composition and skills.
- The performance of the Chair of the board.
- The performance and contribution of each director and of the Secretary of the board.

The conclusions of the evaluation were that the board and its Committees had worked efficiently during 2020 and that significant improvements had been made in implementing the **Action Plan** set out in the previous evaluation report. As a result, the board approved a **new Action Plan for 2021 and 2022** which have been previously described in section “2.1.1 Corporate Governance”.

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. 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, Remuneration and Sustainability 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 2021.

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	
Composition	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 All of these members have long-standing track records, having held senior management positions outside 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. 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 11 November 2021.
Powers	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. Its roles also include promoting the corporate governance strategy, as well as regularly evaluating and reviewing the Company's corporate governance system, to ensure it is fulfilling its mission to promote the corporate interest, taking account, as required, of the legitimate interests of the remaining stakeholders.
Activity	The Audit and Control Committee met 12 times in 2021.



Appointments, Remuneration and Sustainability Committee

Composition	The Appointments, Remuneration and Sustainability 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, Remuneration and Sustainability 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. Also, in accordance with the provisions of the Board of Directors' Regulations, independent directors make up the majority of the committee following the resignation of Mr. Laurent Luccioni in December 2021. The Regulations of the Appointments, Remuneration and Sustainability Committee 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 11 November 2021.
Powers	The duties vested in this committee include appointing, evaluating, remunerating and removing directors and senior officers, and supervising and promoting sustainability practices in environmental and social matters. 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 interests. Due to the committee's increased responsibilities in the area of sustainability, it was renamed the Appointments, Remuneration and Sustainability Committee in 2021, since its duties included reviewing information and developments in relation to ESG.
Activity	The Appointments, Remuneration and Sustainability Committee met nine times in 2021.

(*) On 13 December 2021, Mr. Laurent Luccioni tendered his resignation as member of the Appointments, Remuneration and Sustainability Committee.



albacenter



Shopping Centre
Albacenter (Albacete)



2.1.4
Risk and opportunity management

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

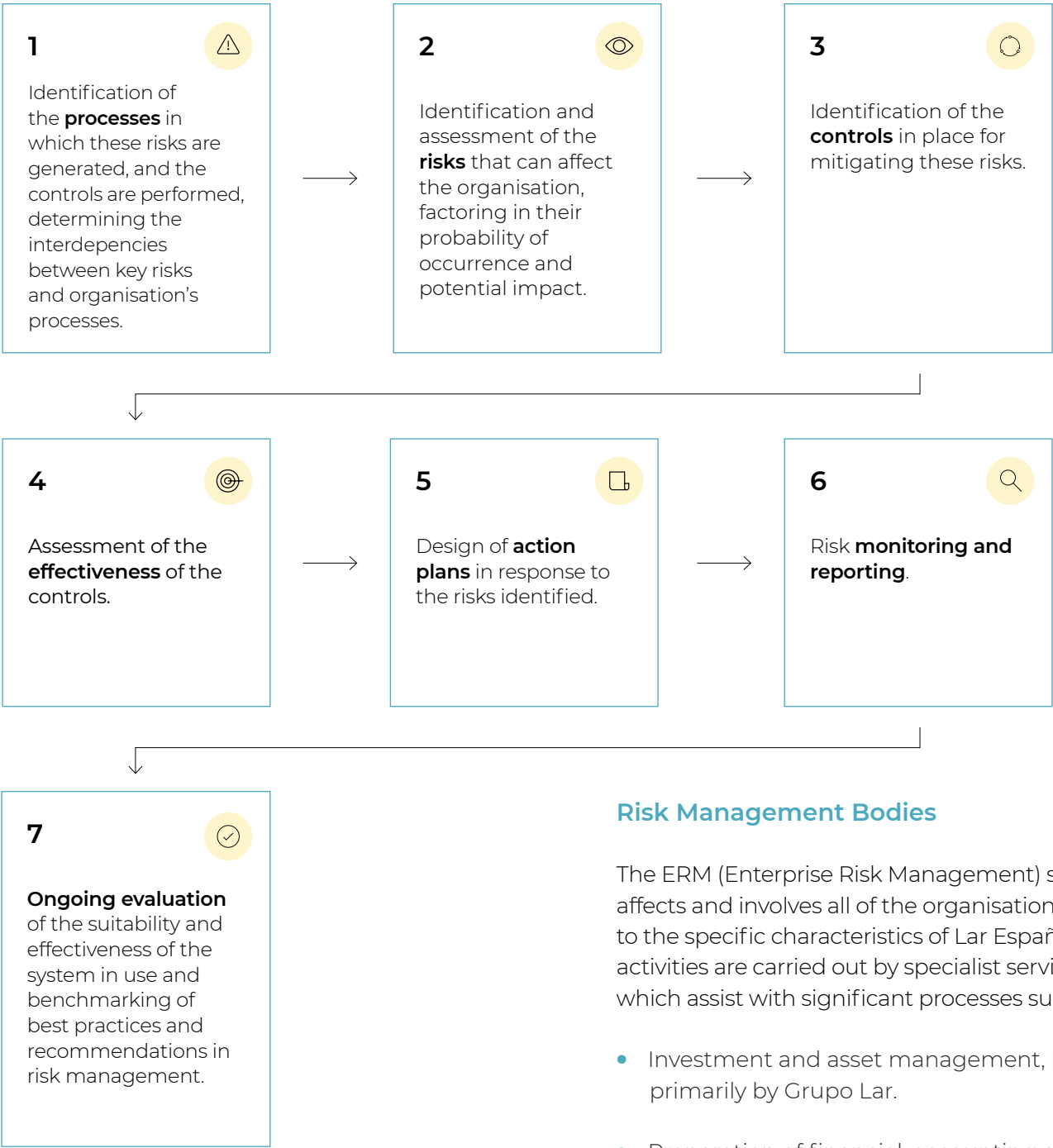
Lar España approved its **Risk Control and Management Policy** in 2015 setting down the components and activities that make up the risk management process and defining the organisational approach and the responsibility assignment model needed in an integrated risk management system, as well as the **methodology for risk identification, evaluation, prioritisation and management** in a efficient way, taking into consideration the circumstances of the Company and the regulatory and economic environment where it operates.

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 —Integrating with Strategy and Performance (ERM 2017)*” published by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

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



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

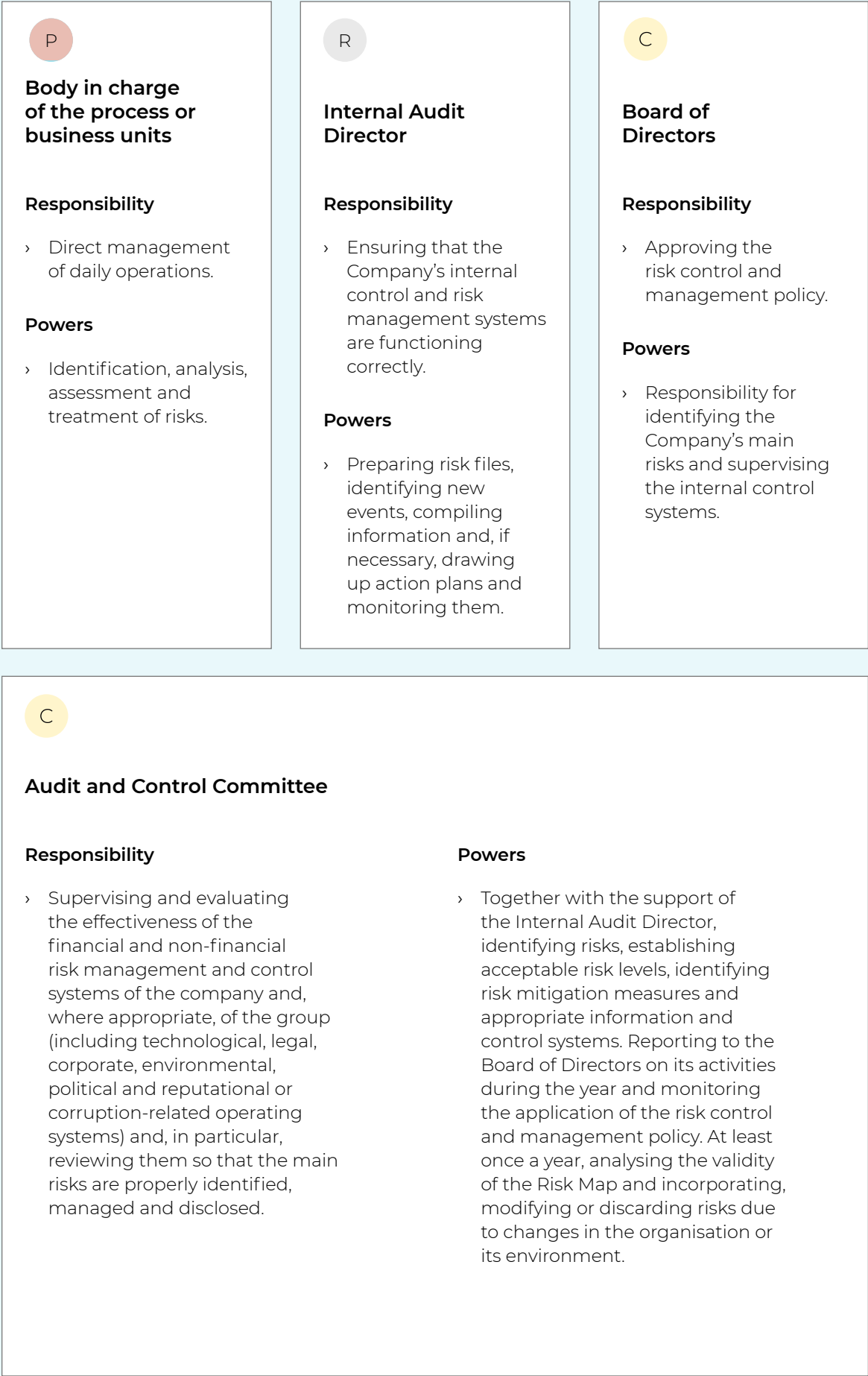
The ERM (Enterprise Risk Management) system affects and involves all of the organisation's staff. Due to the specific characteristics of Lar España, certain activities are carried out by specialist service providers which assist with significant processes such as:

- 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



Risk Map

Lar España has an **updated Risk Map** illustrating the risks that could potentially affect the Company. The Company has prioritised the following risks, having carried out the relevant annual update of the Risk Map. It also carried out the appropriate management and monitoring activities for these risks in 2021 and will continue to carry out this process over the coming years:

Strategic risks:

- Outbreaks, epidemics and pandemics.
- Political and macroeconomic situation, as well as changes in consumption and social behaviour models.
- Regulatory changes/legal uncertainty.
- Inadequate adaptation to climate change and environmental.

Operational risks:

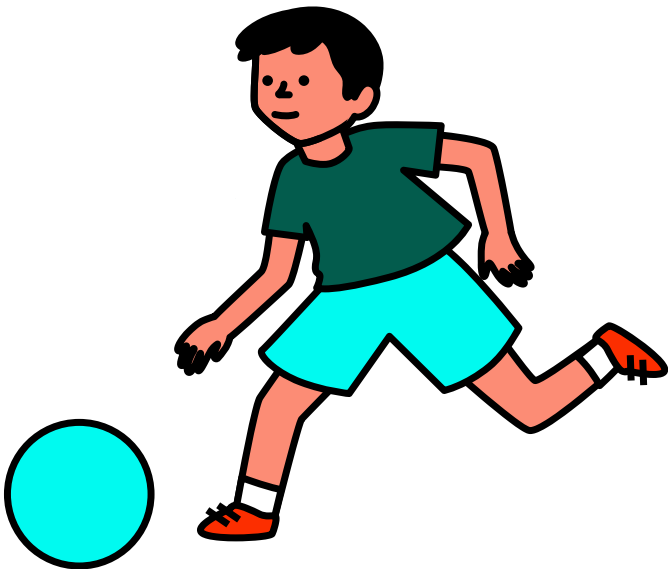
- Value of buildings.
- Health safety of employees, collaborators, clients and visitors at shopping centres and precincts.
- Cybersecurity and information security.
- Renegotiation of contracts as a result of the pandemic.
- Client solvency and credit risk.

Financial risks:

- Market risk and worsening of macroeconomic indicators.

Regulatory risks:

- Requirements of the SOCIMI regime.



These risks have been defined by Lar España in accordance with risk tolerance criteria and depending on how critical the risks are for the business, i.e. impact by probability. The risk monitoring process consists of continuously monitoring the internal and external variables that can help to anticipate or foresee these and other relevant risks for Lar España. 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 implemented.

In 2021, particular attention was paid to **strategic risks**, both those derived from the health crisis caused by the COVID-19 pandemic and the consequences this is having economically, socially and on consumer behaviour.

Similarly, the risks to the Company’s assets from **adaptation to climate change and environmental sustainability**, as well as **cybersecurity** and information security risks, have also been included in the 2021 risk map update.

In the area of risk management associated with ESG matters, the Company **carried out an environmental and social due diligence (ESDD)** in respect of the various stages of the business model. The number of material risks and their potential consequences were also identified, including those caused by climate change.

Response and mitigation plan

The specific characteristics of the market and sector in which Lar España operates make it necessary to focus on correctly **monitoring and updating the various risks** to which the organisation is exposed, including tax risks.

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.

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

Materialised risks

The result of Lar España's risk assessment carried out in 2021 continues to be **highly conditioned by the context of the health, social and macroeconomic crisis** caused by the COVID-19 pandemic in Spain and in the rest of the world and, therefore, these risks continue to be some of the main ones that materialised in 2021.

The **individualised renegotiation** of contracts with each of the lessees, adapting to the new situation in 2021, the necessary **implementation of protocols and health and hygiene measures** to protect the health of employees, clients and visitors to the company's properties, and the **impact on the value of real estate assets** as a result of the uncertainty generated in the market, are some examples of the effects on the Company of the pandemic.

2.1.5
Business ethics and compliance

Lar España has developed a compliance framework with the aim of **ensuring transparency and integrity in all of its actions** and to meet all the commitments acquired.

The Company is working on establishing the necessary **control systems** to ensure regulatory compliance and serve as an internal framework for conduct. The following are salient among the mechanisms implemented:

- The Code of Conduct.
- Crime Prevention Model.
- Anti-money Laundering Model.
- Rules Governing the Whistleblowing Channel.
- Internal Code of Conduct in the Securities Markets.

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 and failure to comply with these guidelines could lead to disciplinary measures in accordance with current regulations.

Lar España upholds **ethical conduct and compliance** in conducting its business activities in accordance with prevailing legislation and 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

Lar España **has set up a Whistleblowing Channel through which internal and external stakeholders can make** enquiries or complaints if they consider that any internal rule is being breached and Lar España is able to respond. The channel has its own **Operating Rules** to ensure it works correctly and is governed by the principles of **good faith, confidentiality and protection**.

The Ethics Committee, which is formed by the head of the internal audit function, the Secretary of the Board of Directors of Lar España and the Chairman of the Audit and Control Committee of Lar España, is tasked with the effective management of the channel and assumes the duties derived from its implementation:

- Receipt and classification of the complaints received.
- Coordination of the investigation work required to follow up on each complaint.
- Imposition of the corresponding disciplinary measures.
- Preparation of periodic reports on how the channel is working.

Before the meetings of the Audit and Control Committee, the Internal Audit Director informs the committee members if any complaints have been received through the channel. In 2021, 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 any type of practices or conducts that contravene the company’s standards, Lar España has defined and adopted an Organisational and Management Crime Prevention Model with the following characteristics:

- It is articulated around the various processes and activities of Lar España.
- For each process and activity, it identifies the criminal risk to which exposure is greatest.
- 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.
- 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.
- 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 responsible for the Model’s effectiveness and execution, having delegated the oversight of its functioning and enforcement to the Audit and Control Committee.

Ethics and compliance are vitally important to Lar España and the way it conducts its business. The Company has therefore established various policies and procedures, to ensure the utmost integrity in its work and in order to meet its commitments.

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). For this reason, 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 anti-money laundering and counter-terrorist financing measures.

The manual, which was developed in keeping with **best practices** and the analysis of the risk profile inherent to the company's activities and operations, is a basic document for the company's management. The manual describes the preventative policies and procedures adopted and the organisation model, along with the associated attribution of duties and responsibilities. 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.

The company's system for preventing money laundering and the financing of terrorism was also **audited by an independent external expert** in April 2021. The expert issued positive feedback on the operation of this system and confirmed its compliance with the regulations in force.

Internal Code of Conduct in the Securities Markets

Approved by the Board of Directors in December 2017, the purpose of **this Code** is to **set forth the rules of conduct that must be observed by the Company**, its administrative bodies, employees and other affected persons in their activities in relation to the securities market.

2.2 Contribution to social development

2.2.1 Contribution to local development



Lar España works actively to **add value to the environments where its assets are located** and therefore carries out social initiatives that contribute to human, economic and environmental development and at the same time help society to respond to major challenges such as unemployment or the socio-economic crisis.

Lar España’s activities have a high impact on the economies in which it operates and on employment in the region in general, which is why the Company’s mission is focused on promoting social progress in the communities in which it operates, generating **economic, business and social benefits**. To achieve this objective, Lar España carries out a series of actions and projects promoting inclusion, support for social initiatives, education and the promotion of culture, among others.

- [Click on the link for further information in the section Social action.](#)
- [Click on the link for further information on communication channels in the section Digital culture & Innovation.](#)

In this regard, the Company **interacts with** its economic, social and environmental **stakeholders**, attending to any requirement that may arise in each of its properties. Thus, for example, one of the most important measures is the annual survey carried out by Lar España to keep track of **people with disabilities** by professional category in all its centres and through which the Company obtains information to **best adapt** their workstations to their jobs.

In addition, Lar España works to establish alliances and encourages the promotion of joint initiatives **that foster sustainable development**, maintaining a close relationship in order to understand the needs of each group. In this way, Lar España guarantees its commitment to **SDG 17**, raising awareness among employees and stakeholders about the importance of achieving a more equitable society and strengthening **Lar España’s commitment as a responsible business**.

Lar España’s impact on employment

During 2021, it is estimated that the jobs generated in Lar España’s portfolio amount to **more than 16,000 jobs**. Seeking to create a positive impact on society within its communities, the Company has paid particular attention to increasing the **integration of people with disabilities at 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 assets can subsequently be filled very easily from among a broad range of profiles and people of different abilities.



8.6% of the indirect jobs at Lar España’s assets are done by persons with disabilities above 33%.

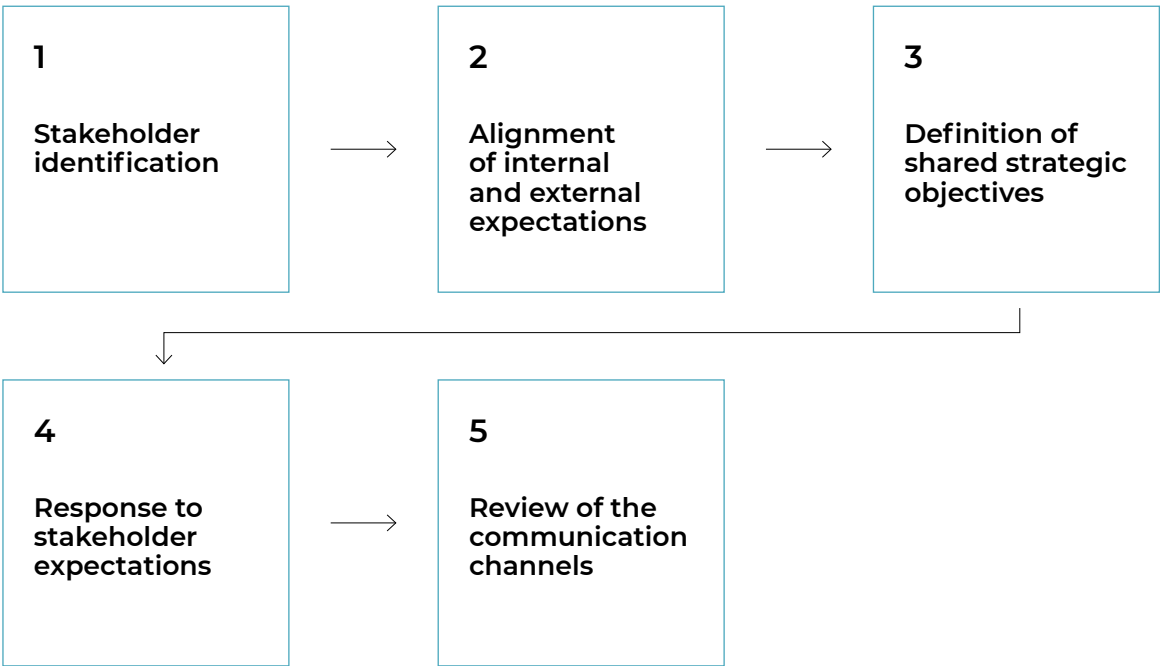
Consequently, **8.6% of indirect jobs at Lar España’s assets are filled by people with disabilities above 33%.** In Spain, the General Law on the Rights of Persons with Disabilities and their Social Inclusion stipulates that at least 2% of the workforce of companies with more than 50 employees must be employees with disabilities. Although this law does not apply to Lar España, the company amply exceeds the figure stipulated by law.

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.

Stakeholder relations

Lar España’s objective is to **interact adequately with its stakeholders by responding to their expectations.** For this reason, appropriate communication channels have been established to maintain and improve the Company’s external and internal relations. Lar España is committed to **creating value** for its main stakeholders and promotes the application of measures in its centres that enable it to obtain a clear image of stakeholder expectations..

To this end, it works through a **management model** that incorporates stakeholder expectations into its processes, integrating a wide range of tools for consultation and discussion with each of them. This management model comprises the following phases:

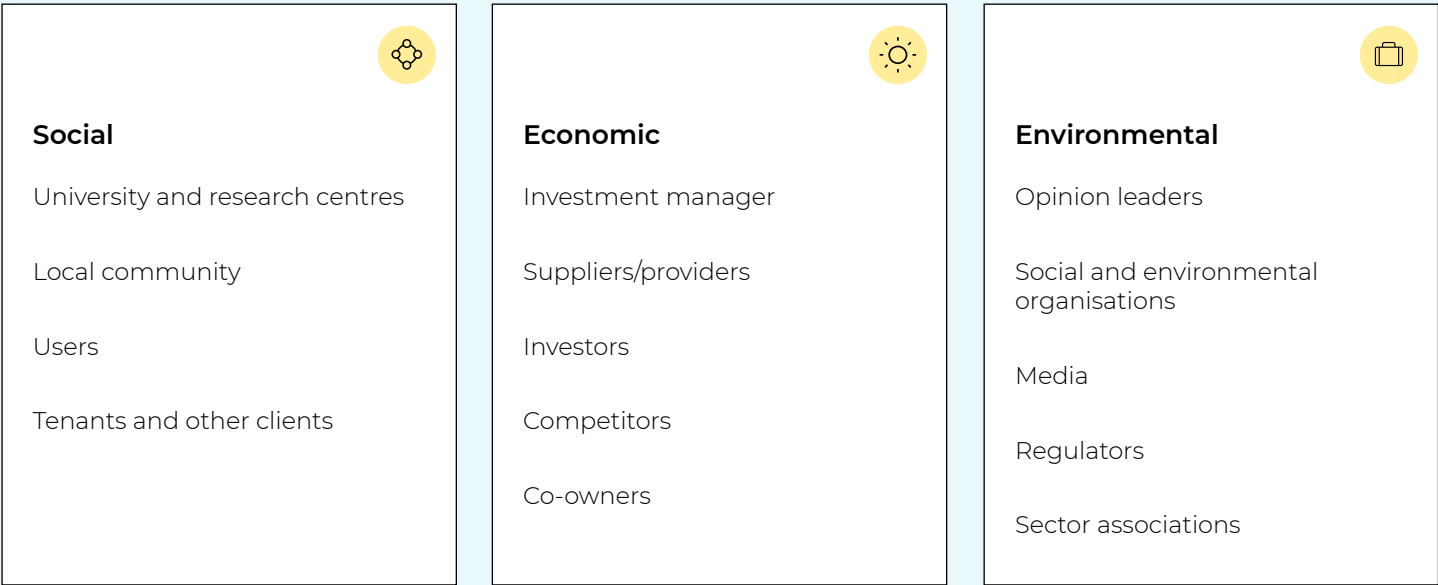


Identification of stakeholders and alignment of internal and external expectations

In order to align strategic and sustainability objectives with the expectations of its stakeholders, the Company has identified its main internal and external groups and **periodically evaluates their**

expectations through specific communication and consultation channels, incorporating them into its decision-making processes.

External environment:



Internal environment: employees

Communication channels

Lar España uses **different channels to foster dialogue** with its users and stakeholders. Therefore, once the process of identifying each of the stakeholders has been completed, the Company establishes **communication channels** to gauge

their expectations, which are assessed and aligned with the Company's objectives to ensure a balance between the different sectors of society and the environment in the resulting actions

Below is a breakdown of the categories and subcategories within these primary stakeholders, as well as the **needs and expectations** of each one:

Response to environmental issues

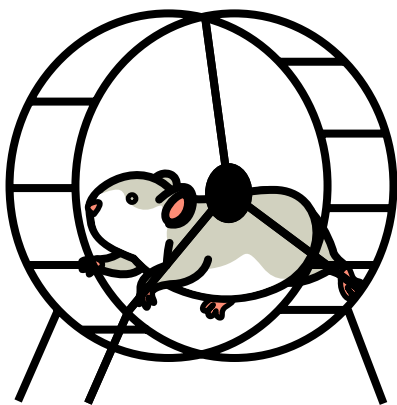
Stakeholders	Communication and discussion channels	Stakeholder expectations	Shared objective	Action / Response to stakeholders
Employees (employees of Lar España and the management company Grupo Lar)	› Open internal communication through personal contact › Whistleblowing channel › Meetings to monitor professional development	› Equal opportunity and non-discrimination › Professional development › Safe and healthy environment › Work-life balance › Transparent compensation policy › Ethics, integrity and compliance	› Retaining talent › Fostering of equality and non-discrimination › Professional training of employees › Ethical work environment	› Employee training › Remuneration policy based on roles and responsibilities › Promotion of an ethical working environment and integrity
Local community (citizens, businesses, organisations, city council)	› Pre-project meetings with local organisations › Opinion polls in shopping centres › Technological tools to learn about local habits and preferences	› Respect and promotion of culture › Management of indirect impact on local businesses › Promotion of local employment › Creation of shared value	› Integration of projects into local culture and customs › Creation of local employment › Creation of local businesses	› Projects take into account local culture and circumstances › Start-up and innovation events open to local businesses › Contracting of local suppliers
Users (clients, visitors, accompanying persons)	› Opinion polls › Suggestion channels in shopping centres and retail parks › Satisfaction and quality audits	› New products and services › Connectivity and accessibility › Safe and healthy environment › Modernity and design › Knowledge of events and operators' offers	› Assets offering unique experiences › Attractive assets › Accessible and adapted assets › Safe and comfortable spaces	› Digital tools to recognise trends and offer the best experience › Centres certified in Universal Accessibility › Recruitment of persons with disabilities › Design spaces and renowned architects

Response to environmental issues

Stakeholders	Communication and discussion channels	Stakeholder expectations	Shared objective	Action / Response to stakeholders
Investors and investment manager (shareholders, banks, analysts, regulator, investment manager, funds)	› One to one meetings › Conference calls › Road shows › Promotion and participation in events › Section of website devoted to shareholders › Annual General Meeting for shareholders › Whistleblowing channel	› Good governance and transparency › Ethics and regulatory compliance › Risk management › Return on investment and monitoring of share price › Prevention of corruption and money laundering › ESG/CSR strategy	› Operation in accordance with best practices in Corporate Governance › Regulatory compliance › Annual profitability › Ongoing improvement in ESG/CSR results	› Code of Conduct › Policy regarding communication and contacts with shareholders, investors and proxy advisors › Risk management and control › Reports: Annual, Corporate Governance, Remuneration › Publication of portfolio valuations
Suppliers (asset managers, services, products, IT, innovation)	› Meetings with suppliers › Contract follow-up meetings › Attendance at supplier fairs › Contact details on the website	› Transparency in business relations › Long-term vision and security › Risk management	› Establish long-term relationships with suppliers › Continuous improvement of our assets › Technological innovation	› Long-term contracts with suppliers › Selection of offers based on transparent criteria
Operators (tenants, centre workers, maintenance, security, cleaning)	› Digital communication platforms › Attendance at sector events of the different brands operating in the sector › Contract follow-up meetings	› Transparency in business relations › Speed in asset management › Coordination and balance between operators › Optimal operation of the centre	› Implementation of strategies to increase sales › Operation of the centre in the best conditions	› Digital tools to understand client trends › Digital tool for communication between operators and managers › Online platform to advertise shopping centres to operators
Competitors (SOCIMIs (Spanish REITs), investment funds, etc.)	› Promotion of sector events › Participation in trade fairs and sector events	› Good governance and transparency › Enhancement of the image of the sector › Fair competition and regulatory compliance › Stable employment and training	› Enhancement of the reputation of the sector › Attraction of talent › Encouragement of training of the sector's employees	› Training of Grupo Lar's and our employees › Social media campaign on the positive aspects of the sector

Response to environmental issues

Stakeholders	Communication and discussion channels	Stakeholder expectations	Shared objective	Action / Response to stakeholders
Social and environmental organisations (NGOs, foundations, local organisations, sectoral associations)	› Holding events at shopping centres for the participation of social groups › Surveys and requests for information › Contact details on the website	› Projects with low environmental impact › Standardised ESG reporting › Impact management and damage remediation › Cooperation with other companies to promote knowledge sharing	› Best practices in environmental design › Standardised information reporting (GRI/EPRA)	› Obtaining independent certificates › Verification of information by independent third parties › Annual report integrated with sustainability
Regulators (control bodies)	› Requests for information in early stages of compliance projects › Mandatory documentation in the drafting and approval of projects	› Good governance and transparency › Standardised ESG reporting	› Regulatory compliance › Compliance with procedures	› Analysis of environmental legislation and strict compliance › Internal environmental information gathering systems
Authorities (European Union, State, Autonomous Regions, Municipalities)	› Meeting with authorities through sector forums › Two-way discussion regarding sector expectations and possible collaborations	› Urban resilience › Rehabilitation and conservation of buildings › Environmental impact assessment › Climate change mitigation › Biodiversity and natural environment impact management	› Improving the local environment › Meeting local needs › Projects aligned with international and national plans on climate change and other environmental issues	› Assessment of the environmental impact of our projects through internationally recognised methodologies › Sustainability strategy that improves on existing regulations



2.2.2 Customer orientation

For Lar España, its customers and users constitute the foundations of its business model. Consequently, the Company prioritises and focuses its efforts on **meeting the needs of its customers** at all times. The Company **promotes active listening and two-way communication**, and is therefore able to offer the level of service quality that customers have come to expect.

Several tools are used to promote communications with customers:

- **Communication 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 property and the property tenants.
- Customer services audit, through which Lar España strengthens its **commitment to excellence of the Customer Journey**.

Lar España considers it essential to be aware of its customers’ opinions before, during and after shopping. Accordingly, several information-gathering tools, both face-to-face and online, have been put in place to quickly provide feedback on **customer habits and preferences**.

This communication process is characterised by the **adaptation to new technologies** and the existence of multiple channels to address the needs of a more informed and demanding clientele. This type of tool is also used to observe current market trends and offer customers the best experience.

As a result, Lar España is assured the information it needs to adapt and completely transform its assets as efficiently as possible.

—> *Click on the link for further information in the section Digital culture & Innovation.*



With a view to having its centres offer unique, attractive experiences, Lar España has continued to **promote customer engagement** by organising different events at its properties.

In 2021, in addition to the measures already implemented to fulfil customer needs, other actions were undertaken to improve the experiences provided through its assets:

Gastro Fan

A cycle of **multidisciplinary cuisine-based events** was hosted at seven shopping centres which consisted of different types of cooking and cocktail workshops using the gastronomic products typical of each area of influence. The attractions included industry professionals such as Chef Bosquet, Spanish Champion Flair Bartender Pedro García and three of the finalists from the MasterChef cooking show.

The cycle was broadcast via streaming at several of the centres: Gran Vía, El Rosal, As Termas, Albacenter, Portal de la Marina, Lagoh and Ànec Blau.

The purpose was to forge ties with the public and spread the name of the centres, generating engagement and publicity.

Hola Familia

“Hola Familia” [Hello Family] is a project that aims to **create 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.





A culture of customer health and safety

In 2021 Lar España continued to work to provide **safe, comfortable spaces** for customers by implementing measures and solutions that ensure a high level of safety at its various properties.

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.

Although the incidence of the pandemic and its impact both in Spain and in the rest of the world has receded over the past year, Lar España **has kept its health and safety protocols in place at its properties**, applying them flexibly according to the specific needs of each region. The Company at all times follows the health and safety recommendations established by the authorities to prevent the spread of COVID-19.

Crisis management systems and protocol

In order to detect possible terrorist attacks in its shopping centres and retail parks, Lar España has in place **prevention and intervention systems and protocols** that can address any suspected terrorist threat. These systems comprise measures to increase vigilance and inspections, with special attention on the presence of suspicious individuals and objects. Foremost among the principles of preventive action are the establishment of meetings with national, local and regional police forces to facilitate cooperation with the local authorities.

Lar España also applies several intervention measures introduced by the head of the security company to identify any suspicious behaviour. In the event of any threat, **Lar España has a series of operating teams and electronic systems**, as well as auxiliary resources to act quickly and safely with users and centre personnel.

Some of Lar España's shopping centres have an ad hoc action **Protocol** in place, where an Anti-Terrorism Prevention and Protection Plan is available to enable the detection, monitoring, analysis and evaluation of such risks. The measures to prevent attacks follow the advice issued by the Ministry of the Interior and the private security companies with which Lar España works.

In addition to these measures, Lar España has an **Operating Manual** that enables management of the centres to be aware of the existing procedures in the event of an incident. Furthermore, Lar España carries out communication initiatives with its assets and draws up adequate presentations to disseminate these measures beyond the scope of management.

SGS certification

Lar España focuses its efforts on applying the regulations and measures to transmit to its customers that they are in a safe environment, with hygiene and safety guarantees. In 2021, **SGS, the leading certification services company**, continued to certify the hygiene and disinfection procedures followed at all of Lar España's properties.

Their verification work was centred around three main areas:

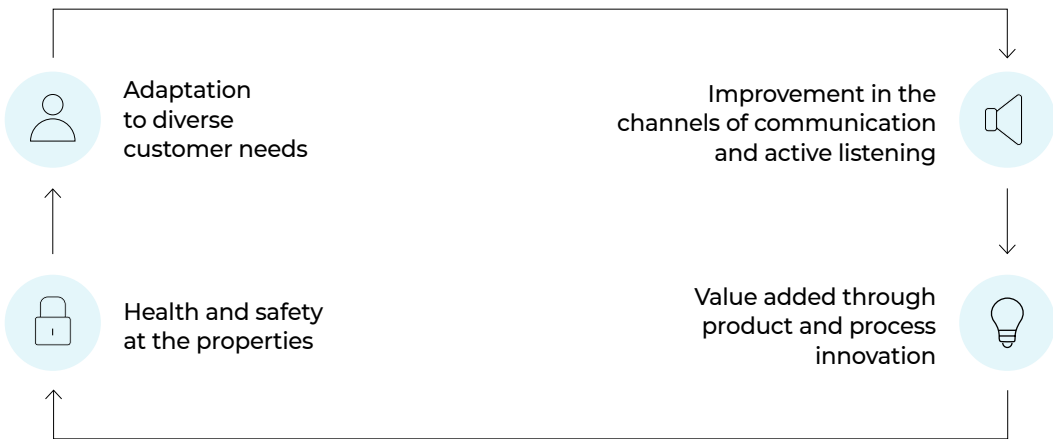
- **Complying with all applicable standards** and best practices as regards the design and wording of the protocols.
- **Complying with all applicable standards** Implementing procedures and best practices at all the shopping centres and retail parks in the portfolio ⁽¹⁾.
- **Maintaining procedures** correctly and continuously.

After a favourable assessment of the design of the protocols without incident at all the properties, **inspections** have continued to be carried out in order to verify that they are still applicable in all aspects. These reviews were carried out monthly until July 2021 and with quarterly frequency thereafter on one-third of Lar España's assets.

Customer satisfaction

Lar España has **various tools in place** at the shopping centres which are aimed at maintaining a stable relationship built on trust with all its customers. By using these tools, the company promotes efficiency and is able to address its customers' needs and channel information to them that meets their demands and expectations.

Lar España's view of the customer satisfaction process is as follows:



(1) Shopping centres and retail parks in which Lar España has full decision-making powers.

Actions aimed at customer satisfaction

Based on the **studies and surveys** carried out at the various centres in 2021, Lar España was able to gather the perceptions of its customers regarding the following issues:

Club Disfrutones

a. Operators

In 2021 Lar España conducted a customer satisfaction survey among its lessees regarding the Disfrutones [Fun-Lovers] customer loyalty club in order to gather their opinions on the experience and/or possible improvements to the service. The survey was conducted at the Albacenter, Ànec Blau, As Termas, El Rosal, Gran Vía de Vigo, Lagoh and Portal de Marina centres.

Among the main conclusions obtained after conducting the survey to these operators, highlights that 75% of respondents believe that being part of the Club Disfrutones brings benefits to their business, such as increased traffic and sales in the store. However, the Company has identified the process of communication and validation of benefits as an area of improvement, by being a partner between the user and the store.

b. Users

The survey of the users of the assets was also conducted through different channels to learn their opinions about the “Disfrutones” Club app. In addition to answering questions that enabled Lar España to determine their level of knowledge and satisfaction, they also made recommendations on the benefits of the app.

Accessibility

These surveys were carried out with the aim of establishing the level of satisfaction with services and infrastructure. Overall, the **results obtained show a high level of satisfaction**, notwithstanding which Lar España is working to make different improvements. The survey was conducted at the As Termas, El Rosal and Albacenter centres, covering aspects such as:

- Parking service.
- Public information and customer service.
- Accessibility throughout the centre including the public toilets.
- Clarity and usefulness of information posters.

Christmas videocalls

As part of Lar España’s commitment to improving its customers’ experience, the El Rosal, As Termas and Gran Vía de Vigo centres launched a series of videocalls during the Christmas period through which Father Christmas and the Three Kings met all of the children and listened to their Christmas wishes.

The campaign was well received and enabled Lar España to conduct satisfaction surveys among parents to hear their opinions about this experience and other issues such as the process for booking the call.

Customer-related surveys are conducted annually at some of Lar España’s assets. For example, an **analysis of fashion outlet customer profiles was carried out** at the Megapark Fashion Outlet.

Sport and healthy lifestyle

Lar España promotes a healthy lifestyle and good nutrition among its customers. In 2021 sporting events were held at the assets to **encourage users to engage in sports and acquire healthy habits**. Another objective is to raise funds for foundations and non-profit entities that are engaged in providing healthcare, drawing public attention to rare diseases and working for the inclusion of persons with Down syndrome.

Online satisfaction survey analysis

Regarding the Company's commitment to **improving communications with its tenants**, in 2021 Parque Abadía drew up an Online Retailer Satisfaction Analysis with the help of an independent supplier. This assessment is carried out by means of online surveys following a standardised methodology.

The purpose of the survey was to provide a response on overall satisfaction with all aspects of the retail park, based on the following questions:



Overall satisfaction		Satisfaction with the services companies	
Satisfaction with physical and environmental attributes	Satisfaction with management	Matters for ongoing improvement	New trends
Satisfaction with the Marketing and Communication Policy	Satisfaction with the other retailers	COVID-19 block	Satisfaction with service availability



As a result of the work carried out, the average assessment of the respondents stands out in relation to issues such as satisfaction with the rest of the merchants (7.9) or the professional relationship of management (7.8). Thanks to the results of the work carried out, Lar España is able to maintain an ongoing dialogue and in that way, become aware of its retailers' concerns. Through this survey the Company obtained detailed information on **areas for improvement and new initiatives** for the benefit of both customers and retailers, which allows the centre to improve its relationship with customers and meet their expectations.

Lastly, the survey **highlights the most important trends and aspects for consumers** when choosing a shopping centre, namely:

- **Brand offering and variety.**
- **Friendliness and the human touch.**
- **Customer service.**
- **Technological development.**
- **Design and architecture.**

Complaint and claim resolution

Lar España undertakes to analyse any incidents customers may suffer at its properties and to take appropriate action so as to respond to customers and consumers clearly and concisely. To this end the Company has **protocols for filing claims** which enable it to detect and handle all incidents through various channels such as social networks, the website and paper forms. Thus, those in charge who are affected record and analyse them in order to implement measures and take steps to resolve the claims.

In 2021 Lar España handled and resolved 122 customer complaints. **All complaints and claims were handled within the estimated time and in line with the aforementioned procedures.**



2.2.3 Relations with suppliers

Lar España considers its suppliers to be an essential aspect of its operations. Consequently, it has purchasing and contracting procedures that prescribe the **commitments and principles of conduct** required to contract any supplier, fostering quality management and transparency.

Certification mechanisms

As part of its supplier certification process Lar España and its management company ensure that the Company’s interests are protected at all times and to this end the Company undertakes to guarantee that its collaborators have **internal control mechanisms and standards of conduct** for purposes of due diligence.

Among the aspects included are clauses on **environmental, social and good governance issues** that must be complied with by all the suppliers with which Lar España establishes relationships. These include such guidelines as the following:

- Anti-corruption policy and whistleblowing channel of Lar España.
- Anti-money laundering.
- Occupational health and safety.
- Commitments with employees’ rights and conditions.
- Environmental responsibility.

To ensure these values are present in its supply chain, Lar España also has a **Sustainability/ESG Policy**, which serves as a guide for the Company to act responsibly and transparently in its interactions with suppliers.

Furthermore, for most of its centres, a **BREEAM clause** has also been included which makes it possible to measure the degree of environmental sustainability in the fitting out of shopping centre premises, as well as energy efficiency or the control of water use, among others.

Supplier audit process

Lar España bases its commercial relationships with suppliers on long-term stability. To achieve this it promotes contract fulfilment, ensuring that suppliers meet their commitments in respect of the main services which comprise maintenance, security and cleaning. If any non-compliance is found the necessary corrective measures are taken.

Compliance with occupational health and safety and environmental matters as well as process quality are taken into consideration in the evaluations. **These audits have been carried out without any qualifications in the results.**

Commitment with local suppliers

Lar España fosters the development of local environments and the communities where it operates. Accordingly, the Company gives priority to contracting local suppliers while also demanding the essential requirements for the services requested. The Company monitors information about suppliers, including their type, location and the centres they serve in order to promote the contracting of local suppliers and ensure they are highly knowledgeable of their surrounding areas.

In 2021, Lar España has close links with the communities it serves. For this reason, the overwhelming majority, 446, of its **466 suppliers** are local companies. Lar España purchased **over €58M** in products and services from its suppliers, thereby creating wealth in the communities where it operates.

Lar España purchased **over €58M** in products and services from its suppliers, thereby **creating wealth in the communities where it operates.**

The fact that Lar España’s activities are carried out throughout Spain makes it a **generator of economic wealth, a catalyst for local economies and a creator of quality employment**; it brings trust and becomes the clearly preferred option.

Cybersecurity and information security

Lar España’s activity involves the processing of various types of data and information, and particularly, given the specific nature of its organisational model, a large part of its activities are contracted out to specialist third parties.

To manage and mitigate information security risks to a reasonable level, in 2021 the Company developed a **Third-Party Cybersecurity Risk Management Model**.

The aim of this model is to review the company’s most important processes so as to maintain the **principles of integrity, confidentiality and availability** at all times, in accordance with cybersecurity best practices and standards.

In addition, the company has implemented a **Supplier Cybersecurity Risk Management Procedure** to ensure data is processed correctly and to define and manage the controls to comply with corporate security objectives and prevailing legislation.

Analysis and evaluation of the provision of services by third parties

Lar España performs an exhaustive **procedure for contracting external suppliers** to ensure their competence, independence and technical and legal capacity to provide the services contracted. Furthermore, it periodically evaluates the work performed to check that it has been carried out properly.

It should be emphasised that the analysis of these possible cybersecurity and information security risks **is considered as part of the financial information system** and is therefore assessed by the company’s main governance bodies.



Information security policy

In line with its commitment to assure information security in the different business processes, in 2021 the company drew up the **Information Security Policy** as a result of a prior risk analysis carried out by the company in this area. Lar España's Information Security department is responsible for its application and oversight.

The purpose of this policy is to ensure adequate protection of Lar España's information, maintaining the following security principles:

- **Ensure that the information can only be accessed** by authorised parties.
- Guarantee the **accuracy and completeness** of the information and the methods used in its processing.
- **Guarantee that authorised users** have access to the information and its associated assets when necessary.

The disruption caused by new technologies is changing structures and presents numerous challenges and opportunities. With this policy, Lar España undertakes to offer the best service to its customers, enhancing its processes and respecting the rights established by law. Some of the main objectives of the Security Policy are outlined below:

- Protect assets from threats that may lead to security incidents.
- Establish an information classification system to protect critical assets.
- Develop a set of rules applicable to all employees of Lar España
- Assess the risks affecting the assets to adopt the appropriate security controls.
- Verify the operation of security measures through internal audits
- Train users in security management and information technologies.
- Protect Lar España's intellectual capital, ensuring it is never disclosed or used unlawfully
- Reduce the possibilities of unavailability through the proper use of Lar España's assets
- Defend the assets against attacks so that they do not become security incidents



Cybersecurity measures and actions

As a result of creating the Third-Party Cybersecurity Risk Management Model, Lar España has started work, with the support of an external consultant, on preparing and sending a **self-assessment questionnaire to suppliers** for them to assess their information security risk, as well as the inclusion of cybersecurity clauses in an annex to the contracts for the provision of services.

The Company also has a **Cybersecurity Committee** that meets periodically ensuring the control of this risk and the safeguarding of the information security. It is formed by:

- Lar España’s vice-chairman
- The CFO of Grupo Lar, as a the information security service provider to Lar España
- The CFO and Corporate Director of Lar España
- The Internal Audit Director of Lar España.

During 2021, within the context of the second stage of this management model, several on-site audits were also started, with the support of a specialized technical consultant, with the scope of the domains and web page of Lar España, as well as on public addresses, of users and servers of Grupo Lar and Gentalia.

A report will be drawn up based on the information obtained in these audits that will have the main recommendations that the service providers will carry out, as well as an **Action Plan** for their implementation, which will be monitored by Lar España’s Cybersecurity Committee.

2.2.4 Investor relations

Lar España **actively promotes listening to and collaborating with its main investors** in order to continue applying best practices and meet their objectives in an **ethical and transparent manner**.

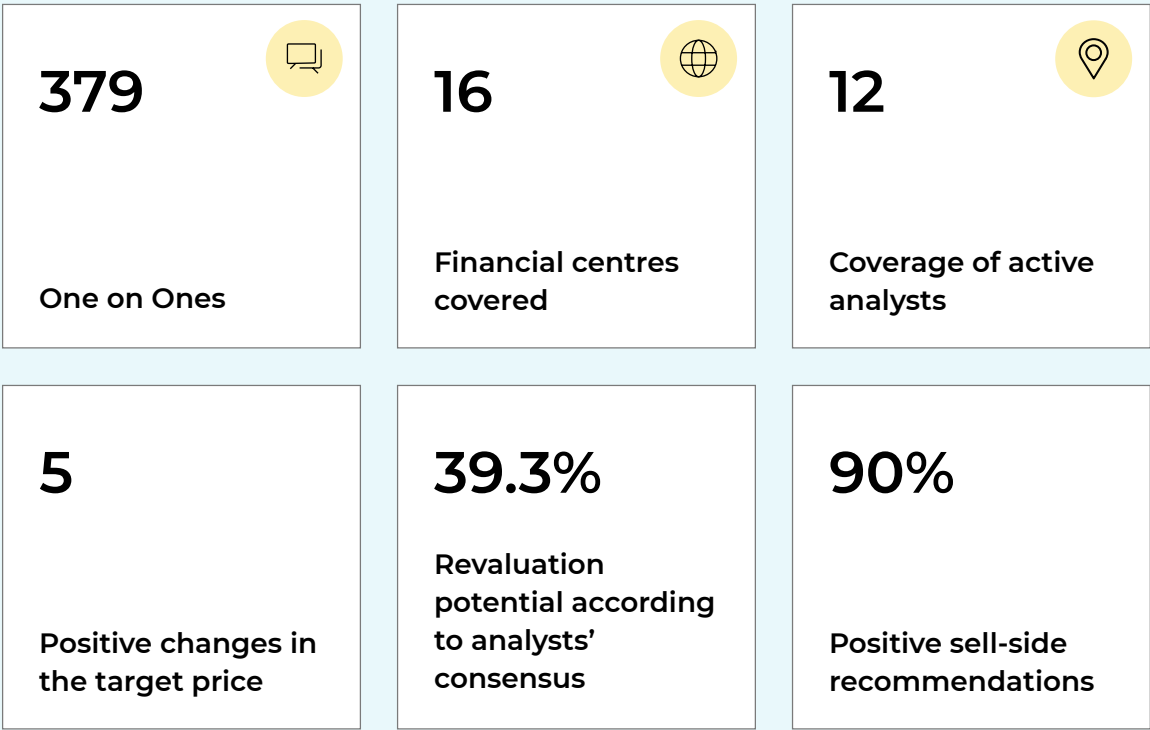
To this end, the Company has an investor relations department which organises various road shows during the year to attract the interest of potential new investors and strengthen relations with current investors. Lar España also complements these activities with the publication of information through social networks, email and its website, where it has an **Investor’s Agenda** and reports on the performance of the organisation, guaranteeing access to information for shareholders and investors.

In addition, the Company has a **Policy on Information, Communication, Contacts and Involvement** aimed at fostering dialogue, trust and transparency with both Spanish and foreign shareholders and investors. The principles of this policy are as follows:

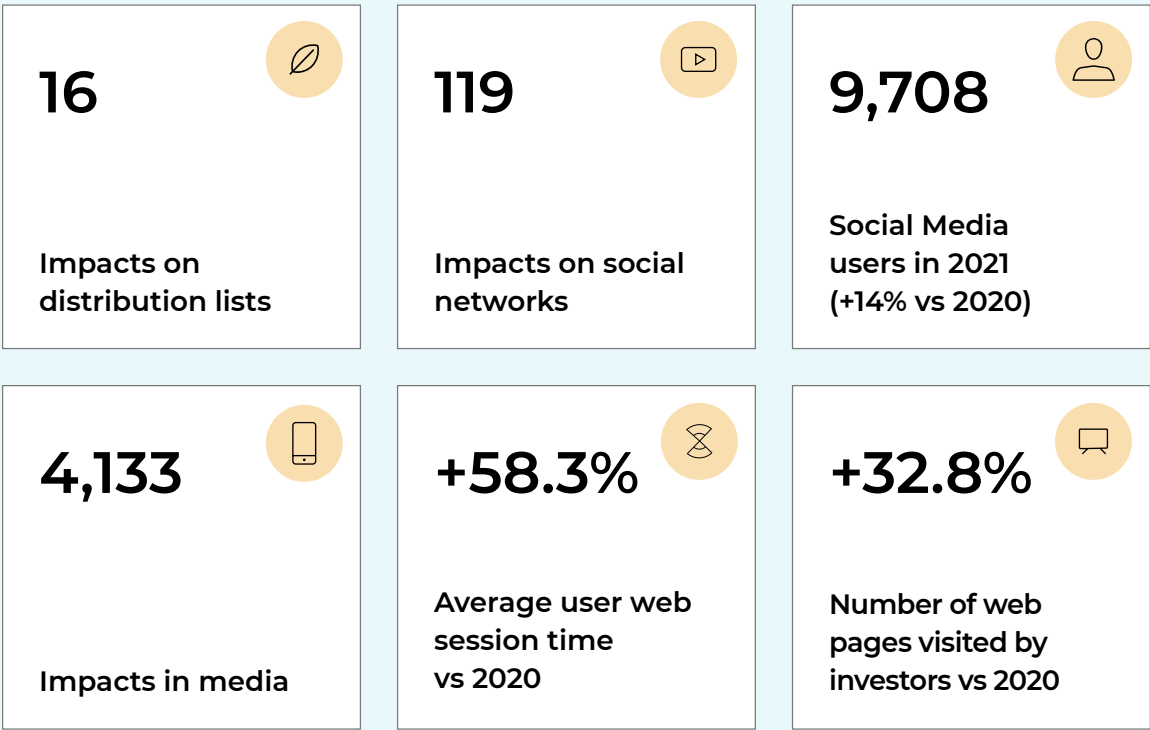
- Veracity, transparency of all information provided and equal treatment of all recipients.
- Strict compliance with all stipulated communication obligations.
- Protection of the legitimate rights and interests of all the shareholders.
- Equal treatment.
- Ongoing dialogue, accessibility and timeliness of information.
- Commitment to encouraging informed shareholder participation at the General Shareholders Meeting.

Main activities carried out with investors in 2021

→ Investor relations activity in 2021



→ Media



€18.4 Mn

Appearances in media and on social networks have generated an estimated value equivalent to Euros 18.4 million in hard copy and online press.

Publication of ESG information

Through this approach the Company seeks to meet the expectations of stakeholders and investors, fostering social and economic progress in Spain and providing **sustainable financial returns for investors**. As an essential part of its Sustainability/ ESG Policy, the Company does not limit itself to the publication of financial information, but also aims to **develop initiatives that generate shared value**.

In this respect, Lar España holds regular meetings with its investors in which it shares ESG information, in addition to publishing details of the performance of the portfolio every six months with respect to issues such as:

- Efficient management of consumption in assets (water and energy).
- GHG emissions associated with business activity.
- Update on the status of the various projects implemented in the portfolio.
- Status of environmental certification.



In addition, Lar España has information published on its website regarding its **commitment to sustainability**, showing the main international standards to which the company adheres, as well as its best practices in ESG matters:



The public environmental information was prepared following the **GRI Sustainability Reporting Standards** (Core option). The sustainability information published by the company has been reviewed externally by a third party with a limited review scope and based on the GRI Sustainability Reporting Standards (GRI Standards) guide.



Lar España applies the **“Best practices and recommendations” guide drawn up by EPRA** in relation to the presentation, analysis and calculation of the main financial and non-financial indicators, a standard that has been followed for the preparation of this report.



Lar España participates annually in the **Global Real Estate Sustainability Benchmark (GRESB)**, the environmental, social and good governance (ESG) benchmark for real estate sector assessment.



Lar España also collaborates with **MSCI-IPD** and is included in its annual real estate index - **IPD Spain Annual Property Index** - which provides us with additional information and visibility within the real estate sector.



Lar España believes it has a duty to contribute to delivery of the **United Nations Sustainable Development Goals (SDGs) and 2030 Agenda**. In 2021, in accordance with the methodology proposed by UN Global Compact for companies to foster the SDGs, we analysed which goals are a priority based on Lar España’s activity



Lar España also reports periodically to the **Spanish Global Compact Network** through a report on its actions related to the implementation of its Ten Principles on human rights, labour, environment and anti-corruption.

2.2.5 Social action

Lar España’s **Sustainability/ESG Policy** reflects a firm commitment to human, economic and environmental progress that will promote sustainable development and social advancement in the communities where it operates.

Local communities

As a result of its business activities, the company **generates economic, business and social benefits** for multiple players, creating thousands of direct and indirect jobs. Lar España helps the economies of the local communities where its assets are located by:

- Creating new business opportunities
- Promoting health and well-being
- Transforming the social climate
- Promoting an atmosphere of inclusiveness
- Strengthening the company’s values
- Incentivising citizen engagement

In maximising the value of its assets, the refurbishment and operation of the portfolio implies specific consideration of and engagement with the local populations where Lar España operates, with particular regard for their **sustainable progress**. The company assesses the social impact of all of its operations and asset development projects:

Lar España’s success in generating local employment and integrating its projects into the local cultural fabric is based on its **solid relationships with stakeholders**, amongst which local communities have special significance. Lar España uses channels such as pre-project meetings with local organisations, opinion surveys and technological tools to ensure the flow of information between the company and the local community.

Social action initiatives

In 2021, Lar España undertook more than **160 initiatives** as part of its commitment to its environment. The company has promoted activities and initiatives that support social entities in local communities. Furthermore, it promotes actions related to sustainable development and support for local cultures.

The initiatives undertaken throughout the year include clothing recycling, support for youth sport, toy drives, environmental awareness campaigns and donations to hospitals. These initiatives translated into:

- **Over 1,400 hours’** worth of community and environmental initiatives at our shopping centres.
- **Over 25** collaborations with NGOs and foundations.
- **Over €570,000** earmarked for community collaborations, sponsorships and initiatives.
- **Over 43,000 kg** of clothing donated.
- **Over 4,000 kg** of food collected in drives.

Area of impact	EPRA: Sustainability Performance Measures (Social)				
	EPRA sBPR code	Unit of measurement	Lar España 2019	Lar España 2020	Lar España 2021
Local impact assessment	Comty-Eng	% of assets	100% (16 out of 16)	100% (15 out of 15)	93% (13 out of 14)

Social actions at the shopping centres

Aware of the power of its assets to attract and influence the residents of the local communities, Lar España **contributes to the development of these communities by promoting social action**

campaigns at its properties. In accordance with this line of action, the shopping centres undertook the following activities in 2021:

Environmental awareness campaigns

Shopping centre		Initiative
Albacenter		Campaign to raise awareness about used oil recycling , during which participants learned about the consequences of pouring oil into water systems as well as the locations where used oil bottles could be disposed of.
Ànec Blau		The shopping centre promoted environmental awareness by creating a new space for children and adults to enjoy family-orientated eco-friendly activities and workshops. These workshops focus on the environment, sustainability and recycling .
Gran Vía de Vigo		On the occasion of World Water Day , advice was given on how to save water by holding a raffle using social media.
Las Huertas and MegaPark		During the celebration of the global Earth Hour initiative started by WWF, all the store signs in the centres were switched off from 20:30 to 21:30h, thus contributing to the largest global campaign ever to raise awareness of climate change .
Lagoh		To celebrate World Environment Day, an app called The Happiness Car was designed and offered to employees to promote car-sharing during their commute to and from the Lagoh shopping centre. The objective was two-fold: environmental and social.

Campaigns on recycling and sustainable use of resources

Shopping centre	Initiative	
Albacenter		In 2021, a total of 14,550 kg of used clothing was collected in collaboration with Inditex and H&M. This campaign was aimed at promoting recycling.
Gran Vía de Vigo		A new ecological space was inaugurated in the centre parking lot, where a recycling point was installed for customers to recycle light bulbs and batteries as well as donate used clothing.
Portal de La Marina		Portal de la Marina aims to be a sustainable centre by minimising its environmental impact. One of the most recent actions designed to achieve this goal was the installation of Ecoembes's RECICLOS machines , which enable customers to recycle tins and plastic bottles. They can also earn points convertible into money for social causes in the community.

Campaigns to promote culture and sport

Shopping centre	Initiative	
Ànec Blau		Ànec Blau supports cinema and culture, officially sponsoring the first Castelldefels International Film Festival, which includes its own category of best short film on environmental sustainability and awareness . The winning short film received a check for €3,000 to make a new audiovisual project for automatic submission for the competition in the following year.
VidaNova Parc		As part of its policy on sponsorships, the shopping centre collaborated with the Puerto de Sagunto basketball club. On 16 October, VidaNova hosted the 2nd edition of the 3x3 basketball championship, drawing a large number of families from the entire region to enjoy the sports competition.

Health and well-being campaigns

Shopping centre	Initiative	
Albacenter		A COVID-19 vaccination tent was set up in the shopping centre's outdoor parking lot on 8, 9 and 10 October to promote vaccination against the disease. The "We can't stop now" campaign against infant mortality is based on the need to continue working to improve infant survival through programmes to improve nutrition and health, ensuring access to clean drinking water and sanitation, and promoting healthy habits to prevent and address the main causes of infant mortality. Albacenter's involvement was directed at raising financing, channelling the money raised to UNICEF's child survival programmes.
Ànec Blau		On the tenth anniversary of the creation of ASDENT, an association set up to find a cure for Dent disease, Ànec Blau held two events: a talent contest to showcase local talent, and two spinning classes led by Perico Delgado, the winner of the Tour de France cycling race. In addition to the donations raised during the events, Ànec Blau donated €4,000 to the association for research at the Vall d'Hebron Hospital in Barcelona.
As Termas		The shopping centre organised an "Hola Familia" [Hello, Family] campaign consisting of several family activities involving various workshops to improve well-being, including: "Tantrums: how to handle them", "Adolescence: myth and reality" and "Changes during pregnancy".
Portal de La Marina		In order to donate the funds needed to refurbish and decorate the mental health wing of the Marina Salud Hospital, the shopping centre used social media to issue a call to all athletes in the Marina Alta region to accumulate kilometres for the sporting solidarity challenge launched through the <i>Strava</i> app. This is the continuation of the "Corramos juntos hasta las estrellas" [Let's run to the stars] challenge launched at the end of 2020.
Parque Abadía		Under the framework of the Spanish Cancer Society (AECC), campaigns are held annually setting up an information booth on the fight against cancer.
Lagoh		In collaboration with nursing homes and with the "Adopt a grandparent" scheme, activities were carried out to raise funding and public awareness about happiness for the elderly. The event attracted 810 participants and raised €2,000 through donations.
El Rosal		Installation of the space "Más salud, más Bierzo" for Clínica Ponferrada to give talks and offer information on health and well-being.



Other campaigns

Shopping centre	Initiative	
Lagoh		As in February of each year since 2020, a large-scale blood drive was conducted in collaboration with the blood bank in Seville. The initiative took place over a two-day period during which 238 bags of blood were donated by 270 people, including both the general public and local retailers.
Gran Vía de Vigo		A Master Class was conducted via streaming for people actively seeking employment or who wish to explore new opportunities in the job market. The class was conducted by coaches specialised in training and career counselling.
Vistahermosa		Alcampo and City Vistahermosa hosted the XVII Edition of the “No child without a toy” campaign, during which 70 new toys were collected between 5 November and 20 December 2021.
As Termas		The centre in Lugo held a food drive during which customers who donated one kilogram of food were gifted with the official shopping centre T-shirt.

—> [Click on the link](#) for further information on these initiatives in the Appendix section of this report.

2.2.6 Accessibility

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

In 2021, 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 the last years 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.

43% of the portfolio in the process of certification in UNE-170001

Lar España is in the process of obtaining the AENOR seal of Universal Accessibility in **6 of the 14 Shopping Centres and Retail Parks** in the coming years: Gran Vía de Vigo, Parque Abadía, Albacenter, Ànec Blau, Megapark and Portal de la Marina.



In 2021 Lar España secured **AENOR’s Universal Accessibility certificate** for Rivas Futura retail park.

43% of assets already hold certification.

In 2021, the company secured **AENOR’s Universal Accessibility certificate** for Rivas Futura, which is in addition to those previously obtained in Lagoh, El Rosal, As Termas, VidaNova Parc, Vistahermosa.

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.

Investment of more than €140,000 to improve accessibility in 2021

In 2021 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 2021 comes in addition to the €128,000 invested in 2020, the €834,000 invested in 2019 and the €113,000 invested 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 2022 amounts to approximately €700,000 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:

- 1

Lowering risks for building users where there are existing accessibility deficiencies in the buildings.
- 2

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).
- 3

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

2.3
Environmental management

Lar España is conscious of the impact of its assets on the environment. With this 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 the company is rolling out its **ESG Master Plan**, which sets down goals, programmes and various **lines of action**, all of which take into account general and sector-specific standards as the company's priorities.

2.3.1 Lines of action

The main lines of action developed in 2021 were as follows:

Line	Activity during the year
SDG Contribution Plan	In 2021 Lar España renewed its adherence to the United Nations Global Compact , demonstrating its commitment to keep its sustainability strategy aligned with the United Nations 2030 Agenda in those areas in which the company can make an important contribution. The company rolled out its SDG Contribution Plan at a corporate level in 2021, which will act as the backbone of its sustainability-related activities.
Decarbonisation strategy	Lar España's Net Zero Strategic Decarbonisation Plan, which is currently in the process of being approved, contains the company's decarbonisation roadmap. It is yet another example of the company's commitment to the collective struggle against climate change , in line with that laid down by the Paris Agreement (COP-21) and its transposition into the commitments of the European Union.
Waste Management Plan	On 1 January 2021 the company implemented its Waste Management Plan aimed at increasing data control and monitoring, preventing pollution and making a more sustainable use of resources, and promoting the Circular Economy, in line with the principles of reducing, recycling and reusing waste. The procedure to identify and classify waste was consolidated in 2021, while the procedure for information reporting and handling was standardised. The next steps will involve identifying and documenting the waste recovery, recycling, reuse and elimination processes and analysing the routes used to transport waste to their treatment points.
Energy Efficiency Plan and installation of photovoltaic energy	As part of its Energy Efficiency Master Plan, the company completed a comprehensive study of its portfolio in 2021, aimed at analysing and identifying the most promising strategies, reviewing and negotiating contracts, and monitoring and studying progress to install photovoltaic panels across the portfolio's assets. Through this initiative, Lar España expects to cover a major percentage of daytime electricity consumed in common areas. The company is also looking into offering tenants the possibility of consuming the photovoltaic energy generated on site.

Line	Activity during the year
Automated data platform	The purpose of the automated data platform is to monitor data, via a dynamic display, on the use of resources (water and energy), the environmental impact assessment (air quality, waste management and GHG emissions), and asset operation (footfall and control of opening hours). The platform has been up and running since 1 January 2021, enabling the company to capture and analyse data from properties and compare performance over time. The company is currently completing the roll-out of smart meters for sub-metering purposes. These track consumption in real time and the data collected is not confined to the customer area of supplied companies. This system enables the company to categorise consumption, which is therefore a powerful tool to provide an accurate assessment of energy used by heating and ventilation systems, lighting and motors, as well as the water used for air conditioning, the watering of plants, cleaning and lavatories. Analysis of these indicators will lead to the implementation of Action Plans at each property to improve resource use and mitigate the environmental impact, in keeping with the Energy Efficiency Plan.
Measuring indoor air quality	As part of its ESG policy, Lar España entered into a collaboration project with Ambisalud in 2021 to monitor the indoor air quality at its properties. The resulting data compiled in real time is then fed into the database of the company's automated platform. Algorithms have been designed based on property behaviour patterns over full cycles (daily, weekly, monthly and seasonally). These algorithms enable instructions to be fed into the building management systems (BMS) to optimise energy consumption depending on indoor air quality.



2.3.2
Quality of our assets

Certifications

ISO 14001 and ISO 45001 certifications

After securing ISO 14001 and ISO 45001 certification at the **As Termas and Megapark** assets, in 2022 Lar España is working **to extend this certification** to all portfolio assets over which it exercises full management control.

Receiving the ISO 14001 certification attests to the application of an **effective environmental management system**, one with goals and objectives that are established, reviewed and approved by management, that uses environmental procedures and protocols adapted to the activity of each asset, and that has an incident and conformity management function. It therefore ensures **protection of the environment** by effectively managing the environmental risks that can stem from the assets' business activity, thereby helping to meet the strategic objectives set by the company. ISO 45001 is the international standard for **occupational health and safety management systems**, aimed at protecting staff and visitors from work-related accidents and ill health. This certification is testament to Lar España's **commitment to the health and safety** of its employees.

The inclusion of environmental and social issues in the management and organisation of the business over its entire value chain, from senior management to employees, is a major factor that helps the company **meet its strategic objectives** in those areas.

93% of Lar España's portfolio currently has BREEAM certification.

BREEAM certifications

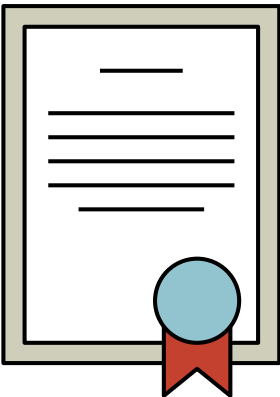
BREEAM In-Use certification was renewed at **8 Lar España assets** in 2021 (Albacenter, Ànec Blau, As Termas, El Rosal, Gran Vía, Portal de la Marina, Megapark and Vistahermosa), seven of which **secured a higher rating than that awarded previously**.

New certification was also obtained for **Parque Abadía** with a rating of "Very good" in both categories. The **Rivas Futura** retail park has secured BREEAM In-Use certification in 2021, obtaining a "Very good" rating as regards the assessment of the building's features and an "Excellent" rating in terms of the management of the asset.

A further two shopping centres (Las Huertas and Txingudi) are currently in the process of renewing their certification. This process had still not been completed at the end of 2021, although their current certifications will remain in place during the renewal process.

Finally, the **Lagoh** shopping centre has secured BREEAM New Construction certification.

At the date of issue of this 2021 annual report, Lar España had secured BREEAM certification for **100% of its shopping centres** (nine out of nine) and for **80% of its retail parks** (four out of five). VidaNova Parc is still in the process of obtaining its first certification after two full years in use. Once obtained, **100% of the Lar España portfolio will have BREEAM certification in 2022**.



All certifications have been verified by an external auditor (see Appendix 5.4).



Shopping centres	Current certificate			Previous certificate		
	Rating ⁽¹⁾	Type	Satus	Rating ⁽¹⁾	Type	Satus
Lagoh	Very Good	New construction (P) ⁽²⁾	Certified			
Gran Vía	P1: Excellent P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
Portal de la Marina	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
El Rosal	P1: Excellent P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
Ànec Blau	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
As Termas	P1: Excellent P2: Exceptional	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
Albacenter	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
Txingudi	P1: Good P2: Good	In Use	Being processed	P1: Good P2: Good	In Use	Certified
Las Huertas	P1: Good P2: Good	In Use	Being processed	P1: Good P2: Good	In Use	Certified

(1) P1: corresponds to the first part of the BREEAM certification relating to the property's design specifications.
P2: corresponds to the rating obtained in terms of property management.
(2) The BREEAM New Construction certification type is (P = Provisional) until final works and installations have been received, and (D =Definitive) once this process has been completed.



Current certificate				Previous certificate		
Retail parks	Rating ⁽¹⁾	Type	Satus	Rating ⁽¹⁾	Type	Satus
Megapark ⁽²⁾	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
Parque Abadía	P1: Very Good P1: Very Good	In Use	Certified			
Rivas Futura ⁽³⁾	P1: Very Good P2: Excellent	In Use	Certified			
VidaNova Parc	Being processed		Being processed			
Vistahermosa	P1: Very Good P1: Very Good	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified

(1) P1: corresponds to the first part of the BREEAM certification relating to the property's design specifications.
P2: corresponds to the rating obtained in terms of property management.
(2) The certifications correspond to areas of assets over which Lar España has operational control.
(3) Rivas Futura has proceeded to certify during 2021, having obtained the certificate on 22/03/2022.

Table of indicators

Certification figures for 2021 are shown in the table below. The percentage of assets with BREEAM certification is calculated not only according

to their value, but **also according to the total number of assets**, since it is considered the appropriate measure given the characteristics of Lar España’s portfolio.

EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS							
EPRA code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)			LIKE FOR LIKE (LfL)				
			2019 ^(*)	2020	2021	2019 ^(*)	2020	2021	Change vs 2019 ^(*)	Change vs 2020
Cert-Tot	No.	Number of assets within boundary	15 out of 15	14 out of 14	14 out of 14	14 out of 14	14 out of 14	14 out of 14	-	-
	No.	Number of assets certified	11 out of 15	12 out of 14	13 out of 14	10 out of 14	12 out of 14	13 out of 14	-	-
	sqm	BREEAM certification	393,464	488,864	528,027	384,678	488,864	528,027	37.3%	8.0%
	%	Percentage of assets with BREEAM certification	73%	86%	93%	71%	86%	93%	21.4%	7.1%
	%	Percentage of assets with BREEAM certification in terms of GAV	66%	92%	97%	65%	92%	97%	31.5%	4.6%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.

2.3.3 Environmental performance

In order to assess the environmental indicators in 2021, **three key factors** affecting the performance of the assets must be taken into consideration:

Partial recovery of footfall at shopping centres and retail parks

There was a **considerable recovery in activity** in 2021 at the shopping centres and retail parks with respect to 2020, which was impacted by the pandemic. However, during the periods when the shopping centres could only open partially to provide access to essential services, the HVAC, lighting, security and services conditions had to be maintained at practically the same levels as those that would apply under regular operating conditions.

Year	Full opening ^(*)	Partial opening ^(**)	Full closure
2019 (days)	318	43	4
2019 (%)	87%	12%	1%
2020 (days)	227	121	18
2020 (%)	62%	33%	5%
2021 (days)	273	88	4
2021 (%)	75%	24%	1%

(*) Includes weekdays and Saturdays with normal retail and food and beverage opening hours, as well as assets opened on Sundays and public holidays.
(**) Includes Sundays and public holidays when only the food and beverage areas were open and the days during the COVID period in which only essential activities were permitted. All assets subject to restrictions in terms of opening hours, sqm, etc.

This explains why the **energy intensity per visitor** (the most representative indicator of energy performance) improved considerably in 2021 with respect to 2020, as a result of the **increase in footfall** of just over 16%. Nevertheless, a comparison with 2019, prior to the COVID-19 health crisis, shows that visitor footfall figures are down by 12.5% in like-for-like terms due to the restrictions that remained in place over the course of 2021.

Bearing in mind the foregoing, it is clear that the 6.8% rise in energy intensity per visitor in 2021 compared to the same period in 2019 is due to the dip in footfall, as **the actual consumption of energy in kWh has remained practically constant in terms of the level of service provided.**

Weather conditions

Another fundamental factor to bear in mind is the weather during the year. In 2021, the average values were not very different to what was expected in terms of temperatures and rainfall: the deviation from the average (daytime and night-time temperatures) was +0.5°C and rainfall was 89% of what was expected. In addition to the irregular rainfall pattern, a series of extreme weather events in January and February are also worthy of mention. Low temperatures in mid-January (storm Filomena) were followed by unseasonably milder weather in February with average temperatures 2.5°C higher than what would be expected for that month. Subsequently, and as is to be expected on the Spanish mainland, summer brought two intense heat waves, one in the second half of July and the second around mid-August.

Consequently, 2021 was the **eighth consecutive year with an average annual temperature that is higher than the benchmark average** registered by Spain’s National Meteorology Agency (AEMET - 1981-2010), **recording an average deviation of +0.5°C**, although not as severe as in 2020 when the deviation stood at +1°C.

Opening of important properties from an energy efficiency point of view

In September 2019 **Lar España opened the Lagoh Shopping Centre** in Seville. During 2020, this centre not only had to deal with the consequences of lockdown and capacity restrictions, but also had to get complex equipment – including geothermal energy generation systems – up and running. The low occupancy at the centre allowed for adjustments to be made to the control systems during the first half of 2020 and as a result, its energy performance shows significant deviations from the same period in 2021.

This large development is a very significant property in the portfolio and therefore its inclusion in the analysis for 2021 could considerably distort the overall data. **An entire year of full standard operation was required** in order to get a clearer view of the property’s performance and its environmental importance within the portfolio.

The increases of over 15% across almost all indicators in the tables of absolute consumption values (Abs) in 2021 with respect to 2019 are due to the inclusion of a full year of operations 2021 at this new shopping centre.

Methodology

Given the **operating restrictions** imposed on the assets in 2020, which had an impact on consumption and emission data trends, **comparative information for 2019 has been included**, given that operating conditions in that year provide a better comparison with those of 2021. In terms of like-for-like data, the Lagoh shopping centre data has been excluded, as it was only operational for three months in 2019 following its inauguration in September of that year.

In order to collect and record the data required to complete the EPRA Sustainability indicators and to standardise information as far as possible, the following assumptions and hypotheses have been taken into consideration:

Footfall

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 the intensity of energy, water consumption and GHG emissions. 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 2.1 to 2.3 occupants per vehicle depending on the count controls established by each asset.

Surface areas considered

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

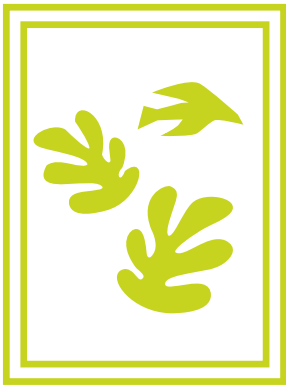
Verifications

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. Metered water consumption and waste management are also verified by means of the corresponding recycling certificates.

Energy consumption

The company reports **total electric power** consumed, separating **renewable energy** both in absolute and relative terms. It also reports the electricity consumed from photovoltaic panels and non-renewable fossil fuels (natural gas and diesel). None of the **company’s assets use district heating & cooling systems** (DH&C-Abs).

All of the data (100%) included in the energy consumption section are meter readings and have been verified by an external auditor.



GHG emissions

Greenhouse gas emissions were calculated by multiplying electricity consumption (kWh) by the **corresponding emission factor** provided by Spain’s Ministry for the Ecological Transition and Demographic Challenge (MITERD), the body responsible for proposing and executing the national government’s policy for combating climate change, aligned with that of the European Union.

Water consumption

All water provided to the assets is from **the public mains supply** and no water is supplied from wells or surface water sources. Since 2019 the company has reported the consumption of sub-metered water billed to tenants, using the criterion “water obtained by the landlord”.

All data provided (100%) are from meter readings that have been documented and verified by an external auditor.

Intensity of energy and water consumption and GHG emissions

For the purposes of this report, Lar España considers the **ratio per visitor and year** as the most significant indicator of the intensity of energy/ water consumption and GHG emissions.

Additionally, given the exceptional circumstances in 2020 due to the lockdowns and capacity restrictions, data is provided on the intensity of energy use and emissions **in terms of sqm of common areas** in order to ensure a common denominator across all reporting periods.

↳ EPRA indicators officially reported by Lar España

Intensity,energy consumption =
$$\frac{\text{Landlord-obtained energy}}{\text{No. of visitors}}$$

Intensity,emissions =
$$\frac{\text{GHG emissions from the landlord-obtained energy}}{1000 \text{ visitors}}$$

Intensity,water consumption =
$$\frac{\text{Landlord-obtained water consumption}}{\text{No. of visitors}}$$

↳ EPRA indicators provided by Lar España as a control for LfL values

Intensity,energy consumption =
$$\frac{\text{Energy used in common areas}}{\text{Common areas (sqm)}}$$

Intensity,emissions =
$$\frac{\text{GHG emissions generated by the energy used in common areas}}{\text{Common areas (sqm)}}$$

As regards calculating the intensity of absolute water consumption, the company cannot adequately use the common area constant denominator. 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.

This is not the case in all shopping centres and retail parks and, consequently, the **calculation of water consumption intensity in relation to the surface space of common areas could be distorted**, as a substantial portion of the water could be consumed by HVAC equipment whose boundary goes beyond common and shared areas.

Operating limits

The analysis covers all of the assets that were under Lar España's management in 2021.

Properties 100%-owned

Lar España reports on the absolute consumption (Abs) of energy and water in its capacity as the owner of **six shopping centres and two retail parks, fully operational and majority owned**. The comparative like-for-like values in respect of 2019 exclude the Lagoh shopping centre as it was not operational for the full year.

Information is included on the supply of electricity, thermal energy and water billed to tenants. **Scope 3 GHG emissions are deducted** from the calculation of energy re-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

Although Lar España does not have full authority to implement or apply its policies, it **can directly influence the adoption of measures relating to sustainability and energy efficiency** in proportion to its stake held in the asset. The environmental performance of these assets is also therefore reported. The company currently co-owns three shopping centres and three retail parks.

Corporate office

The Company relocated its corporate office on 1 July 2021, although for the purposes of this environmental performance report, Lar España **leased space for the entire year in an office building that is not part of its portfolio**, sharing space with the employees of its management company (Grupo Lar and other group companies). Therefore, the environmental policies of Lar España outlined in this report can only be applied to a limited extent.

The energy and water consumption data are reported as a corporate expense, **but excluded from the calculation of the company's environmental performance**.

2.3.4 Energy efficiency

Electricity consumption

There was a very slight increase in the electric power consumed in the assets’ common areas in 2021 (+0.1%) with respect to the same period last year, due primarily to the **rise in activity**. However, **consumption is down significantly -7.6%** compared to the “normal” situation in 2019 in like-for-like terms.

There is also a correlation between the increase in electricity consumption (2021 versus 2020) and the extreme weather conditions described above. These conditions necessitated the unexpected use of HVAC systems at certain assets in northern and central areas of the Spanish mainland, as well as during the heat waves in July and August.

Furthermore, the increase in full-day opening in 2021 versus 2020 (+13%) should have led to a significant increase in electricity consumption. However, this eventuality was mitigated thanks to the **operating measures** put in place by Lar España and detailed in its Energy Efficiency Master Plan, the implementation of which continued in 2021.

Fuel consumption

The consumption of fossil fuels, mainly natural gas, has accounted for approximately 9.5% of the energy consumption of Lar España portfolio’s in recent years. Any variation in **natural gas consumption** is normally due to the **weather conditions** in the winter. Both 2019 and 2021 were particularly mild winters apart from the occasional extreme event: two cold snaps in 2019 and one in 2021 (storm Filomena). Despite this, the average summer and autumn temperatures were relatively similar in both years.

However, 2020 is the warmest year so far this century, something which should have led to an increase in gas consumption in 2021 versus the previous year. As mentioned above, however, the inclusion of Lagoh in the testing phase in 2020 and the “in-use” phase in 2021 have skewed the results significantly.

Energy intensity

The static energy use indicator (kWh/sqm common areas) **posted a drop of -6.3% between 2019 and 2021**, which can be explained by the remaining pandemic-related restrictions in 2021, which led to a reduction in the number of days the assets could fully open. However, this energy use indicator reflects a **decrease of -0.1%** between 2020 and 2021, despite the increase in the number of full openings in 2021, which attests to the **sound management of the assets’ consumption**.

The dynamic indicator of energy use intensity (kWh/visitor), which is a better indication of the company’s actual activity, offers a different perspective. On comparing the data for 2021 with that of 2019, it is clear to see the lower footfall due to the pandemic restrictions that remained in place in 2021, which translated into an increase in intensity/visitor of +6.8%. However, with respect to 2020 the **indicator has fallen sharply by -13.5%**

Renewable energy

As mentioned previously, **Lar España consumes renewable 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.

Total electricity consumption (LfL kWh): **+0.1% vs 2020.**

Landlord-obtained non-renewable energy (LfL kWh): **-45.5% vs 2020.**

Area of impact	EPRA Sustainability Performance Measures				TOTAL LAR ESPAÑA ASSETS									
	EPRA Code	Unit of measurement	Indicator		ABSOLUTE MEASURES (Abs)			LIKE FOR LIKE (LFL)						
					2019 (*)	2020	2021	2019 (*)	2020	2021		Change vs 2019 (*)	Change vs 2020	
										vs 2019 (*)	vs 2020			
Energy	Elec Abs, Elec-LfL	kWh	Electricity	Non-renewable electricity obtained by the owner (A)	1,919,202	1,389,607	757,558	1,901,800	1,389,607	757,558	757,558	-60.2%	-45.5%	
				Consumption of electricity from renewable sources (B)	20,854,407	24,541,519	25,368,212	19,373,949	24,541,519	18,842,694	25,368,212	-2.7%	3.4%	
				% of common areas electricity consumption from renewable sources	91.6%	94.6%	97.1%	91.1%	94.6%	96.1%	97.1%	5.1%	2.5%	
				Consumption sub-metered to tenants (C)	1,004,534	699,667	869,720	1,004,534	699,667	869,720	869,720	-13.4%	24.3%	
				Electricity generated and dispatched to the grid	242,986	371,769	329,928	242,986	371,769	329,928	329,928	35.8%	-11.3%	
				Total landlord electricity consumption (D = A+B-C)	21,769,075	25,231,459	25,256,050	20,271,215	25,231,459	18,730,532	25,256,050	-7.6%	0.1%	
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	Not applicable. None of Lar España's assets have district heating & cooling systems (DH&C-Abs)									
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption (E)	2,408,692	2,269,245	2,210,852	1,995,031	2,269,245	2,140,493	2,210,852	7.3%	-2.6%	
				Sub-measured fuel consumption for tenants (F)	53,203	55,396	78,031	53,203	55,396	78,031	78,031	46.7%	40.9%	
				Total fuel consumption (G = E-F)	2,355,489	2,213,849	2,132,821	1,941,828	2,213,849	2,062,462	2,132,821	6.2%	-3.7%	
	Energy-Int	kWh/ sqm / year	Building energy intensity per square metre H = (D+E)/S sqm	37.4	43.1	43.0	41.4	43.1	38.8	43.0	-6.3%	-0.1%		
		kWh/ visitor / year	Building energy intensity per visitor I = (A+B+E)/S visit	0.3	0.4	0.4	0.3	0.4	0.3	0.4	6.8%	-13.5%		
	Number of assets within boundary					15 out of 15	14 out of 14	14 out of 14	13 out of 15	14 out of 14	13 out of 14	14 out of 14	-	-
	Proportion of disclosed data estimated					0%	0%	0%	0%	0%	0%	0%	0%	0%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.

2.3.5 Response to climate change and decarbonisation

Lar España **registered its carbon footprint** for 2018, 2019 and 2020 at Spain’s Ministry for the Ecological Transition and Demographic Challenge (MITERD). The consolidation of the 2021 data now signifies four consecutive years of recording the carbon footprint, which makes the company eligible for the Ministry’s Carbon Reduction seal. At 31 December 2021, Lar España is one of twelve companies in the Spanish real estate sector listed on this register, which is the only official, public register of its kind in Spain and the European Union.

The Scope 1 results for 2021 correspond to the fuel consumption data analysed in the preceding point, reflecting a **decline in direct emissions of -7.1%** in 2021 with respect to 2020.

Since 2020, Lar España has begun to regularly report not only on Scope 1 (direct GHG emissions within the shopping centres) and Scope 2 (indirect emissions resulting from the generation of electricity consumed in the shopping centres), but also on Scope 3 (indirect emissions in the value chain, excluding Scope 2). The consolidation of the verifiable information for Scope 3 shows a rise in the values: 46.7% in 2021 vs. 2019 and 40.9% in 2021 vs. 2020. This does not indicate an increase in GHG emissions, but rather **more accurate identification and verification of data in line with the Company’s commitment to making continual improvements** to its environmental management policy.

The results of the 2020 GHG emissions intensity, both in terms of the static denominator: Scope 1+2 (kg CO₂/sqm of common areas), and the dynamic denominator: **Scope 1+2+3** (kg CO₂/1000 visitors), are very positive, posting significant reductions of **-20.5%** and **-31.6%** respectively in relative terms. A comparison with the data for 2019 also points to very positive reductions of 24.1% and 13.2%, respectively.

As mentioned above, the company is currently in the process of approving its **Net Zero Strategic Decarbonisation Plan**. The plan will broaden the objectives laid out for Scope 3, the voluntary implementation of which was initiated with the fully verifiable information collated during 2020 and which is now being complemented with the information compiled in 2021. This is yet another example of the company’s commitment to the collective struggle against climate change.



Scope 1+2+3 Emissions (LfL kg eq CO₂): **-20.5% vs 2020.**

Intensity of emissions per visitor (LfL kg eq CO₂ /visitor/year):
-31.6% vs 2020.

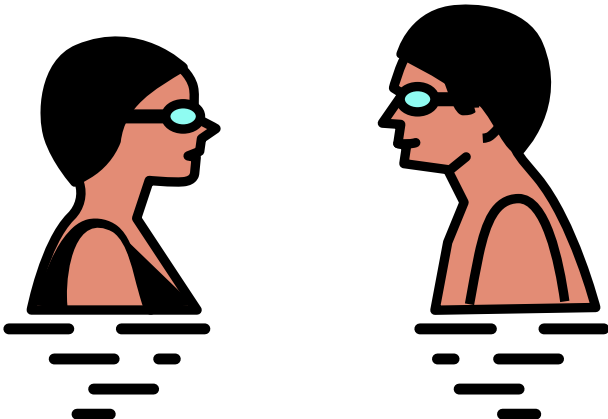
Area of impact	EPRA Sustainability Performance Measures				TOTAL LAR ESPAÑA ASSETS									
	EPRA Code	Unit of measurement	Indicator		ABSOLUTE MEASURES (Abs)			LIKE FOR LIKE (LFL)						
					2019 (*)	2020	2021	2019 (*)	2020	2021		Change vs 2019 (*)	Change vs 2020	
										vs 2019 (*)	vs 2020			
Green-house Gas emission allowance	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO ₂	Direct emissions (J)	Scope 1 (fuel)	436,664	418,914	389,251	360,526	418,914	376,446	389,251	4.4%	-7.1%	
	GHG-Indir-Abs, GHG-Indir-LfL	kg eq CO ₂	Indirect emissions (K)	Scope 2 (electricity)	299,075	221,259	113,634	294,024	221,259	113,634	113,634	-61.4%	-48.6%	
			Indirect emissions (L)	Scope 3	9,683	10,082	14,202	9,683	10,082	14,202	14,202	46.7%	40.9%	
			GHG emissions (J+K)	Scope 1 + 2	735,739	640,173	502,885	654,550	640,173	490,080	502,885	-25.1%	-21.4%	
			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	745,422	650,255	517,087	664,233	650,255	504,281	517,087	-24.1%	-20.5%	
	GHG-Int	kg eq CO ₂ / sqm/ year	GHG emissions intensity per square metre (J+K/S sqm common areas)		1.2	1.0	0.8	1.2	1.0	0.9	0.8	-24.1%	-20.5%	
		kg eq CO ₂ /1000 pers./ year	Emissions intensity per 1,000 visitors (M/ Svisit/1000)		9.4	10.2	7.0	8.7	10.2	7.5	7.0	-13.2%	-31.6%	
	Number of assets within boundary					15 out of 15	14 out of 14	14 out of 14	13 out of 15	14 out of 14	13 out of 14	14 out of 14	-	-
	Proportion of disclosed data estimated					0%	0%	0%	0%	0%	0%	0%	0%	0%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.

Lar España has made further progress in its objective of reducing GHG emissions in 2021, working on the following actions:

- Continuation of the policy of obtaining **electricity from renewable sources with guarantees of origin** across all its strategic assets.
- Conclusion of the process to set the **parameters** and **install** the Lagoh shopping centre's geothermal heating system
- Technical and economic study for the implementation of **solar photovoltaic energy** across all Lar España's strategic assets.



2.3.6 Circular economy

The company’s **Waste Management Master Plan** – in force since January 2021 – has brought significant improvements in the collection of data on the quantity and nature of waste produced. To supplement the Master Plan, over the first half of 2021 we consolidated the procedure for **identifying what types of waste are generated and where**, the collection points in each shopping centre or retail park and their disposal or recycling routes.

This **improved accuracy in data management** has led to a reduction in the percentage of waste that previously had to be estimated. Standing at 34.2% of the total in 2019 and 32.6% in 2020, the figure for 2021 was reduced to 3.4%, which represents a sizeable decrease.

This change in methodology, together with the recovery of footfall, has led to a significant increase in the amount of waste recorded.

The next steps on the roadmap are:

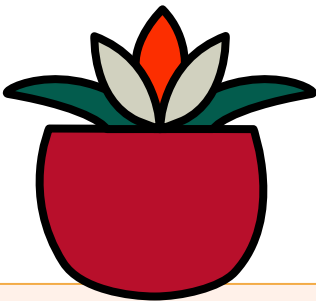
1

Identification of the disposal routes, their accurate **quantification** and **verification** in terms of what treatment method should be applied to the waste produced.

2

Inclusion of this data in the company’s **Scope 3 carbon footprint** calculation.

Regarding **waste considered as hazardous by the European List of Waste**, the amount for 2021 represents **less than 2% of the total waste**, and therefore its breakdown is not relevant.



Area of impact	EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS								
	EPRA Code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)			LIKE FOR LIKE (LFL)					
				2019 (*)	2020	2021	2019 (*)	2020	2021		Change vs 2019 (*)	Change vs 2020
									vs 2019 (*)	vs 2020		
Waste	Was-te-Abs, Was-te-LfL	Ton	Waste generation	4,590	4,018	11,577	4,261	4,018	10,777	10,777	152.9%	168.2%
		Ton	Waste recycled	1,541	1,873	1,318	1,504	1,873	904	1,318	-39.9%	-29.6%
		%	Waste to landfills	66,4%	53.4%	88.6%	64.7%	53.4%	91.6%	87.8%	26.9%	34.4%
		%	Waste recycled	33,6%	46.6%	11.4%	35.3%	46.6%	8.4%	12.2%	-26.9%	-34.4%
		Nº	Number of assets within boundary	11 out of 15	12 out of 14	13 out of 14	10 out of 15	12 out of 14	10 out of 14	12 out of 14	10 out of 14	12 out of 14
		%	Proportion of disclosed data estimated	34.2%	32.6%	3.4%	38.5%	27.7%	0%	0%	-38.5%	-27.7%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.

2.3.7 Responsible water use

In absolute terms, a slight upturn in supply (+8.2%) was recorded in 2021 with respect to 2020. This rise is starker when water re-billed to tenants is deducted, which accounted for almost 42% of the water obtained by the landlord. The data shows that the volume of water used in common areas **is down marginally on the figure for 2020 (-0.4%).**

Additionally, the consumption intensity values in 2021 stand at 2.86 litres/visitor, markedly down on the 3.07 litres/visitor in 2020, representing **a drop of 6.9% in this consumption intensity indicator.** The explanation for this decline in

consumption intensity lies in the increased footfall (the denominator in this case) and the assets' **responsible use of water in their day-to-day activity**, reflected in the fact that water consumption has held steady despite the higher footfall.

In addition, **systematic monitoring of effluent discharges** to public sewerage networks is being implemented through the analysis of waste water. The final objective of this process will be the calculation of the Water Footprint of the organization and a consequent Water Management Action Plan.

Water consumption intensity per visitor (LfL litres/visitor/year): **-6.9% vs 2020.**

Table of indicators

Area of impact	EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS								
	EPRA Code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)			LIKE FOR LIKE (LFL)					
				2019 (*)	2020	2021	2019 (*)	2020	2021		Change vs 2019 (*)	Change vs 2020
									vs 2019 (*)	vs 2020		
Water	Water-Abs, Water-LfL	m³	Water consumption in common parts areas (N)	194,721	196,510	212,650	178,564	196,510	164,406	212,650	-7.9%	8.2%
			Consumption sub-metered to tenants (O)	85,726	72,580	89,157	73,663	72,580	63,307	89,157	-14.1%	22.8%
			Water consumption in common and shared areas (P=N-O)	108,996	123,931	123,493	104,901	123,931	101,099	123,493	-3.6%	-0.4%
	Water-Int	Litres/ person/ year	Water consumption intensity per visitor (N x 1000/ Svisit)	2.46	3.07	2.86	2.34	3.07	2.46	2.86	5.2%	-6.9%
	Number of assets within boundary			15 out of 15	14 out of 14	14 out of 14	13 out of 15	14 out of 14	13 out of 14	14 out of 14	-	-
	Proportion of disclosed data estimated			0%	0%	0.7%	0%	0%	0%	0.7%	0%	0%

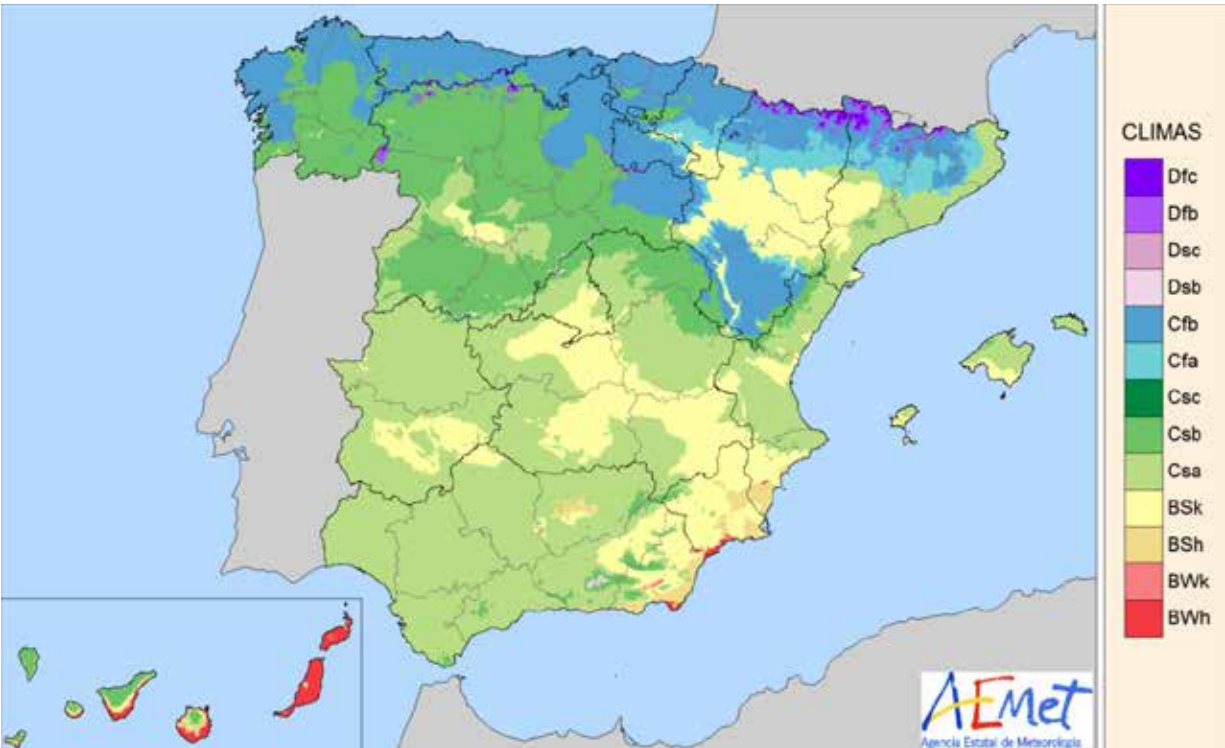
Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.

2.3.8 Analysis of results
(by climate zone and type)

Lar España **analyses energy and water consumption and emissions by climate zone**, using Köppen–Geiger’s classification for the Iberian Peninsula (as published by Spain’s state meteorological agency, AEMET).

Köppen climate classification (1981-2010)



Performance measures by climate zone

It is clear to see that the restrictions on opening hours and capacity have had a greater impact across all climate zones under analysis than the evolution of the climate itself and **no major variations in this regard have been recorded**.

It is also important to underline the intense use of ventilation systems due to the pandemic. In this regard, this extraordinarily high usage lasted for two and half months more in 2021 than in 2020.

All the parameters that **skew the consumption/ climate relationship** vary from region to region, as the regional authorities have each adopted their own measures as regards property opening hours.

Area of impact	EPRA Sustainability Performance Measures INFORMATION BY CLIMATE AREA							Cfb					
	EPRA Code	Unit of measurement	Indicator		LIKE FOR LIKE (LFL)			2019 (*)	2020	2021	Lfl 2021 vs 2019 (*)	Lfl 2021 vs 2020	
					2019 (*)	2020	2021						
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Consumption of electricity from non-renewable sources (A)	1,901,800	1,389,607	757,558	626,671	568,901	516,619	-17.6%	-9.2%	
				Landlord-obtained electricity from renewable sources (B)	19,373,949	24,541,519	25,368,212	7,651,937	6,055,147	6,824,522	-10.8%	12.7%	
				Consumption submetered to tenants (C)	1,004,534	699,667	869,720	956,108	678,736	853,680	-10.7%	25.8%	
				Electricity generated from renewable sources and dispatched to the grid	242,986	371,769	329,928	0	0	0	0%	0%	
				Total landlord electricity consumption (D = A+B-C)	20,271,215	25,231,459	25,256,050	7,322,500	5,945,313	6,487,462	-11.4%	9.1%	
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	No data			No data					
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption (E)	1,995,031	2,269,245	2,210,852	787,199	617,414	672,315	-14.6%	8.9%	
				Total fuel consumption submetered to tenants (F)	53,203	55,396	78,031	53,203	55,396	78,031	46.7%	40.9%	
				Total fuel consumption (G = E-F)	1,941,828	2,213,849	2,132,821	733,996	562,018	594,284	-19.0%	5.7%	
	Energy-Int	kWh/ sqm / year	Building energy intensity per square metre H = (D+E)/S sqm		41.4	43.1	43.0	42.4	34.3	37.4	-11.7%	9.1%	
		kWh/visit / year	Building energy intensity per visitor I = (A+B+E)/S visit.		0.30	0.44	0.38	0.35	0.38	0.37	5.0%	-4.1%	
	Number of assets within boundary					13 out of 14	14 out of 14	14 out of 14	3 out of 3			-	-
	Proportion of disclosed data estimated					0%	0%	0.8%	0%	0%	0%	-	-
Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO ₂	Direct emissions (J)	Scope 1 (fuel)	360,526	418,914	389,251	138,522	112,531	108,361	-21.8%	-3.7%	
	GHG-Indir-Abs, GHG-Indir-LfL	kg eq CO ₂	Indirect emissions (K)	Scope 2 (electricity)	294,024	221,259	113,634	125,334	85,335	77,493	-38.2%	-9.2%	
			Indirect emissions (L)	Scope 3	9,683	10,082	14,202	9,683	10,082	14,202	46.7%	40.9%	
			GHG emissions (J+K)	Scope 1 + 2	654,550	640,173	502,885	263,856	197,866	185,854	-29.6%	-6.1%	
			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	664,233	650,255	517,087	273,539	207,948	200,055	-26.9%	-3.8%	
	GHG-Int	kg eq CO ₂ / sqm/ year	GHG emissions intensity per square metre (J+K/S sqm common areas)		1.24	1.02	0.81	1.43	1.09	1.05	-26.9%	-3.8%	
		kg eq CO ₂ / 1000 pers. / year	Emissions intensity per visitor (M/ Svisit/1000)		8.70	10.16	6.95	11.85	12.19	10.31	-13.0%	-15.4%	
	Number of assets within boundary					13 out of 14	14 out of 14	14 out of 14	3 out of 3			-	-
	Proportion of disclosed data estimated					0%	0%	0%	0%	0%	0%	-	-
Water	Water-Abs, Water-LfL	m³	Water consumption in common parts areas (N)		178,564	196,510	212,650	41,407	29,870	33,901	-18.1%	13.5%	
			Consumption sub-metered to tenants (O)		73,663	72,580	89,157	15,327	8,814	9,891	-35.5%	12.2%	
			Water consumption in common and shared areas (P=N-O)		104,901	123,931	123,493	26,080	21,056	24,010	-7.9%	14.0%	
	Water-Int	litres/ person/ year	Water consumption intensity per visitor (N x 1000/ Svisit)		2.34	3.07	2.86	1.13	1.23	1.24	9.5%	0.2%	
	Number of assets within boundary					13 out of 14	14 out of 14	14 out of 14	3 out of 3			-	-
	Proportion of disclosed data estimated					0%	0%	0.7%	0%	0%	0.1%	-	-
Waste	Waste-Abs, Waste-LfL	Ton	Waste generation		4,261	4,018	10,777	1,276	601	1,568	22.9%	160.9%	
		Ton	Waste recycled		1,504	1,873	1,318	424	325	109	-74.3%	-66.4%	
		%	Waste to landfills		64.7%	53.4%	87.8%	66.8%	46.0%	93.1%	26.3%	47.1%	
		%	Waste recycled		35.3%	46.6%	12.2%	33.2%	54.0%	6.9%	-26.3%	-47.1%	
		%	Proportion of disclosed data estimated		38.5%	27.7%	0%	39.8%	0%	24.8%	-15.0%	24.8%	

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

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Area of impact	Csb					Csa					Bsk				
→															
	2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020	2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020	2019	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020
Energy	490,172	0	0	-100.0%	0%	0	0	0	0%	0%	784,957	820,705	240,938	-69.3%	-70.6%
	4,627,040	4,298,402	4,834,339	4.5%	12.5%	3,189,755	10,929,197	9,394,530	-10.1%	-14.0%	3,905,218	3,258,773	4,314,821	10.5%	32.4%
	0	0	0	0%	0%	48,426	20,932	16,040	-66.9%	-23.4%	0	0	0	0%	0%
	149,248	155,100	155,256	4.0%	0.1%	5,659	131,796	97,578	1624.3%	-26.0%	88,079	84,873	77,094	-12.5%	-9.2%
	5,117,212	4,298,402	4,834,339	-5.5%	12.5%	3,141,329	10,908,266	9,378,490	-9.2%	-14.0%	4,690,175	4,079,478	4,555,759	-2.9%	11.7%
	No data					No data					No data				
	834,119	686,443	1,135,055	36.1%	65.4%	14,261	726,427	75,585	-63.4%	-89.6%	359,452	238,961	327,897	-8.8%	37.2%
	0	0	0	0%	0%	0	0	0	0%	0%	0	0	0	0%	0%
	834,119	686,443	1,135,055	36.1%	65.4%	14,261	726,427	75,585	-63.4%	-89.6%	359,452	238,961	327,897	-8.8%	37.2%
	51.9	43.5	52.1	0.3%	19.8%	39.6	64.2	52.2	-9.4%	-18.7%	33.3	28.5	32.2	-3.3%	13.1%
	0.53	0.64	0.68	29.0%	5.7%	0.19	0.63	0.40	-4.1%	-36.2%	0.20	0.21	0.21	6.4%	3.4%
	3 out of 3			-	-	3 out of 4	4 out of 4	4 out of 4	-	-	4 out of 4			-	-
	0%	0%	0%	-	-	0%	0%	0%	-	-	0%	0%	0%	-	-
Greenhouse Gas emissions	152,451	126,350	206,872	35.7%	63.7%	3,805	135,939	14,188	-63.7%	-89.6%	65,748	44,094	59,830	-9.0%	35.7%
	9,803	0	0	-100.0%	0%	0	0	0	0%	0%	158,887	135,924	36,141	-77.3%	-73.4%
	0	0	0	0%	0%	0	0	0	0%	0%	0	0	0	0%	0%
	162,254	126,350	206,872	27.5%	63.7%	3,805	135,939	14,188	-63.7%	-89.6%	224,635	180,018	95,971	-57.3%	-46.7%
	162,254	126,350	206,872	27.5%	63.7%	3,805	135,939	14,188	-63.7%	-89.6%	224,635	180,018	95,971	-57.3%	-46.7%
	1.4	1.1	1.8	27.5%	63.7%	0.1	0.8	0.1	-63.7%	-89.6%	1.5	1.2	0.6	-57.3%	-46.7%
	14.38	16.31	23.58	64.0%	44.5%	0.22	7.39	0.61	-61.2%	-91.8%	8.98	8.65	4.22	-53.0%	-51.3%
	3 out of 3			-	-	3 out of 4	4 out of 4	4 out of 4	-	-	4 out of 4			-	-
	0%	0%	0%	-	-	0%	0%	0%	-	-	0%	0%	1.7%	-	-
Water	41,139	39,201	40,231	-2.2%	2.6%	46,990	85,005	88,303	-14.8%	3.9%	49,028	42,435	50,215	2.4%	18.3%
	21,732	14,266	18,363	-15.5%	28.7%	26,805	38,296	47,000	-21.1%	22.7%	9,799	11,203	13,903	41.9%	24.1%
	19,407	24,934	21,868	12.7%	-12.3%	20,185	46,708	41,303	-6.3%	-11.6%	39,229	31,232	36,312	-7.4%	16.3%
	3.64	5.06	4.59	25.8%	-9.4%	2.77	4.62	3.77	-8.9%	-18.4%	1.96	2.04	2.21	12.7%	8.2%
	3 out of 3			-	-	3 out of 4	4 out of 4	4 out of 4	-	-	4 out of 4			-	-
	0%	0%	1.4%	-	-	0%	0%	0%	-	-	0%	0%	1.7%	-	-
Waste	1,009	846	750	-25.6%	-11.4%	681	943	6,756	196.5%	616.3%	1,295	1,627	1,702	31.5%	4.6%
	407	264	119	-70.8%	-54.8%	239	399	620	10.7%	55.4%	434	886	470	8.3%	-47.0%
	59.6%	68.9%	84.1%	24.5%	15.3%	64.9%	57.7%	90.8%	22.0%	33.1%	66.5%	45.6%	72.4%	5.9%	26.8%
	40.4%	31.1%	15.9%	-24.5%	-15.3%	35.1%	42.3%	9.2%	-22.0%	-33.1%	33.5%	54.4%	27.6%	-5.9%	-26.8%
	0%	27.1%	0%	0%	-27.1%	29.4%	33.1%	0%	-29.4%	-33.1%	66.5%	33.4%	0%	-66.5%	-33.4%

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A notable increase in footfall was recorded in the **Cfb climate zone (temperate oceanic climate)** between 2020 and 2021, with fewer average days closed in 2021 versus 2020. The growth in electricity and water consumption is due more to this increased footfall than weather conditions, but another factor is the decline in the intensity of energy usage (kWh/visitor), as this indicator's denominator has risen considerably. The intensity of water consumption, on the other hand, has barely changed from 2020 to 2021.

In the **Csb climate zone (Spain's northern plateau)**, the increase in footfall and fewer full closures, as well as a colder 2021 across the region, partly explain the greater use of electric power and, more pronounced still, the consumption of fuel. Conversely, water consumption declined considerably in both absolute and relative terms from 2020 to 2021.

In the **Csa climate zone (Mediterranean areas and the Guadalquivir river basin)**, as explained earlier, more than weather conditions or increases in footfall between 2020 and 2021, the biggest impact has come from the opening of the portfolio's largest asset in 2020 (Lagoh in Seville), which recorded sizeable reductions in electricity, fuel and water consumption during its second year of operations.

Lastly, in the **Bsk climate area** the increase in the number of days of full opening in 2021 had a greater overall impact than any climatic conditions. Fewer anomalous weather conditions in 2021 versus 2020 led to higher consumption of electricity, fuel and water.

Performance values
by type of asset

The analysis is rounded out by looking at the figures by **type of asset, differentiating** between the shopping centres, with large indoor areas that need to be heated and cooled, and the retail parks, with much smaller common areas, which are largely outdoors.

The analysis reveals, with respect to Lar España's assets, that energy consumption intensity per sqm at the retail parks (17.1 kWh/sqm/year) is just under one third less than at the shopping centres (53.5 kWh/sqm/year). That proportionality drops even further, to one ninth measured in terms of energy consumption per visitor: 0.08 (kWh/visitor/year) at the retail parks, compared to 0.69 (kWh/visitor/year) at the shopping centres.

The retail parks' average water consumption in 2021 (1.19 litres/visitor/year) is under half that registered by the shopping centres (2.76 litres/visitor/year).

Despite the distortions caused by changes in footfall and opening restrictions, values related to both type of asset (intensity of energy use per sqm and intensity of water consumption per visitor) have remained relatively stable between 2020 and 2021.

Area of impact	EPRA Sustainability Performance Measure INFORMATION BY ASSET TYPE							
	EPRA Code	Unit of measurement	Indicator		LIKE FOR LIKE (LFL)			
					2019 (*)	2020	2021	
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Consumption of electricity from non-renewable sources (A)	1,901,800	1,389,607	757,558	
				Landlord-obtained electricity from renewable sources (B)	19,373,949	24,541,519	25,368,212	
				Consumption submetered to tenants (C)	1,004,534	699,667	869,720	
				Electricity generated from renewable sources and dispatched to the grid	242,986	371,769	329,928	
				Total landlord electricity consumption (D = A+B-C)	20,271,215	25,231,459	25,256,050	
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	No data			
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption (E)	1,995,031	2,269,245	2,210,852	
				Total fuel consumption submetered to tenants (F)	53,203	55,396	78,031	
				Total fuel consumption (G = E-F)	1,941,828	2,213,849	2,132,821	
	Energy-Int	kWh/ sqm / year	Building energy intensity per square metre H = (D+E)/S sqm		41.4	43.1	43.0	
		kWh/visit /year	Building energy intensity per visitor I = (A+B+E)/S visit.		0.30	0.44	0.38	
Number of assets within boundary					13 out of 14	14 out of 14		
Proportion of disclosed data estimated					0%	0%	0%	
Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO ₂	Direct emissions (J)	Scope 1 (fuel)	360,526	418,914	389,251	
	GHG-Indir-Abs, GHG-Indir-LfL	kg eq CO ₂	Indirect emissions (K)	Scope 2 (electricity)	294,024	221,259	113,634	
			Indirect emissions (L)	Scope 3	9,683	10,082	14,202	
			GHG emissions (J+K)	Scope 1 + 2	654,550	640,173	502,885	
			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	664,233	650,255	517,087	
	GHG-Int	kg eq CO ₂ /sqm/ year	GHG emissions intensity per square metre (J+K/S sqm common areas)		1.24	1.02	0.81	
		kg eq CO ₂ /1000 pers./ year	Emissions intensity per visitor (M/ Svisit/1000)		8.70	10.16	6.95	
	Number of assets within boundary					13 out of 14	14 out of 14	
	Proportion of disclosed data estimated					0%	0%	0%
Water	Water-Abs, Water-LfL	m³	Water consumption in common parts areas (N)		178,564	196,510	212,650	
			Consumption sub-metered to tenants (O)		73,663	72,580	89,157	
			Water consumption in common and shared areas (P=N-O)		104,901	123,931	123,493	
	Water-Int	litres/person/ year	Water consumption intensity per visitor (N x 1000/ Svisit)		2.34	3.07	2.86	
	Number of assets within boundary					13 out of 14	14 out of 14	
	Proportion of disclosed data estimated					0%	0%	0.7%
Waste	Waste-Abs, Waste-LfL	Ton	Waste generation		4,261	4,018	10,777	
		Ton	Waste recycled		1,504	1,873	1,318	
		%	Waste to landfills		64.7%	53.4%	87.8%	
		%	Waste recycled		35.3%	46.6%	12.2%	
		%	Proportion of disclosed data estimated		38.5%	27.7%	0%	

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.



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Area of impact					SHOPPING CENTRES					RETAIL PARKS					
	EPRA Code	Unit of measurement	Indicator												
					2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020	2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020	
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Consumption of electricity from non-renewable sources (A)	1,116,843	568,901	516,619	-53.7%	-9.2%	784,957	820,705	240,938	-69.3%	-70.6%	
				Landlord-obtained electricity from renewable sources (B)	16,618,093	22,422,525	22,535,267	-3.7%	0.5%	2,755,857	2,118,994	2,832,945	2.8%	33.7%	
				Consumption submetered to tenants (C)	1,004,534	699,667	869,720	-13.4%	24.3%	0	0	0	0%	0%	
				Electricity generated from renewable sources and dispatched to the grid	237,327	239,973	232,350	-2.1%	-3.2%	5,659	131,796	97,578	1624.3%	-26.0%	
				Total landlord electricity consumption (D = A+B-C)	16,730,402	22,291,759	22,182,167	-6.4%	-0.5%	3,540,813	2,939,699	3,073,883	-13.2%	4.6%	
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	No data					No data					
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption (E)	1,891,701	2,191,005	2,145,476	9.7%	-2.1%	103,331	78,240	65,376	-36.7%	-16.4%	
				Total fuel consumption submetered to tenants (F)	53,203	55,396	78,031	46.7%	40.9%	0	0	0	0%	0%	
				Total fuel consumption (G = E-F)	1,838,497	2,135,609	2,067,445	8.6%	-3.2%	103,331	78,240	65,376	-36.7%	-16.4%	
	Energy-Int	kWh/sqm / year	Building energy intensity per square metre H = (D+E)/S sqm		52.7	53.8	53.5	-4.8%	-0.6%	19.8	16.4	17.1	-13.9%	4.0%	
		kWh/visit /year	Building energy intensity per visitor I = (A+B+E)/S visit.		0.56	0.85	0.69	15.1%	-18.5%	0.09	0.09	0.08	-6.2%	-5.9%	
	Number of assets within boundary					8 out of 9	9 out of 9	9 out of 9	-	-	5 out of 5			-	-
	Proportion of disclosed data estimated					0%	0%	0%			0%	0%	0%	-	-
Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO ₂	Direct emissions (J)	Scope 1 (fuel)	340,993	404,227	376,793	6.7%	-6.8%	19,533	14,687	12,458	-36.2%	-15.2%	
	GHG-Indir-Abs, GHG-Indir-LfL	kg eq CO ₂	Indirect emissions (K)	Scope 2 (electricity)	135,138	85,335	77,493	-42.7%	-9.2%	158,887	135,924	36,141	-77.3%	-73.4%	
			Indirect emissions (L)	Scope 3	9,683	10,082	14,202	46.7%	40.9%	0	0	0	0%	0%	
			GHG emissions (J+K)	Scope 1 + 2	476,131	489,562	454,286	-7.3%	-7.2%	178,419	150,611	48,599	-72.8%	-67.7%	
			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	485,814	499,644	468,488	-6.2%	-6.2%	178,419	150,611	48,599	-72.8%	-67.7%	
	GHG-Int	kg eq CO2/sqm/ year	GHG emissions intensity per square metre (J+K/S sqm common areas)		1.35	1.08	1.00	-7.3%	-7.2%	0.97	0.82	0.26	-72.8%	-67.7%	
		kg eq CO2/1000 pers./ year	Emissions intensity per visitor (M/ Svisit/1000)		13.87	16.87	12.88	13.9%	-23.6%	4.32	4.38	1.28	-70.4%	-70.8%	
	Number of assets within boundary					8 out of 9	9 out of 9	9 out of 9	-	-	5 out of 5			-	-
	Proportion of disclosed data estimated					0%	0%	0%	-	-	0%	0%	0%	-	-

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.

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Area of impact		SHOPPING CENTRES							RETAIL PARKS				
	EPRA Code	Unit of measurement	Indicator	2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020	2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020
Water	Water-Abs, Water-LfL	m³	Water consumption in common parts areas (N)	126,494	156,449	167,382	-5.8%	7.0%	52,069	40,062	45,268	-13.1%	13.0%
			Consumption sub-metered to tenants (O)	48,496	52,647	67,065	-15.0%	27.4%	25,167	19,932	22,092	-12.2%	10.8%
			Water consumption in common and shared areas (P=N-O)	77,998	103,801	100,317	-0.1%	-3.4%	26,903	20,129	23,175	-13.9%	15.1%
	Water-Int	litres/person/year	Water consumption intensity per visitor (N x 1000/ Svisit)	2.23	3.50	2.76	21.4%	-21.3%	1.26	1.17	1.19	-5.4%	2.2%
	Number of assets within boundary			8 out of 9	9 out of 9	9 out of 9	-	-	5 out of 5			-	-
	Proportion of disclosed data estimated			0%	0%	0.3%	-	-	0%	0%	1.9%	-	-
Waste	Waste-Abs, Waste-LfL	Ton	Waste generation	3,275	2,583	9,776	53.9%	278.4%	987	1,435	1,001	1.4%	-30.2%
		Ton	Waste recycled	1,166	1,082	1,114	-35.0%	3.0%	338	791	204	-39.6%	-74.2%
		%	Waste to landfills	64.4%	58.1%	88.6%	20.6%	30.5%	65.8%	44.8%	79.6%	13.9%	34.8%
		%	Waste recycled	35.6%	41.9%	11.4%	-20.6%	-30.5%	34.2%	55.2%	20.4%	-13.9%	-34.8%
		%	Proportion of disclosed data estimated	46.0%	40.1%	4.0%	-38.3%	-36.1%	6.3%	3.5%	0%	-6.3%	-3.5%

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Environmental performance
figures for the Lar corporate office

On July 1, 2021, the Company changed its registered office, although, for the purposes of this environmental performance report, throughout the year Lar España has found itself in a **rented office** building that is not part of its portfolio, sharing office with its manager’s employees (Grupo Lar and other group companies).

This situation, together with the fact that Lar España only employs four people, makes the consumption of energy (0.018%) and water (0.007%) irrelevant as compared with the total portfolio consumption, as well as the material input and waste generated

from their work (approx. 0.0046%) as compared with total waste across the portfolio.

Energy and water consumption figures are provided for information purposes as a corporate expense. However, the scale of this material input and waste is so minimal that they are not covered in this report, while the consumption and waste generated by the four employees are excluded from the calculation of the Company’s environmental performance.



Area of impact	EPRA Sustainability Performance Measures														
	EPRA Code	Unit of measure-ment	Indicator		Coverage	LAR ESPAÑA CORP OFFICES - CONTRIBUTION BY THE 4 LAR ESPAÑA EMPLOYEES					TOTAL LAR ESPAÑA CORPORATE OFFICES				
						2019(*)	2020	2021	2021 vs 2019 (*) Change Like for like	2021 vs 2020 Change Like for like	2019(*)	2020	2021	2021 vs 2019 (*) Change Like for like	2021 vs 2020 Change Like for like
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Lar España electricity consumption + shared utilities	1 out of 1	5,421	4,099	4,461	-17.7%	8.8%	161,337	93,879	102,593	-36.4%	9.3%
				Consumption submetered to tenants		No data					No data				
				Electricity generated and dispatched to the grid		0	0	0	0%	0%	0	0	0	0	0%
				Lar España + Shared services electricity consumption		5,421	4,099	4,461	-17.7%	8.8%	161,337	93,879	102,593	-36.4%	9.3%
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	1 out of 1	Lar España does not use district heating & cooling (DH&C-Abs)									
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption		0	0	0	0%	0%	0	0	0	0	0%
	Energy-Int	kWh/sqm/year	Building energy intensity per square metre		1 out of 1	108.6	72.0	93.3	-14.1%	29.6%	108.6	72.0	93.3	-14.1%	29.6%
		kWh/employee/year	Building energy intensity per employee			1,807	1,640	1,338	-25.9%	-18.4%	1,807	1,640	1,338	-25.9%	-18.4%
Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO ₂	Direct emissions	Scope 1 (fuel)	1 out of 1	0	0	0	0%	0%	0	0	0	0%	0%
	GHG-Indir-Abs, GHG-Indir-LfL	kg eq CO ₂	Indirect emissions	Scope 2 (electricity)		1,573	820	892	-43.3%	8.8%	46,828	18,776	20,519	-56.2%	9.3%
			Indirect emissions	Scope 3		No data					No data				
			Total	Scope 1 + 2		1,573	820	892	-43.3%	8.8%	46,828	18,776	20,519	-56.2%	9.3%
	GHG-Int	kg eq CO ₂ /sqm/year	Emissions intensity per square meter		1 out of 1	31.5	14.4	18.7	-40.8%	29.6%	31.5	14.4	18.7	-40.8%	29.6%
		kg eq CO ₂ /employee/year	Emissions intensity per employee			524	328	268	-49.0%	-18.4%	524	328	268	-49.0%	-18.4%
Water	Water-Abs, Water-LfL	m³	Water consumption		1 out of 1	26	14	8	-67.4%	-39.8%	771	322	194	-74.8%	-39.6%
	Water-Int	litres/sqm/year	Water consumption intensity per square metre			0.5	0.2	0.2	-65.9%	-28.4%	0.5	0.2	0.2	-65.9%	-28.4%
		litres /employee/year	Water consumption intensity per employee			8.6	5.6	2.5	-70.6%	-54.9%	8.6	5.6	2.5	-70.6%	-54.9%
Waste	Waste-Abs, Waste-LfL	Ton	Waste generation		1 out of 1	484	403	537	11.1%	33.3%	12,536	9,818	12,361	-1.4%	25.9%
		%	Waste recycled			No data	No data	No data	-	-	No data	No data	No data	-	-
		%	Proportion of estimated waste			100%	100%	100%	-	-	100%	100%	100%	-	-

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

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Lar España is **aware of how important biodiversity** is within its commitments to the environment.

2.3.9 Protection of biodiversity

The companies are not isolated and autonomous entities, rather, they **impact and rely** on the world around them. It is important to bear in mind that the natural habitat of many animal species is the very same area as that in which the companies operate, thus it is essential to build this relationship into the companies' management to ensure sustainability over time.

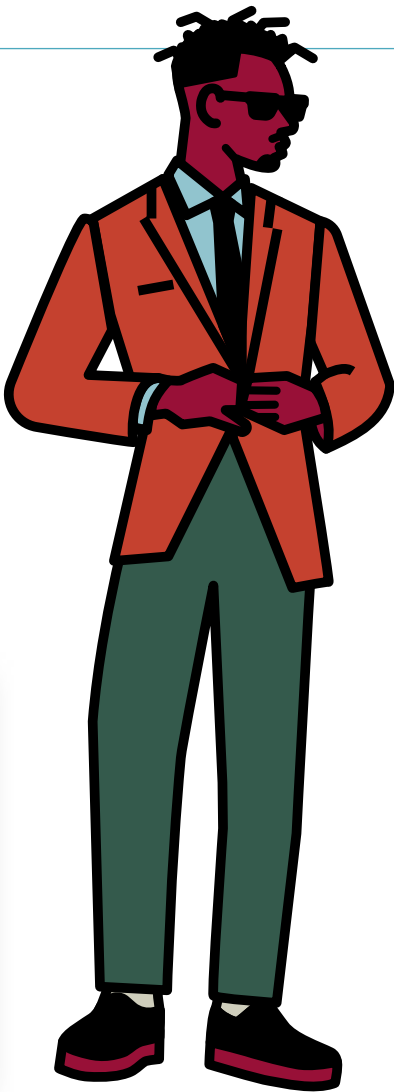
Biodiversity is a bond that companies must manage. The UN report in 2019 concluded that ecosystems are in a critical state, with **75% of the terrestrial environment severely altered** by human activity and approximately one million species in danger of extinction.

The **conservation of flora and fauna is increasingly important** in the real estate sector, which seeks to foster the appreciation of its assets. Promoting integrated urban biodiversity in population centres is a huge step forward for the environment and the well-being of society as a whole. Respecting biodiversity provides new added value for properties and an economic boost for the real estate sector, **which welcomes ecological players and is sensitive to environmental issues.**

Lar España is **aware of how important biodiversity is** within its commitments to the environment. In keeping with its business strategy, actions are underway across the entire portfolio as part of the strategy to protect biodiversity. Accordingly, the company strives to make spaces not only more attractive to users, but to have them **add value to the environment** through the use of efficient watering systems and integrating the asset into its surroundings without disrupting the harmony of the landscape.

The **SDG Contribution Plan** includes the "asset selection code" which, among other sustainability variables, sets out Lar España's considerations for excluding an asset from selection, such as factors related to the protection of biodiversity.

The Company is also implementing **various initiatives for the protection of biodiversity** in the portfolio. A Biodiversity Management Plan is being carried out in the Albacenter, As Termas, El Rosal, Portal de la Marina, Rivas Futura, VidaNova Parc, Megapark, Abadía and Lagoh shopping centres and retail parks, in relation to the BREEAM sustainability certificate obtained for almost 100% of the portfolio. In the context of the certification, an **Ecological Report** on the shopping centre's impact on local biodiversity is also drawn up. The conclusions of this analysis **allow the company to roll out a strategy geared towards minimising the impact and improving the biodiversity of the site**, focusing on the ecosystems identified as the most important.



Work plan

The work methodology followed is divided into two stages:

First Stage

A full bibliographic review using all possible sources and consultation with the competent environmental bodies.

Second Stage

Exhaustive fieldwork to verify all the bibliographic information compiled and incorporation of new data not found in the aforementioned review.

On the basis of the foregoing, the Plan is drawn up and includes the following:

- Detailed management of all the protected elements existing on the site, description of the landscape and habitats surrounding the building area.
- Management of all pre-existing, affected, improved or added habitats.
- References and method of integrating the Plans associated with the protection of local biodiversity.
- Recommendations to minimise the impact on biodiversity, to protect items of ecological value, to contribute ecological value, and to undertake the Plan.
- Incorporation of an assessment and monitoring plan to be implemented by the building management team.

This Plan is used to define the strategy for **managing existing habitats**, as well as new green spaces added for at least the first five years after the review. A system is also put in place to ensure compliance with the review’s indications and recommendations. Detailed information on its application and effectiveness must be provided.



Success story: Lagoh biodiversity

The Lagoh shopping centre is a unique case within the Lar España portfolio because it was not acquired like most other assets, rather it was designed and built by the company taking into account the corporate sustainability/ESG policy and, specifically, respect for local biodiversity. The centre offers a **slew of innovative experiences while also reflecting the sustainability commitments** undertaken for its assets.

The company signed an **agreement with Universidad de Sevilla’s research unit**, consisting of scientific advice in the efficient construction of the centre taking into consideration the SDGs, and monitoring of the central lake and related biodiversity.

From the outset of the project’s planning, **social and environmental aspects** that positively impact the city of Seville were factored in. The centre’s design was influenced by biophilic design, an architectural movement that aims to re-establish or improve the connectivity between nature and human beings.

With the aim of opening up the building to the outdoors by designing specific elements for animals in the centre of the asset, the 11,000 sqm covered by vegetation and the 6,000 sqm central lake are bioclimatic strategies to **ease the temperatures in a climate such as Seville’s, creating a comfortable setting all year round.**

Lagoh has sought to include Mediterranean and ornamental vegetation in order to create an environment that harmonises with visitors and generates a **public space around the shopping hub**. This provides an overall experience for visitors, who can also **enjoy the environmental space**, achieving a balance between the asset’s commercial area and the ecosystem generated.

Moreover, climate change has given rise to eco-architecture: a concept focused on improving the energy efficiency and sustainability of buildings. The green exterior insulates the building, absorbs CO₂ and provides a space for birds to nest, increasing biodiversity and reducing the impact on the climate. **All of this improves the quality of the building, environment and neighbourhood.**



Samples from the lake are taken every week and analyse a series of basic parameters to ensure the water meets adequate health standards. A more exhaustive study is performed annually, which expands upon the set of parameters analysed. The results of these analyses show that **all the parameters analysed are optimal**, meaning the lake is “biologically safe and in good health”.

As part of the study for conservation of the lake, its surface is cleaned on a daily basis using an electric motorboat and a net to control and clean floating microalgae.

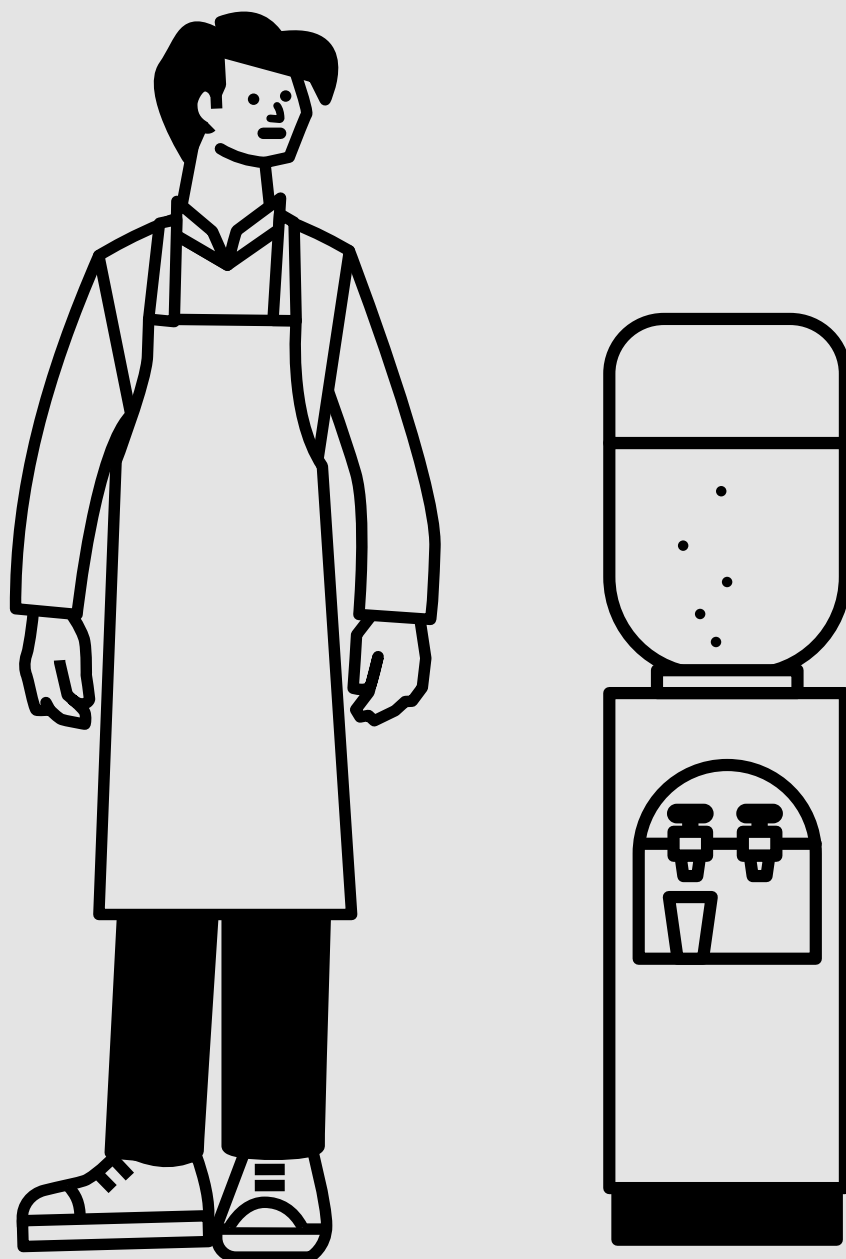
The company also worked on disseminating these matters to the asset’s visitors via Lulah, the Lagoh dragonfly, which is present all around the lake and provides a fun and educational way for the whole family to learn how to respect biodiversity via totems installed throughout the centre, indicating the names of species, as well as local fauna and flora.

Thanks to the daily care and maintenance, as well as all the resources and parties involved, the company has **successfully installed and preserved a natural lake in the centre of Seville**. The proof is in the **proliferation of life and multiple species in Lagoh**, making it a point of interest for customers and a different visiting experience for them. The introduction of this natural space **has enabled the company to reduce its ecological footprint, save energy, improve biodiversity in the area, and provide a comforting setting for visitors**.

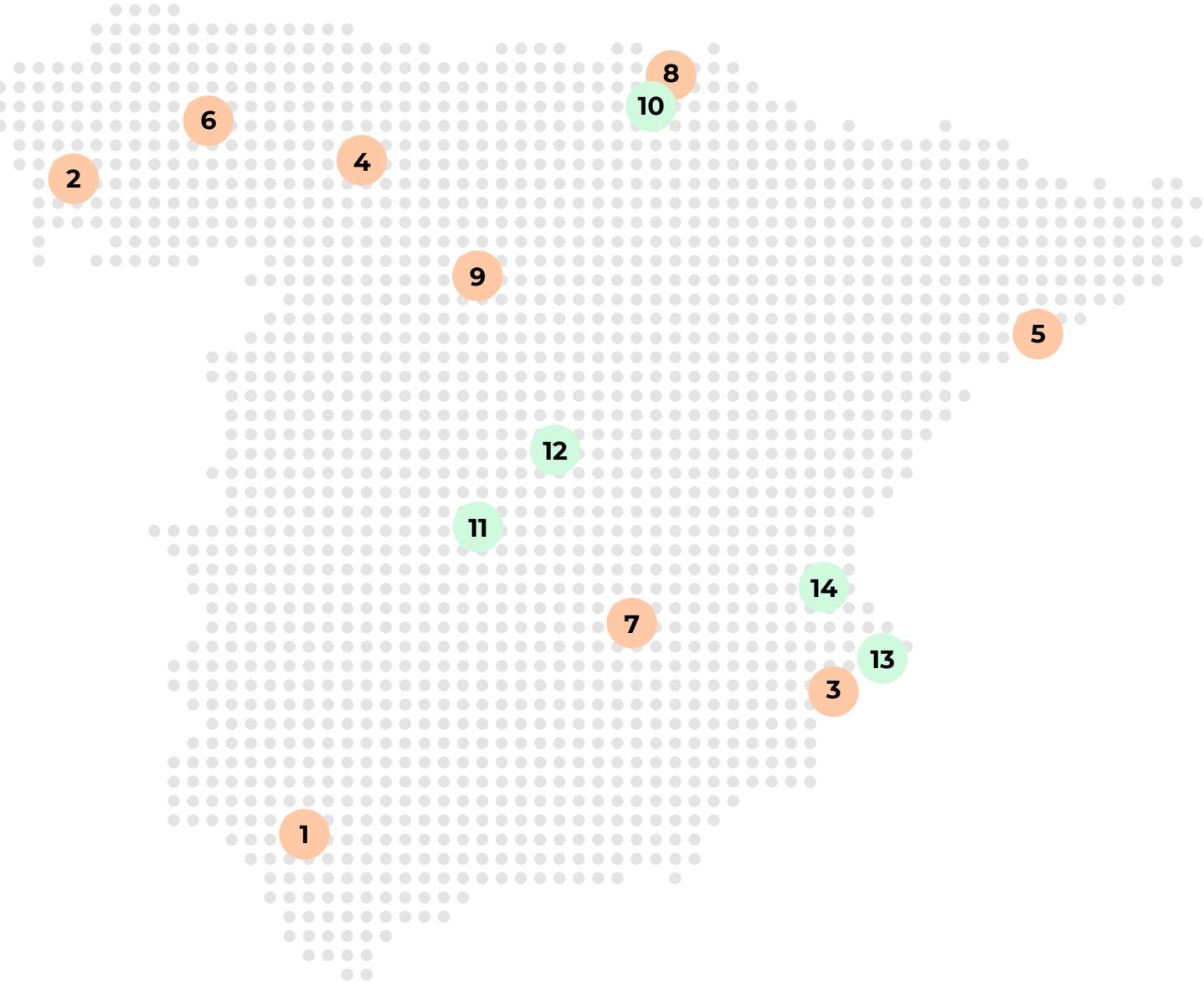
Portfolio

3.1	3.2	3.3
Portfolio description	Real estate valuation	Additional information
164	180	192

Lar España has a **prime, high-potential, resilient and diversified property portfolio** with a varied retail offering, and has constantly focused on improving these spaces.



3.1
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 and Commercial Gallery (Toledo)
- 12. Rivas Futura (Madrid)
- 13. Vistahermosa (Alicante)
- 14. VidaNova (Valencia)



GAV

1.4
Billion euros



Shopping Centre
Gran Vía (Vigo)

Lagoh | Shopping Centre



Location & Profile

- › Shopping and leisure complex launched 26 September 2019, featuring 200 retail units already let to occupiers (97% 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
Year of last refurbishment	2019
GLA	69,734 sqm
Purchase Date	1 March 2016
Land Acquisition Price	€38.5 million
Price/sqm	N/A
No. of Tenants	140
WAULT	2.8 years
EPRA Vacancy Rate	3.0%



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 97% physique occupancy at the end of 2021.

Asset Characteristics

Property Name	Gran Vía de Vigo
Property Type	Shopping Centre
Location	Vigo
Ownership (%)	100%
Year of Construction	2006
Year of last refurbishment	2021
GLA	41,447 sqm
Purchase Date	15 September 2016
Acquisition Price	€141.0 million
Price/sqm	€3,401 per sqm
No. of Tenants	131
WAULT	2.4 years
EPRA Vacancy Rate	2.8%



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 tourist hubs.
- › Its catchment area contains more than 193,816 people, and it enjoys direct access from the AP-7 motorway from Valencia and Alicante, 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. Additionally, the strategic acquisition of the hypermarket was made to gain full control of the adjacent shopping centre.
- › The centre is home to a wide array of fashion retailers, including the Inditex Group, the Tendam Group, C&A, H&M, Guess, Levis, Jack&Jones and many more.
- › Retailers Pull&Bear and Massimo Dutti have taken new and larger retail units than they previously occupied, with their new-look stores set to open during the first half of 2022. In 2021, the centre welcomed new retailers such as Rituals, Pandora, Juguettos, Aw Lab, with names such as Bimba&Lola, Boston and Jean Louis David all set to debut during the first half of 2022.
- › This retail mix is further complemented by stores specialising in homeware, beauty and health, culture, gifts and services, as well as a diverse food court to complement it.

Asset Characteristics

Property Name	Portal de la Marina
Property Type	Shopping Centre
Location	Alicante
Ownership (%)	100%
Year of Construction	2008
Year of last refurbishment	2020
GLA	40,309 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	105
WAULT	2.2 years
EPRA Vacancy Rate	8.2%

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 a dominant position in its catchment area, boasting excellent transport links and direct access to the A-6 motorway, attracting a large influx of customers both to the shopping centre and its petrol station.

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.
- › The centre is equipped with electric vehicle charging points and solar panels to help make it self-sufficient in terms of energy supply. It was also awarded Universal Accessibility Certification by AENOR in 2021.

Asset Characteristics

Property Name	El Rosal
Property Type	Shopping Centre
Location	León
Ownership (%)	100%
Year of Construction	2007
Year of last refurbishment	2019
GLA	50,996 sqm
Purchase Date	7 July 2015
Acquisition Price	€87.5 million
Price/sqm	€1,715 per sqm
No. of Tenants	103
WAULT	1.6 years
EPRA Vacancy Rate	7.7%



Ànec Blau

 | Shopping Centre



Location & Profile

- › Located in Castelfel·ls, 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, outdoor garden and premium cinema with junior room. Ànec 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 court, home to the largest Zara store found in any Catalan shopping centre. This has helped consolidate Ànec Blau’s position as a standout destination for fashion, leisure and dining.

Asset Characteristics

Property Name	Ànec Blau
Property Type	Shopping Centre
Location	Barcelona
Ownership (%)	100%
Year of Construction	2006
Year of last refurbishment	2020
GLA	29,084 sqm
Purchase Date	31 July 2014
Acquisition Price	€80.0 million
Price/sqm	€2,797 per sqm
No. of Tenants	91
WAULT	3.6 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 330,000.
- › 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, electric vehicle charging points and a petrol station.

Investment Rationale

- › 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, Leroy Merlin and Yelmo Cines all represented.
- › The centre obtained the Universal Accessibility Certification awarded by the Spanish Association for Standardisation and Certification (AENOR), in accordance with UNE standard 170001. This certifies that As Termas meets all the accessibility conditions required to ensure it is accessible for everyone. This certification also acknowledges the shopping centre's steadfast commitment to inclusion and integration, ensuring its facilities can be accessed and used by everyone.

Asset Characteristics

Property Name	As Termas
Property Type	Shopping Centre
Location	Lugo
Ownership (%) ^(*)	100%
Year of Construction	2005
Year of last refurbishment	2019
GLA	35,143 sqm
Purchase Date	15 April 2015/ 28 July 2015
Acquisition Price	€68.8 million
Price/sqm	€1,959 per sqm
No. of Tenants	75
WAULT	2.7 years

(*) Lar España owns 100% of the shopping arcade.

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, electric vehicle charging points and solar photovoltaic panels.

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.
- › Redevelopment of the offices at the centre was completed in 2021, with the signing of a lease agreement with a gym, which is due to open in 2022.

Asset Characteristics

Property Name	Albacenter
Property Type	Shopping Centre
Location	Albacete
Ownership (%)	100%
Year of Construction	1996
Year of last refurbishment	2019
GLA	27,169 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	2.7 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; 40% 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 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 well balanced retail mix.

Asset Characteristics

Property Name	Txingudi
Property Type	Shopping Centre
Location	Irún (Guipúzcoa)
Ownership (%) ^(*)	100%
Year of Construction	1997
Year of last refurbishment	2017
GLA	10,712 sqm
Purchase Date	24 March 2014
Acquisition Price	€27.7 million
Price/sqm	€2,735 per sqm
No. of Tenants	42
WAULT	2.0 years

(*) Lar España owns 100% of the shopping arcade.



Las Huertas | Shopping Centre



Location & Profile

- › Located in Palencia, in the autonomous region of Castille 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 Deichman, Time Road and Sprinter.

Asset Characteristics

Property Name	Las Huertas
Property Type	Shopping Centre
Location	Palencia
Ownership (%) ^(*)	100%
Year of Construction	1989
Year of last refurbishment	2016
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	€11.7 million
Price/sqm	€1,867 per sqm
No. of Tenants	26
WAULT	1.9 years

(*) Lar España owns 100% of the shopping arcade.



Megapark + Megapark Leisure Area | Retail Park



Location & Profile

- › The shopping centre is located in the Basque Country's largest retail hub.
- › It is the largest Retail Park in the north of Spain and one of the primary shopping destinations along the Cantabrian coast thanks to its prime location overlooking the A-8 motorway that runs between San Sebastián, Bilbao and Santander.
- › Its primary catchment area is home to 223,838 people, with circa 100,000 living within walking distance. However, its total catchment area reaches around 1.85 million people, representing 88% of the centre's customers.
- › The centre currently does not have any direct competitors in the primary catchment area due to the full suite of retailers operating in the retail park, and its niche outlet shopping centre business model.

Investment Rationale

- › The centre offers a full roster of retailers, with the Retail Park home to top-tier names: Media Markt, Decathlon, Conforama, Maisons du Monde, Kiabi, C&A, Forum and Kiwoko.
- › It is therefore the only fashion outlet in the primary catchment area, which encompasses parts of the Basque Country, Cantabria, Castille and León and La Rioja. Open-air shopping, with all year round discounts offering leading brands from the sports, fashion, accessories and homeware sectors, highlighting Adidas, Nike, Levis, Puma, Guess, Calvin Klein, Tommy Hilfiger and Barbour. All this adjoining the hypermarket which is also owned by Lar España and occupied by Mercadona (Spain's leading distribution company).
- › The recently refurbished Leisure and Food Court area completes the retail mix, offering a wide range of restaurants serving up something to suit everyone's tastes, including Burger King, La Tagliatella, Ribs, Muerde La Pasta and Foodoo. Customers can also pay a visit to one of the 11 Yelmo cinema screens or the latest arrivals at the centre: Zero Latency and On Gravity.

Asset Characteristics

Property Name	Megapark
Property Type	Retail Park
Location	Barakaldo (Bilbao)
Ownership (%)	100%
Year of Construction	2007
Year of last refurbishment	2021
GLA	81,577 sqm
Purchase Date	19 October 2015/ 27 October 2017
Acquisition Price	€178.7 million
Price/sqm	€2,143 per sqm
No. of Tenants	79
WAULT	3.4 years
EPRA Vacancy Rate	6.0%



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 within 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 2,625 parking spaces.
- › Strategic acquisition of the retail park's shopping centre in February 2018, giving Lar España full control of the park.

Asset Characteristics

Property Name	Parque Abadía
Property Type	Retail Park
Location	Toledo
Ownership (%)	81%
Year of Construction	2011
Year of last refurbishment	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	60
WAULT	2.0 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 100% at the end of 2021, its extensive retail offering includes big-name brands such as El Corte Inglés, Media Markt, Conforama, Maisons du Monde, Kiabi and Norauto.
- › In 2021, the centre obtained the Universal Accessibility Certification awarded by the Spanish Association for Standardisation and Certification (AENOR), in accordance with UNE standard 170001.

Asset Characteristics

Property Name	Rivas Futura
Property Type	Retail Park
Location	Madrid
Ownership (%)	75%
Year of Construction	2006
Year of last refurbishment	2021
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	2.8 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, and it is currently undergoing a process of urban development.
- › Parque Vistahermosa is home to unique retailers that cannot be found in any other shopping centres in Alicante.

Investment Rationale

- › Parque Vistahermosa features unique retailers such as Leroy Merlin, Alcampo, Media Markt, Urban Planet, Dream Fit, Maisons du Monde, Ozone Bowling or Mimma Gallery, among others.
- › Considerable repositioning potential.
- › Only urban retail park in Alicante

Asset Characteristics

Property Name	Vistahermosa
Property Type	Retail Park
Location	Alicante
Ownership (%)	100%
Year of Construction	2002
Year of last refurbishment	2018
GLA	33,763 sqm
Purchase Date	16 June 2016
Acquisition Price	€42.5 million
Price/sqm	€1,246 per sqm
No. of Tenants	16
WAULT	3.5 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 2021, 96% 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 asset comprises a supermarket and 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

Property Name	VidaNova Parc
Property Type	Retail Park
Location	Sagunto (Valencia)
Ownership (%)	98%
Year of Construction	2018
Year of last refurbishment	2018
GLA	45,568 sqm
Purchase Date	3 August 2015
Land Acquisition Price	€12.6 million
Price/sqm	N/A
No. of Tenants	32
WAULT	2.5 years

3.2

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** 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. This physical inspection 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** 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.

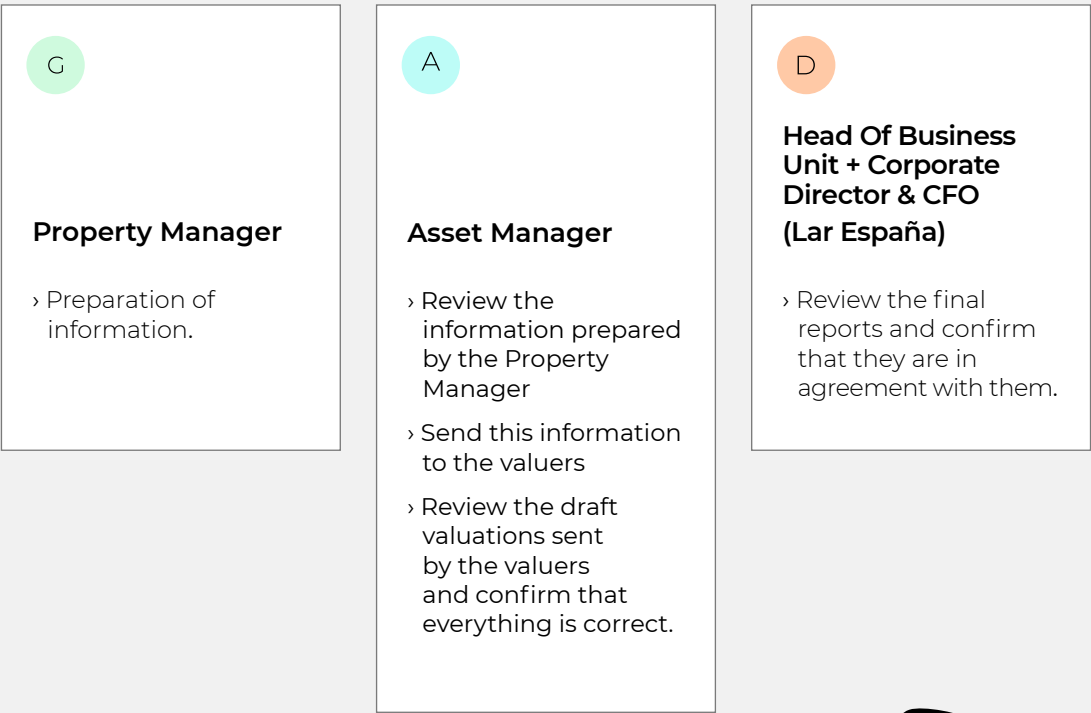
The **Audit and Control Committee** will also decide on two important points related to the valuation of the assets:

- Frequency with which each of the assets should rotate between Valuer.
- Minimum level of professional indemnity insurance to be requested from the Valuers.

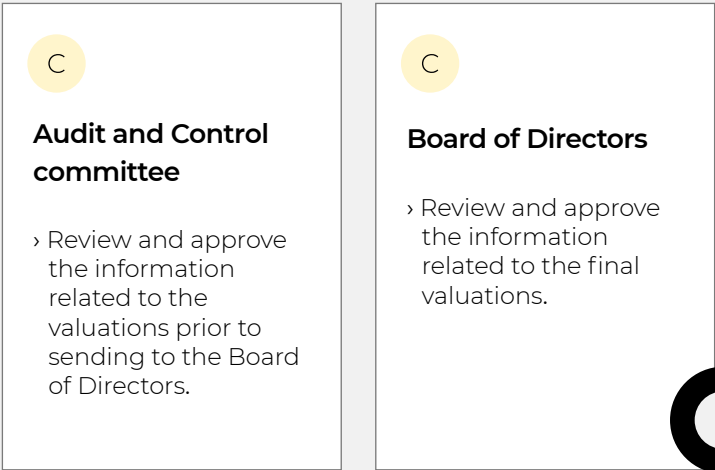
In January 2019, Lar España launched a **new call for tenders** aimed at selecting independent property valuers for the period between **2019 and 2021**. After reviewing the various proposals received, and assessing their compliance with the stated requirements, the Audit and Control Committee decided **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:



→ Review by the Deloitte Real Estate Department (Lar España's Auditor)



→ Publication of final valuations along with the regular financial information



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 2021:



Shopping Centre
Portal de la Marina (Alicante)



LAR ESPAÑA REAL ESTATE SOCIMI. S.A
C/ María de Molina 39, 10ª Planta
28006 Madrid

Jones Lang LaSalle España, S.A.
Paseo de la Castellana, 79 – 3ª planta, 28046 Madrid
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Mr. Jon Armentia 31st December 2021

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 **31st December 2021**. This letter should be considered as an annex of the Valuation Report issued by JLL España S.A. for accounting purposes and dated 31st December 2021.

Asset	Use	Location	Area (sqm)
As Termas	Shopping Centre	Lugo	35,143
	Shopping Centre		33,143
	Petrol Station		2,000
	Building Right		2,778
Gran Vía de Vigo	Shopping Centre	Vigo	41,451
Las Huertas	Retail Gallery	Palencia	6,267
Megapark	Retail Complex	Barakaldo (Bilbao)	80,770
	Retail Park		44,574
	Leisure & Restaurants		17,150
	Outlet		19,046
Portal de la Marina	Shopping Centre	Ondara (Alicante)	40,309
	Shopping Centre		30,385
	Hypermarket		9,924
Txingudi	Retail Gallery	Irún (Guipúzcoa)	10,712



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 2021, 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 2021 is:

Net Market Value of LAR ESPAÑA REAL ESTATE SOCIMI S.A. Portfolio

609,518,000 Euros

(Six Hundred Nine Million Five Hundred Eighteen Thousand Euros)

Felix Painchaud, MRICS
Lead Director
Corporates & Investors Valuations

Teresa Martínez, MRICS
Head of Retail Valuation
Corporates & Investors Valuations

For and on behalf of
Jones Lang LaSalle España, S.A.



C/ José Ortega y Gasset, 29 – 6ª planta
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Jon Armentia
LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
C/ María de Molina 39, 10ª planta
28006 Madrid

Our Ref: epa3001

07 March 2022

Dear Jon,

As requested, we set out below our opinion of value from our valuation report dated 3 January 2022, undertaken for financial reporting purposes as at 31 December 2021 in accordance with our Engagement Letter and Standard Terms and Conditions dated March 2019.

The opinion of value stated totalling € 814,330,000 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 2021) 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.

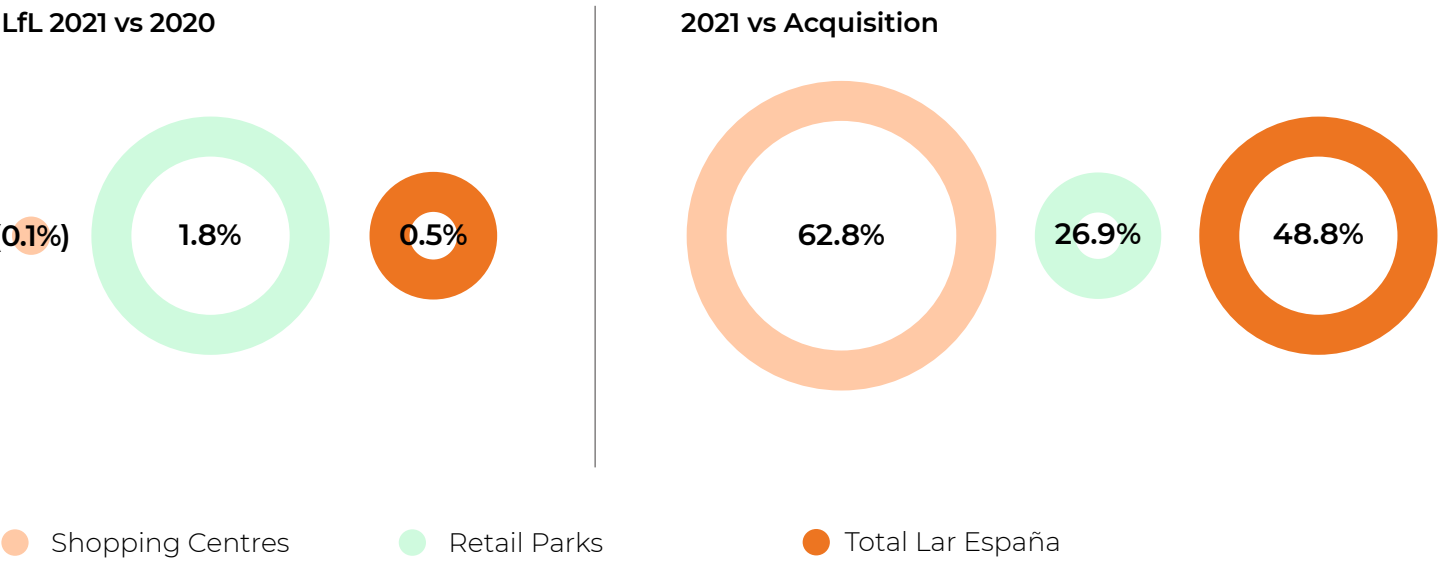
Yours faithfully

Signed for and on behalf of Cushman & Wakefield Sucursal en España.

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Revaluation by asset class (%)



The gross value of Lar España's assets stood at **EUR 1,424 million** at year-end 2021. The breakdown by asset type and the y-o-y comparison with 2020 is detailed below. **The like for like (LfL) value uplift** compared with year-end 2020 stands at positive **+0.5%**. Thus, the portfolio's value has climbed **+48.8% versus the acquisition price**.

+48.8%

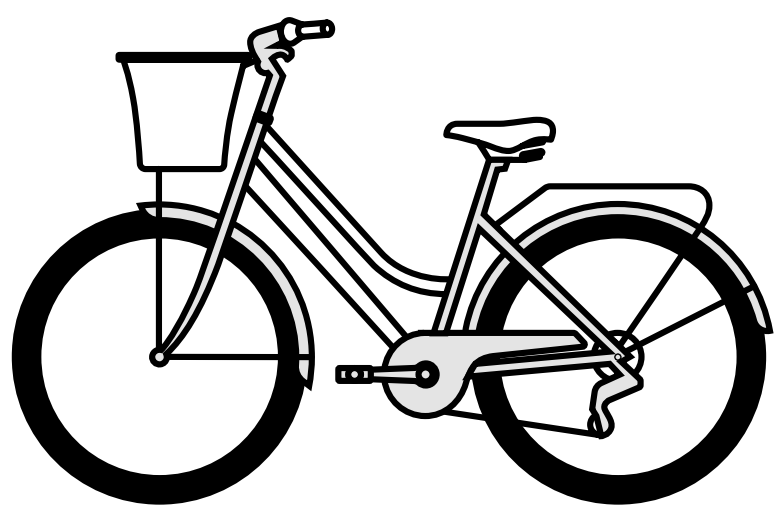
versus
acquisition price

Asset Type	Valuer	Acquisition price (Thousands of euros)	Market Value 31.12.2020 (Thousands of euros)
Shopping Centres	C&W: 58% / JLL: 42%	584,274	952,250
Retail Parks	C&W: 54% / JLL: 46%	372,500	464,370
TOTAL LAR ESPAÑA		956,774	1,416,620



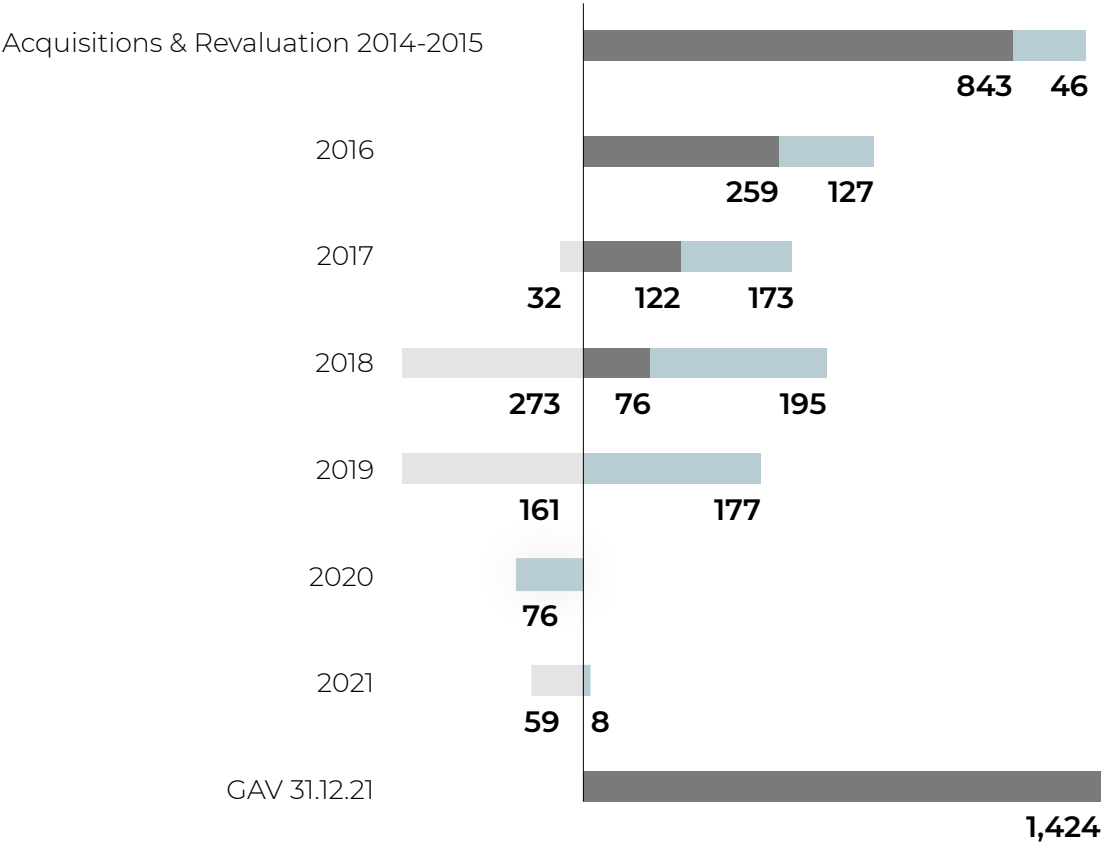
At 31.12.2021 Lar España portfolio's value **has climbed 48.8%** versus the acquisition price.

Asset Type	Market Value 31.12.2021 (Thousands of euros)	€/sqm 31.12.2021	Like for Like revaluation (2021 vs 2020) %	Revaluation 2021 vs acquisition price %	EPRA NIY 31.12.2021
Shopping Centres	951,187	3,060	(0.1%)	62.8%	5.6%
Retail Parks	472,661	1,966	1.8%	26.9%	5.7%
TOTAL LAR ESPAÑA	1,423,848	2,583	0.5%	48.8%	5.7%



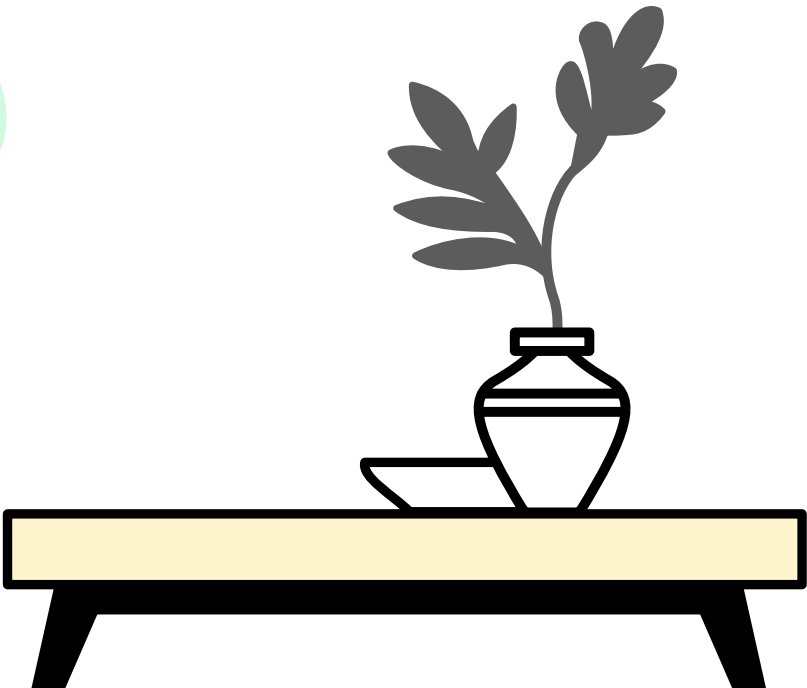
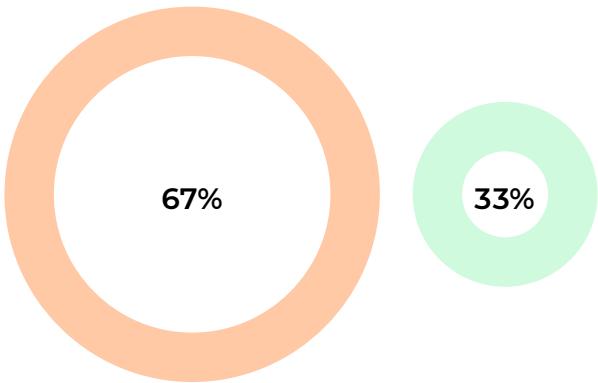
GAV reconciliation 31.12.2021 (millions of euros)

Acquisitions Revaluation Divestments

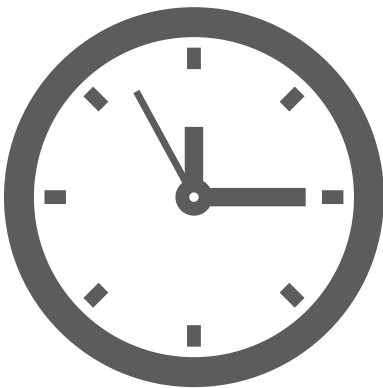
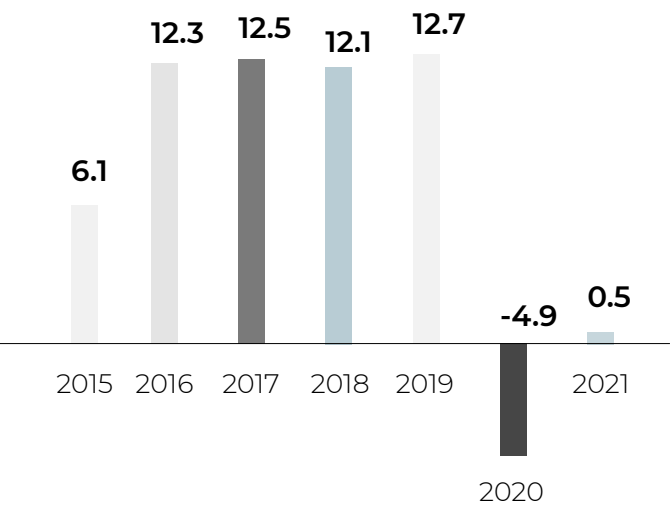


By type of asset (GAV)

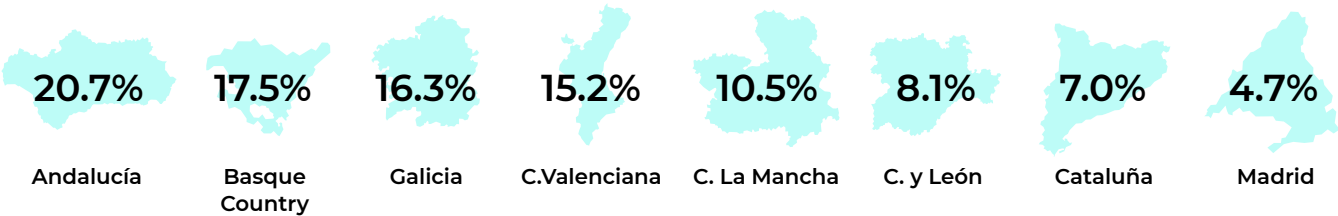
Shopping Centres Retail Parks



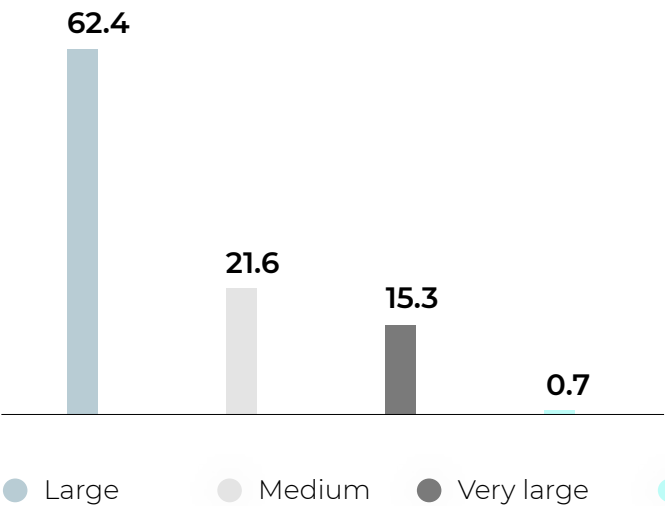
LfL Lar España's portfolio annual revaluation (%)



By geography (GAV)



By size (*) (GAV) (%)



78%
of our retail assets
are classified as
Large or Very
Large.

(*) 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)

3.3
Additional Information

a.
Revenues

Total revenues amounted to **76,271 thousand Euros** during 2021 (versus 93,324 thousand Euros in 2020).

The relative weigh of rental income by line of business at 31 December 2021 is as follows:

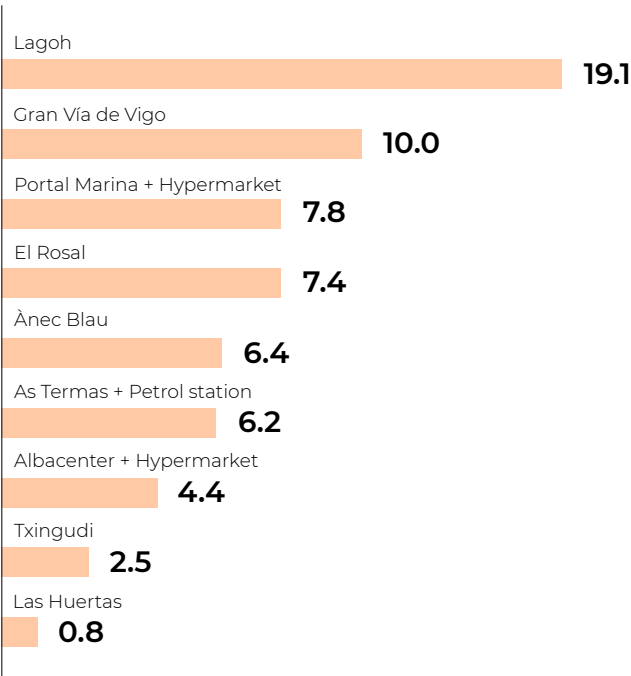
Rental Income by asset class 2021 (%)

● Shopping Centres ● Retail Parks ● Other Retail

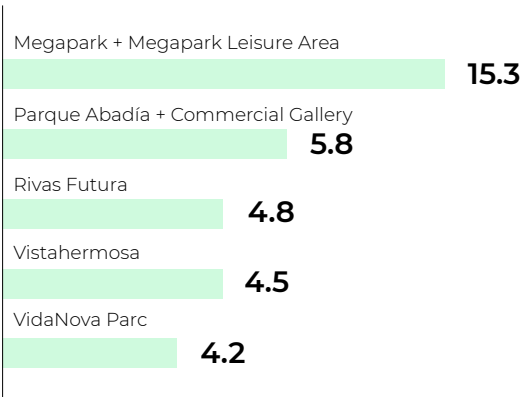


The breakdown of **income per asset** type during 2021 is as follows:

Income by Shopping Centre (%)



Income by Retail Park (%)

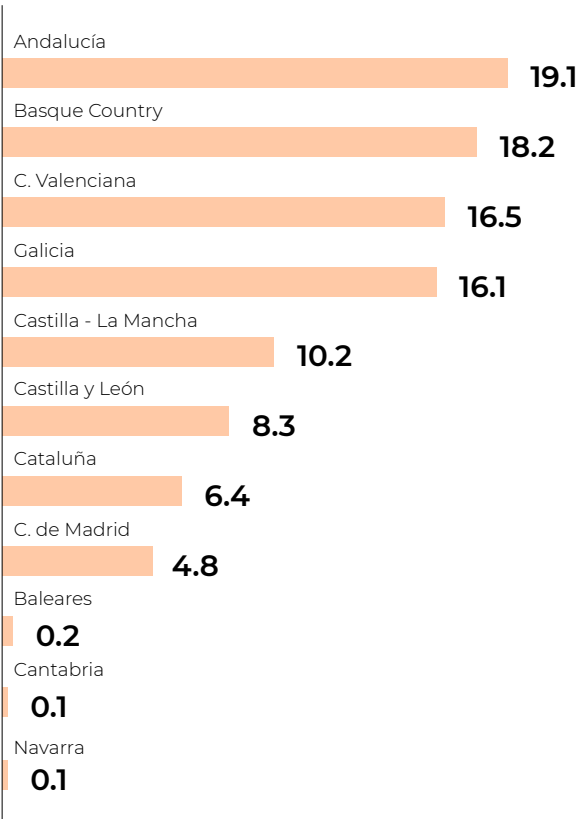


Income by Other Retail (%)



This graph details the breakdown of **rental income per region** for 2021:

Income per region (%)



About 40% of revenues have been recorded in the Basque Country and Andalucía, being Lagoh the largest shopping centre in 2021.

b.
Gross annualised rents

The Gross annualised rents ^(*) of Lar España is detailed below, as well as the Gross annualised rents per occupied sqm at 2021 and 2020.

14.8 per €/sqm/month
Lar España average
at 31.12.2021

VS

14.8 per €/sqm/month
Lar España average
at 31.12.2020

Asset Type	31.12.2021			31.12.2020		
	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)
Shopping Centres	62,351	295,959	17.6	62,192	296,282	17.5
Retail Parks	31,930	233,919	11.4	31,765	227,354	11.6
TOTAL LfL	94,281	529,878	14.8	93,957	523,636	14.9
Other Retail	N/A	N/A	N/A	3,966	27,909	11.8
TOTAL LAR ESPAÑA	94,281	529,878	14.8	97,923	551,545	14.8

(*) 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 4 “EPRA & Financial Information”.

During the year 2021 the portfolio of **22 Eroski supermarkets has been divested**. However, there have been no investments, 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 2021:



		Total rental income	Accumulated
1.	INDITEX	9.35%	9.35%
2.	Carrefour	4.58%	13.93%
3.	Media Markt	4.21%	18.14%
4.	LEROY MERLIN	3.06%	21.20%
5.	DECATHLON	2.69%	23.89%
6.	CORTEFIEL	2.63%	26.52%
7.	Conforama	2.34%	28.86%
8.	MERCADONA	2.25%	31.11%
9.	El Corte Inglés	2.14%	33.25%
10.	C&A	2.11%	35.36%

d.
Lease expiration and WAULT

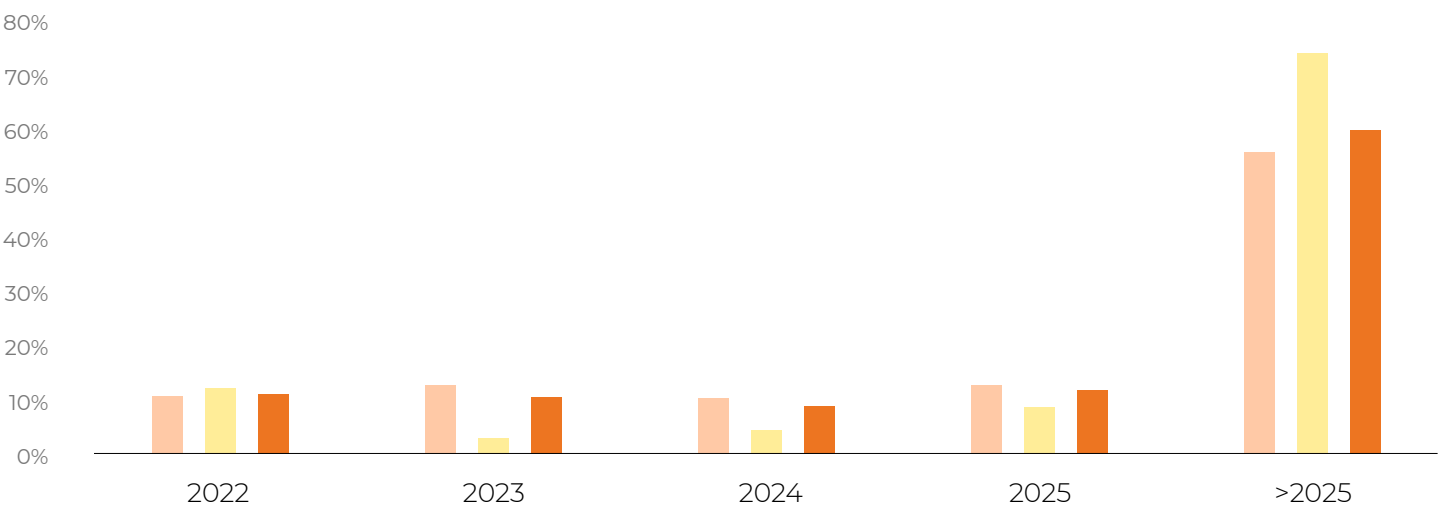
The proactive management carried out by Lar España allows us to have a **solvent and diversified tenant base**.

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.

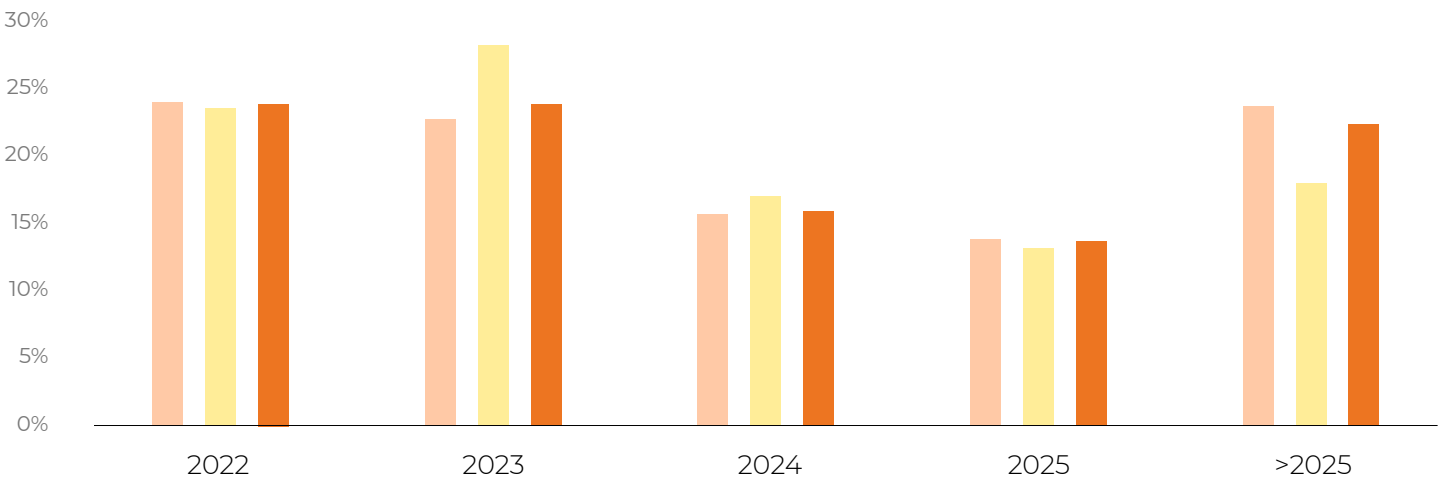
We note that as of 31 December 2021, more than **70% of all Lar España’s active lease** agreements have lease expiries beyond 2024.

As at 31 December 2021, **over 70% of retailer leases** had expiration dates beyond 2024.

Annual lease expiration (end of contract) (%)



Annual lease expiration (break option) (%)



Thus, the WAULT^(*) (weighted average unexpired lease term) at 31 December 2021 of Lar España's portfolio is **2.7 years**. Below you will find the detail by asset class:

Over
1,000
existing contracts

Lar España



2.7

Shopping
Centres



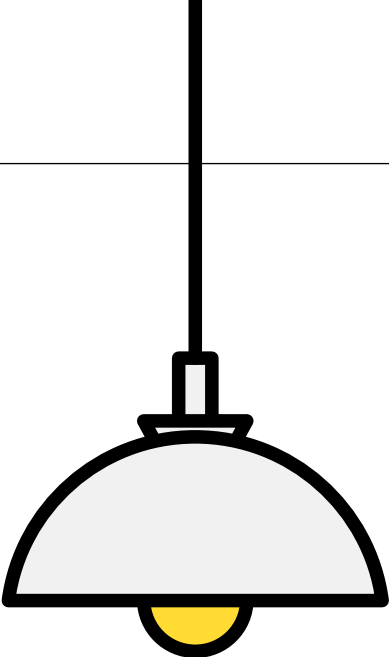
2.5

Retail
Parks



3.0

() Calculated as the number of years from the current date to the first break option, weighted by the gross rent for each lease. The WAULT of each asset is detailed in section 3.1 "Portfolio Description".*



96.1%

Occupancy
(sqm)

551,326 sqm

Total GLA

e.
Occupancy (sqm)

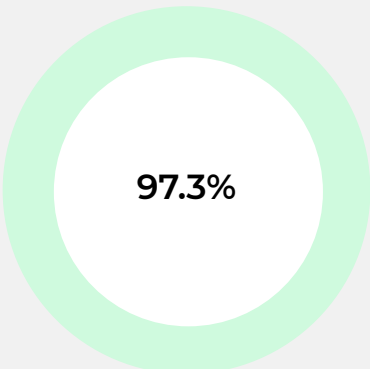
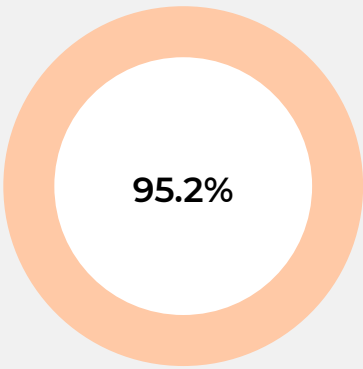
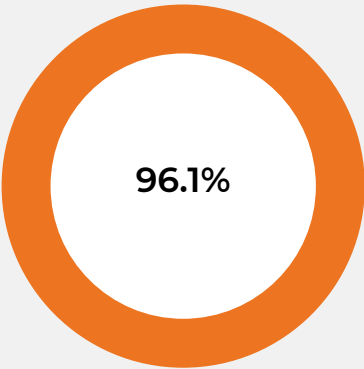
The gross leasable area (GLA) of Lar España's income producing assets at 31 December 2021 stood at **551,326 sqm**, whilst the average occupancy rate stood at **96.1%**.

The occupancy rate by asset class as at 31 December 2021 is shown below:

● Total Lar España

● Shopping Centres

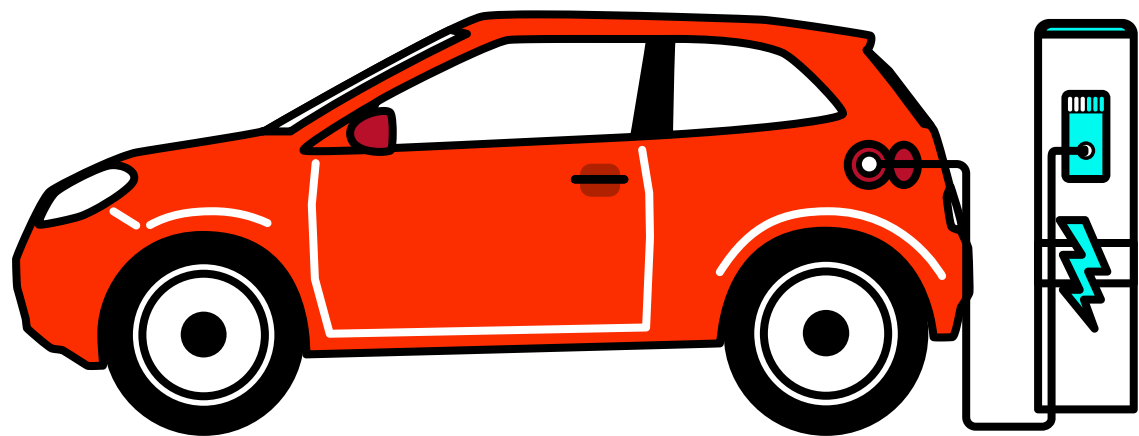
● Retail Parks



The occupancy level (in sqm) at 31 December 2021 is shown below:

31.12.2021			
Asset Type	Total GLA (sqm)	Occupied GLA (sqm)	Occupancy (%)
Shopping Centres	310,862	295,959	95.2%
Retail Parks	240,464	233,919	97.3%
TOTAL LAR ESPAÑA	551,326	529,878	96.1%





f. CAPEX ⁽¹⁾

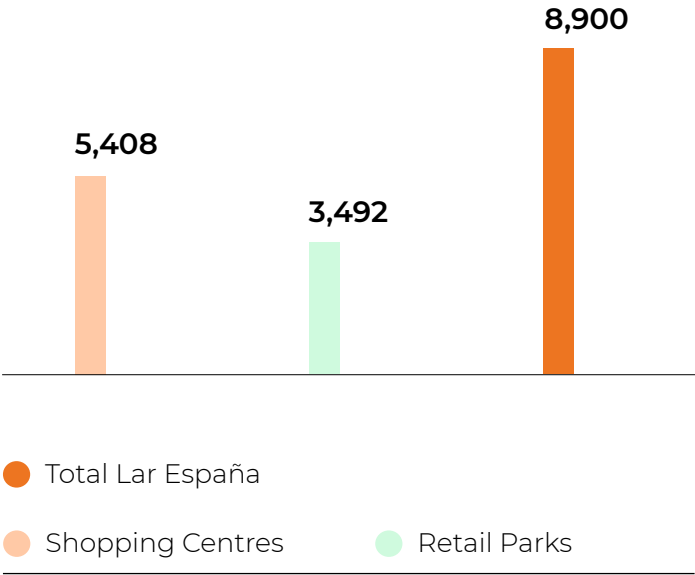
The Company has continued revamping its portfolio of assets in order to generate more value, investing close to **€9 Million** during 2021.

The breakdown of investment by asset class is shown below, as well as its comparison with the previous year:

2021			2020		
Asset Type	CAPEX	%	CAPEX	%	
Shopping Centres	5,408	61%	15,745	63%	
Retail Parks	3,492	39%	9,090	37%	
TOTAL LfL	8,900	100%	24,835	100%	
Other Retail	-	0%	-	0%	
TOTAL LAR ESPAÑA	8,900	100%	24,835	100%	

CAPEX investment (Thousand Euros)

During 2021 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.



Shopping Centres Ànec Blau and Rivas Futura with **€2.9 Million** together, lead the investment made during the year, due to the improvements that were implemented.

(1) For the company, CAPEX refers to any investment made to improve or reposition its real estate assets.

(Thousands of euros)			2021	2020		
	Group (excluding Joint Ventures)	Joint Ventures (proportionate share)	TOTAL	Group (excluding Joint Ventures)	Joint Ventures (proportionate share)	TOTAL
Acquisitions	-	-	-	-	-	-
Developments	-	-	-	3,705	-	3,705
Investment properties	8,900	-	8,900	21,130	-	21,130
› Incremental lettable space ⁽¹⁾	-	-	-	-	-	-
› No incremental lettable space	5,475	-	5,475	14,798	-	14,798
› Tenant incentives	2,600	-	2,600	5,930	-	5,930
› Other material non-allocated types of expenditure ⁽²⁾	825	-	825	402	-	402
Capitalised interest (if applicable)	-	-	-	-	-	-
TOTAL CAPEX	8,900	-	8,900	24,835	-	24,835
Conversion from accrual to cash basis	(367)	-	(367)	(253)	-	(253)
TOTAL CAPEX on cash basis	8,533	-	8,533	24,582	-	24,582

(1) According to EPRA recommendations, when Capex is invested in both existing and incremental space, it is considered Capex with incremental lettable space when the GLA increases by more than 10% of the asset's total lettable area.

(2) This concept includes different aspects relating to the maintenance of the centres (lighting, HVAC, security, etc.).

In 2021, Lar España did not acquire any properties or change the make-up of the portfolio in any way.

Although the company did not make any Capex investments that increased the portfolio’s GLA, it did carry out **significant refurbishment works**, mainly at **Ànec Blau, Gran Vía and Rivas Futura, that enhanced the existing space.**



Ànec Blau: completing the façade and adding a new outdoor food court area.



Gran Vía: all parking accesses upgraded.



Rivas Futura: pavements and pedestrian access.

g.
Main Milestones

Lar España continued to implement its strategy to actively manage its portfolio.
The performance of the key indicators during 2021 is detailed below:

Key indicators evolution

GRI

+19.3%

vs 2020

NOI

+25.9%

vs 2020

Key indicators
evolution LfL ^(*)

GRI

+25.1%

vs 2020

NOI

+33.4%

vs 2020

(*) Like for Like (excluding 22 Eroski supermarkets divested in February 2021).

Like for Like rental growth

More detail on the **Like for Like rental growth** is presented below to give more detail on the Company's organic growth:

	Fair value 31.12.2021 (€ Mn)	Rental income 2021 (thousands of euros)	Rental income 2020 (thousands of euros)	Change (thousands of euros)	Change (%)
Retail	1,424	88,076	70,377	17,699	25.1%
Total Like-for-Like assets	1,424	88,076	70,377	17,699	25.1%
Acquired assets	-	-	-	-	-
Divestments ^(*)	-	602	3,947	(3,345)	(84.7%)
Development assets	-	-	-	-	-
Total portfolio assets	1,424	88,678	74,324	14,354	19.3%

Note: all the assets in Lar España's portfolio operate in Spain.

(*) 22 Supermarkets portfolio divested in February 2021.



Major operative milestones

During 2021, the total sales declared reach **892.8 ⁽¹⁾ million euros** in the Shopping Centres and Retail Parks, supported by the increase in the number of visits (footfall of **74.4 million**).

Lar España continued to actively manage its retail portfolio. It closed **94 operations** including renewals, relocations, relettings and new lettings, resulting in an annualised tenant rotation rate of **5%** for the portfolio.

Rotated	Negotiated rent	Operations	Rent uplift
27,280 sqm	€5.7 million	94	+3.9% ⁽²⁾

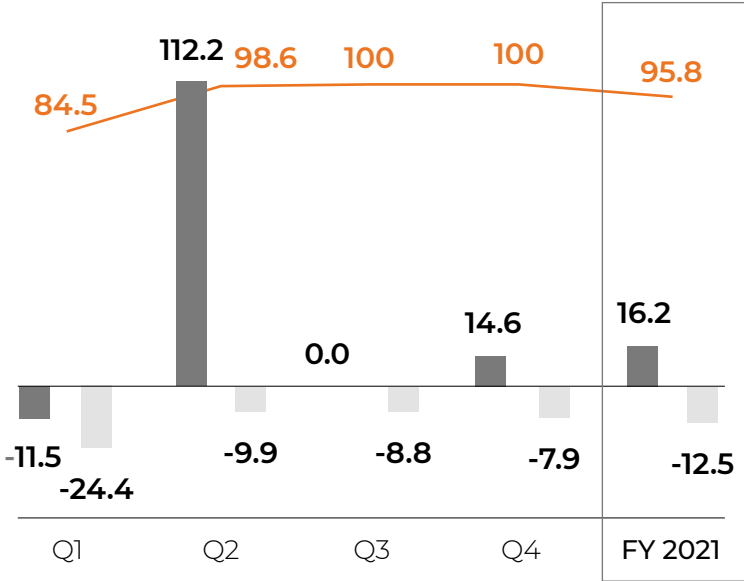
	Renewals	Relocations & Relettings	New Lettings	TOTAL
Number of operations	51	23	20	94
sqm	11,245	4,731	11,304	27,280

(1) Declared sales. / (2) Excluding 4 non-comparable operations.

Footfall 2021

74.4 Million of visits
+16.2% vs 2020

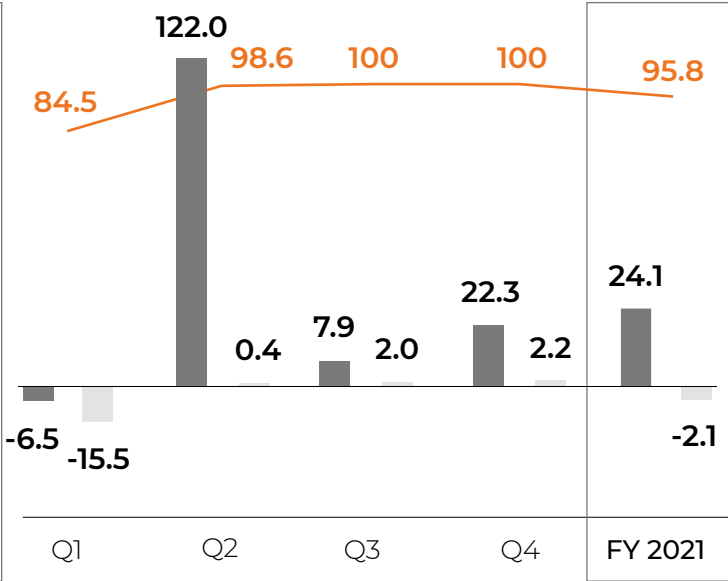
Quarterly footfall at Lar España's shopping centres and retail parks (%)



Sales 2021

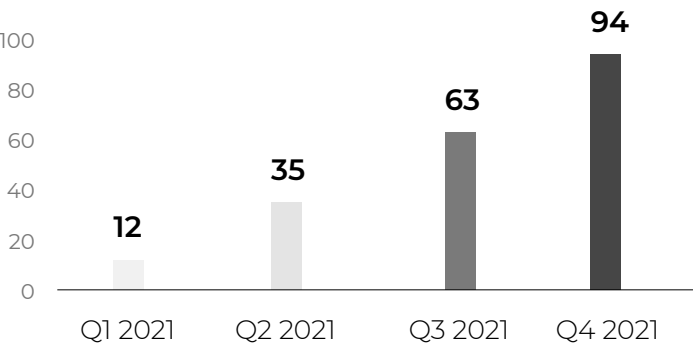
€892.8⁽¹⁾ million
+24.1% vs 2020

Quarterly sales figures for Lar España's shopping centres and retail parks (%)

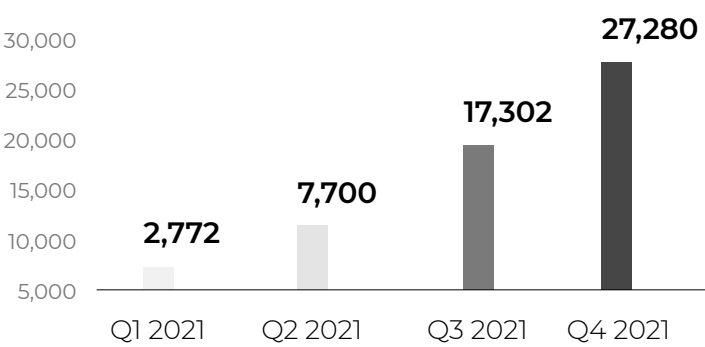


● 2021 vs 2020 ● 2021 vs 2019 ⁽²⁾ — Portfolio's GLA opened

YTD (Number of operations)



YTD GLA Rotated (sqm)



(1) Declared sales. / (2) Like for Like 2021 vs 2019 (excluding Lagoh shopping centre).

ShopperTrak Index 2021 vs 2020 accumulated figures at 31 December 2021: +14.5%.



Shopping Centre
El Rosal (León)

Some of the **main operations** during 2021 are detailed below:

Renewals

Megapark
182 sqm

Megapark
469 sqm

Gran Vía Vigo
494 sqm

As Termas
3,803 sqm

Megapark
157 sqm

Megapark
556 sqm

Relocations & Relettings

Gran Vía Vigo
630 sqm

Gran Vía Vigo
150 sqm

As Termas
597 sqm

Gran Vía Vigo
158 sqm

El Rosal
210 sqm

Lagoh
337 sqm

New lettings

Parque Abadia
500 sqm

Parque Abadia
1,053 sqm

Portal de la Marina
300 sqm

Megapark
2,702 sqm

Albacenter
796 sqm

VidaNova Parc
1,285 sqm

In addition, during 2021, a number of **leading chains opened** stores at some properties, such as:

OPENING OF RESTAURANT AREA SC ÀNEC BLAU



Xiringuito
Opening 19/11/2021



Blanquito
Opening 19/11/2021



Black House
Opening 27/11/2021



Food Market
RP VISTAHERMOSA
Opening 01/12/2021



Aw Lab
SC PORTAL DE LA MARINA
Opening 06/08/2021



Stradivarius
SC AS TERMAS
Opening 15/10/2021



Leroy Merlin
SC AS TERMAS
Opening 16/12/2021



Ikea Home Service Point
SC EL ROSAL
Opening 30/11/2021



Toys "R" Us
SC ALBACENTER
Opening 22/10/2021



Druni
SC GRAN VÍA VIGO
Opening 16/12/2021



AliExpress
SC LAGOH
Opening 11/11/2021



Sapphira
RP ABADÍA
Opening 15/04/2021



Manolo Bakes
SC LAGOH
Opening 12/08/2021



Al Punto
RP RIVAS FUTURA
Opening 01/05/2021



Pomodoro
SC LAGOH
Opening 10/05/2021

Retail Tenant Mix

Below we display the **tenant mix** of Lar España's retail portfolio at 31 December 2021 by space let. The food & beverage and health sectors account **more than 15%** of the retail offering in Lar España's assets.

Effort
rate

8.4%

Fashion	Home	Leisure and Entertainment	Food & Beverage
29.6%	19.2%	16.7%	13.4%
Sports and Adventure	Dining	Services	Health and Beauty
7.2%	7.0%	3.8%	2.8%
Culture, Technology and Multimedia			
0.3%			



Financial and EPRA information

4.1

ICFR
212

4.2

Financial
Information
218

4.3

EPRA
Information
236



In 2021, Lar España has successfully issued two unsecured senior green bonds, amounting to a total of EUR 700 million.



4.1
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	 Audit and Control Committee
	Responsibility	
	Ultimately responsible for the existence and maintenance of a suitable and effective ICFR system.	Supervising the ICFR system (with the support of the Internal Audit Director), control of compliance and reporting to the Board of Directors.
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.	• 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 process. • Supervising the preparation and presentation process of regulated financial information, reviewing compliance with regulatory requirements, the scope of consolidation and the correct application of accounting criteria.



Corporate & Financial Management

Responsible for the design, implementation and workings of the ICFR system.

- 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 Director (IAD) so they are familiar with and can appraise such developments.



Internal Audit Director (IAD)

Supporting supervision of the ICFR system, a duty vested in it by the Audit and Control Committee.

- 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.



Process owners involved in the financial reporting process

Staff with financial reporting responsibilities.

- 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⁾.

(1) The second option is currently being followed through a confirmation from the accounting third party.



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 activities 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 Director 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 2021.**

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.

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.

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 2021, with the aim of managing and reducing third-party risks relating to **information security** – and with regard to the drafting and publishing of financial information – Lar España developed a **Model for the management of third-party cybersecurity risks** in line with the standards and best practices in this field.

In addition to the ICFR supervision process (which is entrusted to the Audit and Control Committee, with the support of the Internal Audit Director), 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 2021, 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, which has been revised and updated during 2021, 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 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 2021, 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, with the treasury process of accounts payable and receivable, monitoring of investments and with 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 Audit Director 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.

ICFR information have been **reviewed by the external auditor** and no inconsistencies or incidences were raised that could affect this.

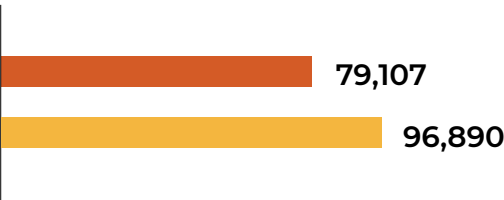
4.2
Financial Information

I. Key Indicators

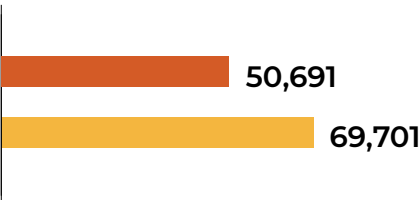
During 2021 Lar España generated revenues of **79,107 thousand Euros** and a **EBITDA of 50,691 thousand Euros**, being the most relevant figures the following:

● 2021 ● 2020

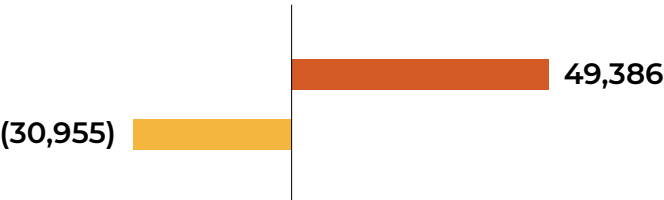
Revenues (*)
(Thousands of euros)



EBITDA
(Thousands of euros)



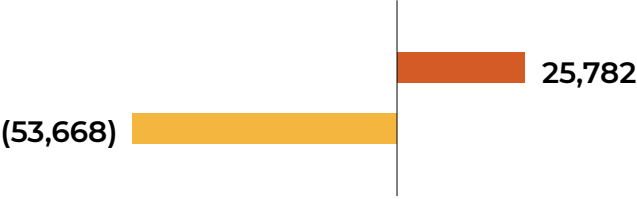
EBIT
(Thousands of euros)



EBT
(Thousands of euros)



Net Profit
(Thousands of euros)



For more clarity as regards these figures, see the “Consolidated Income of Financial Position”.

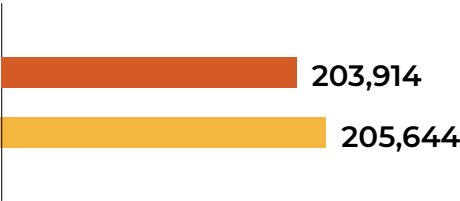
(*) Includes Revenues and Other income.

Other Financial Indicators

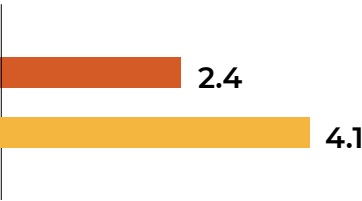
The Group presents the following financial indicators:

31/12/2021 31/12/2020

Working capital
(Thousands of euros)



Liquidity ratio
(%)



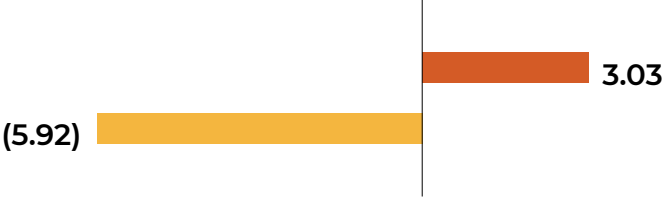
Solvency ratio
(%)



Net LTV
(%)



ROE
(%)



ROA
(%)



At 31 December 2021, and 31 December 2020, 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.

At 31 December 2021, the **ROE (“Return on Equity”)**, which measures Group’s profitability as a percentage of shareholders equity, amounted to **3.03%** (-5.92% at 31 December 2020), 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 **1.51%** (-3.14% at 31 December 2020).

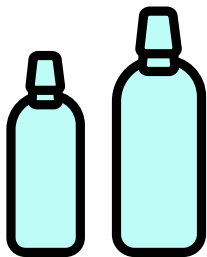


II. Consolidated Financial Statements
31.12.2021 (IFRS)

LAR ESPAÑA REAL ESTATE
SOCIMI, S.A. and subsidiaries
Consolidated Statement of Financial
Position at 31 December 2021 (*)

ASSETS (Thousands of euros)	31/12/2021	31/12/2020
Intangible assets	2	2
Investment properties	1,423,848	1,373,480
Equity-accounted investees	1,477	1,082
Non-current financial assets	14,422	13,618
Trade and other receivables non-current	11,586	17,996
NON-CURRENT ASSETS	1,451,335	1,406,178
Non-current assets held for sale	-	106,755
Trade and other receivables	25,452	28,463
Other current financial assets	3,944	369
Other current assets	3,752	3,038
Cash and cash equivalents	313,199	134,028
CURRENT ASSETS	346,347	272,653
TOTAL ASSETS	1,797,682	1,678,831

(*) These financial statements are an integral part of the 2021 Consolidated Annual Accounts.
On February 25 2022 Deloitte issued its unqualified audit report.



LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries
Consolidated Statement of Financial Position at 31 December 2021 (*)

Equity and Liabilities (Thousands of euros)	31/12/2021	31/12/2020
Capital	167,386	175,267
Share premium	466,176	475,130
Other reserves	196,903	281,005
Retained earnings	25,782	(53,668)
Treasury shares	(860)	(16,474)
Valuation adjustments	-	(1,610)
EQUITY	855,387	859,650
Financial liabilities from issue of bonds and other marketable securities	693,647	139,685
Loans and borrowings	69,921	570,608
Deferred tax liabilities	15,578	17,201
Derivatives	-	4,685
Other non-current liabilities	20,716	19,993
NON-CURRENT LIABILITIES	799,862	752,172
Liabilities related to non-current assets held for sale	-	1,576
Financial liabilities from issue of bonds and other marketable securities	129,702	3,482
Loans and borrowings	185	40,593
Derivatives	-	3,137
Trade and other payables	12,546	18,221
CURRENT LIABILITIES	142,433	67,009
TOTAL EQUITY AND LIABILITIES	1,797,682	1,678,831

(*) These financial statements are an integral part of the 2021 Consolidated Annual Accounts.
On February 25 2022 Deloitte issued its unqualified audit report.

25,782
Thousand of euros

Profit
for the period

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries
Consolidated Income of Financial Position at 31 December 2021 ^(*)

TOTAL (Thousands of euros)	2021	2020
Revenues ^(**)	76,271	93,324
Other income	2,836	3,566
Personnel expenses	(592)	(474)
Other expenses	(27,888)	(26,715)
Changes in the fair value of investment properties	(1,305)	(100,656)
Results of disposals of investments properties	64	-
RESULTS FROM OPERATIONS	49,386	(30,955)
Financial income	7	40
Financial expenses	(25,628)	(23,010)
Share in profit (loss) for the period of equity accounted companies	395	257
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	24,160	(53,668)
Income tax	1,622	-
PROFIT/(LOSS) FOR THE PERIOD	25,782	(53,668)

(*) These financial statements are an integral part of the 2021 Consolidated Annual Accounts. On February 25 2022 Deloitte issued its unqualified audit report.

(**) For more details on revenue obtained during 2021, see pages 80 and 81 of the FY 2021 Results Report available at the following link: <https://www.larespana.com/wp-content/uploads/2018/09/FY-2021-Results-Report-1.pdf>



LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries
Consolidated Cash Flows Position at 31 December 2021 ^(*)

(Thousands of euros)	2021	2020
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	32,069	8,538
Profit/(loss) for the period before tax	24,160	(53,668)
Adjustments	27,909	123,369
Changes in operating assets and liabilities	693	(44,387)
Other cash flows used in operating activities	(20,693)	(16,776)
B) CASH FLOWS USED IN INVESTING ACTIVITIES	47,469	(24,582)
Payments for investments (-)	(12,108)	(24,582)
Proceeds from divestments (+)	59,577	-
C) CASH FLOWS FROM FINANCING ACTIVITIES	97,007	(7,570)
Payments made and received for equity instruments	(5,149)	(15,719)
Proceeds from and payments for financial liability instruments	128,613	62,243
Payments for dividends and remuneration on other equity instruments	(26,457)	(54,094)
D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE	2,626	(2,885)
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	179,171	(26,499)
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	134,028	160,527
G) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (E+F)	313,199	134,028

(*) These financial statements are an integral part of the 2021 Consolidated Annual Accounts.
On February 25 2022 Deloitte issued its unqualified audit report.

III. Financial debt

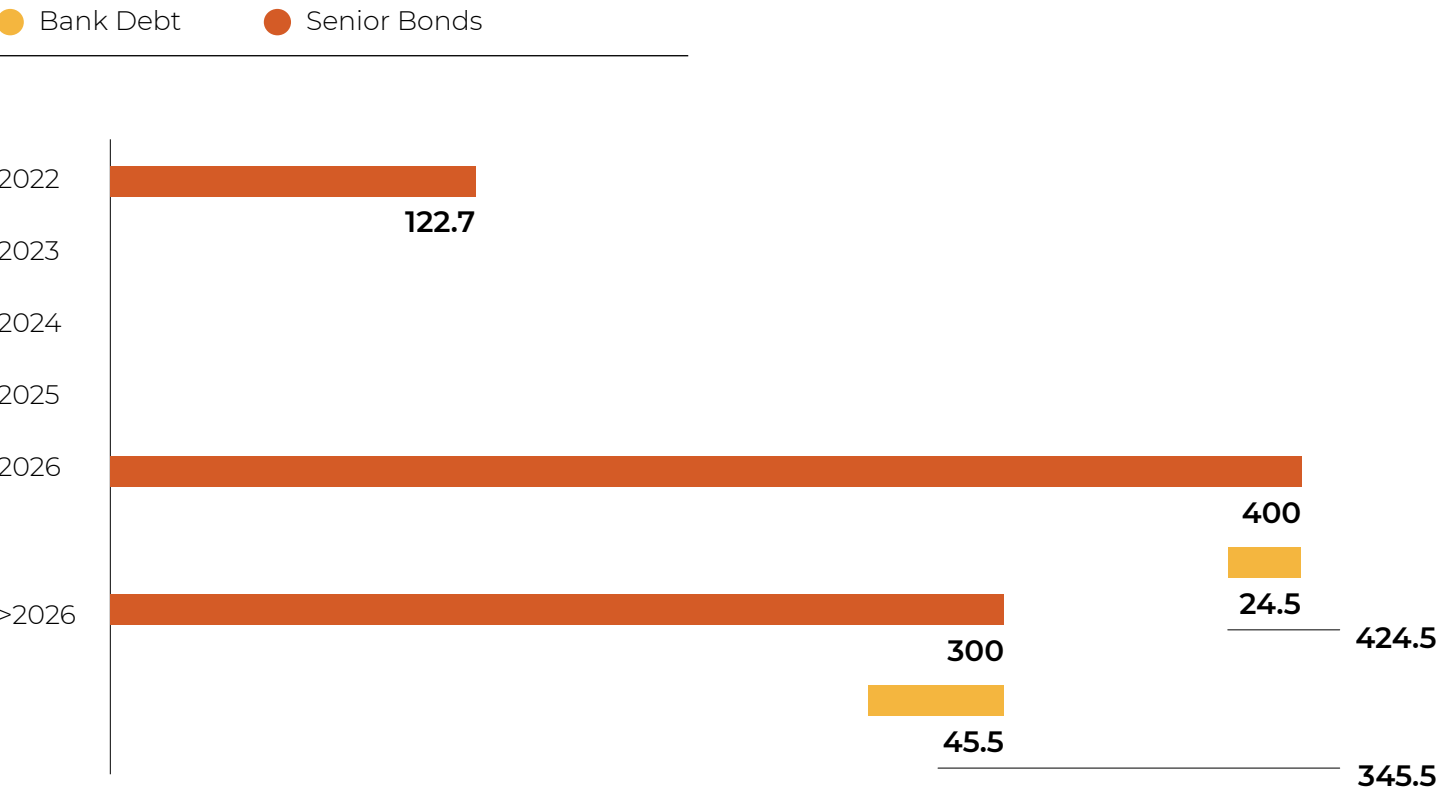
At 31 December 2021, Lar España's debt stood at **892,700 thousand Euros**, with an **average cost of 1.9%** and a net LTV ratio of **40.7%**. **The average debt maturity stood at 5 years.**

The main debt indicators and the amortisation schedule is detailed below:

(Thousands of euros)	31/12/2021	31/12/2020
GAV	1,423,848	1,475,490
Full Consolidation Gross Debt ⁽¹⁾	892,700	757,106
Cash ⁽²⁾	313,472	139,268
Total net debt ⁽¹⁾	579,228	617,838
Net LTV ⁽¹⁾	40.7%	41.9%
Average cost of debt	1.9% ⁽³⁾	2.2%
Average maturity period (years)	4.9 ⁽³⁾	3.0

(1) Full consolidation and equity method figures included.
(2) Only available cash considered.
(3) On February 2022 the Company refunded the outstanding amount of €122.7 million related to the first bond issued by the Company in 2015.
Thus, as of the the date of publication of of this report, Lar España's financial debt amounts to €770 million, with an average cost of 1.8% and an average maturity period of 5.4 years.

Back-Loaded Amortisation Profile
(€ Million)



As of the date of publication of this report, financial debt amounts to **€770 million**, with an **average cost of 1.8%** and an average maturity of **5.4 years**.

Net LTV

40.7%

In 2021, Lar España **successfully issued two unsecured senior green bonds, amounting to a total of EUR 700 million.**

As part of this issue, **ISS-ESG conducted an independent review of the company’s sustainability strategy**, based on the 2021 Green Bond Principles issued by the ICMA (International Capital Markets Association).

IV. Green Bond Issuance

On July 2021, Lar España **successfully placed an issue of unsecured senior green bonds** maturing in July 2026. The pre-established maximum amount of **€400 million** was almost five times oversubscribed, with an annual coupon set at a fixed rate of **1.75%**.

Afterwards, on **November 2021**, Lar España **successfully placed a new issue of unsecured senior green bonds** maturing in 7 years. The pre-established maximum amount of **€300 million** was again more than **four times** oversubscribed. This new issuance, along with the preceding, represent the culmination of the refinancing process of Lar España’s debt, with a total of **€700 million** green bonds issued.

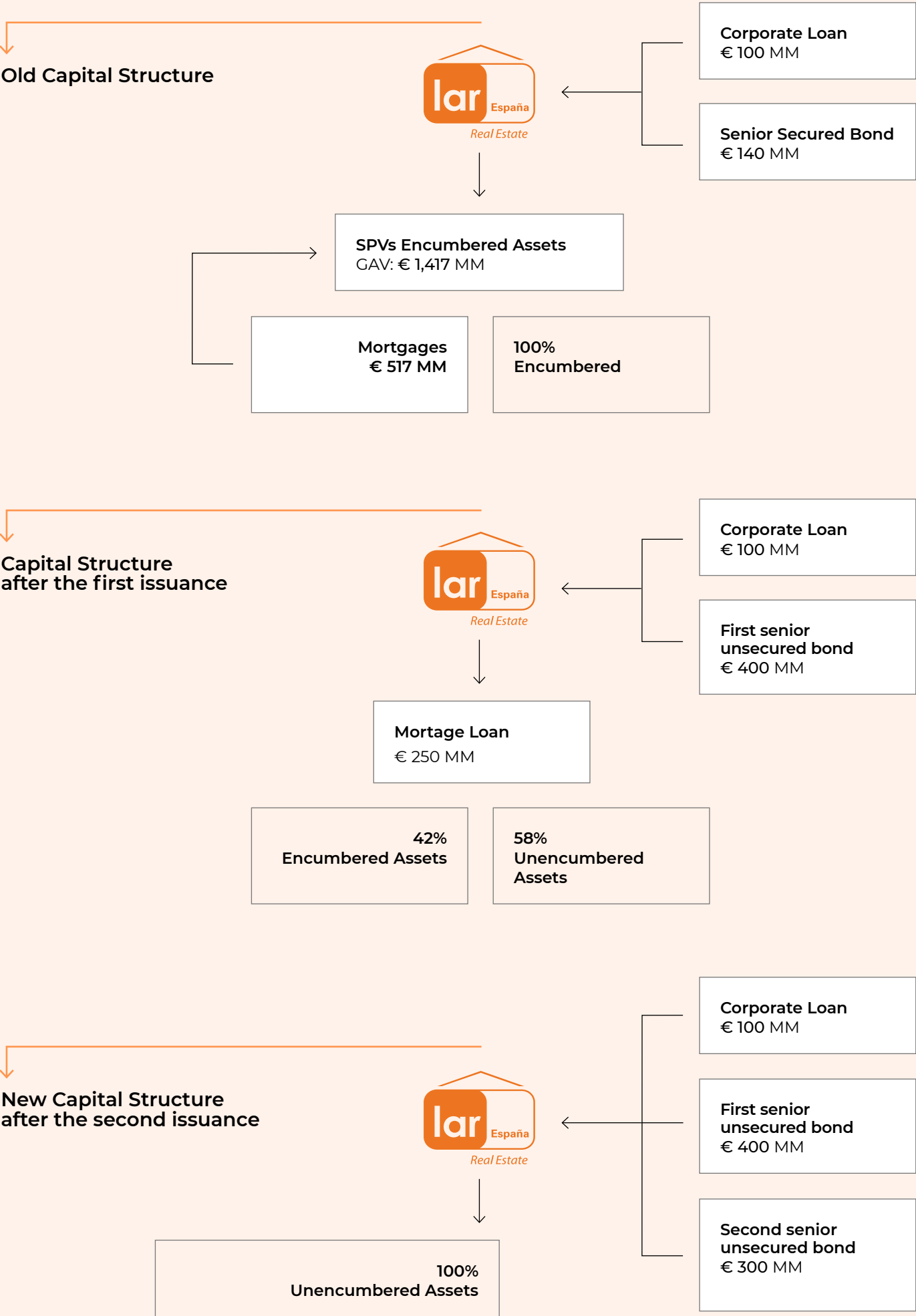
The rating agency Fitch assigned an investment grade or BBB rating to both Lar España and its green bond issue, qualification that was ratified in the second issue.

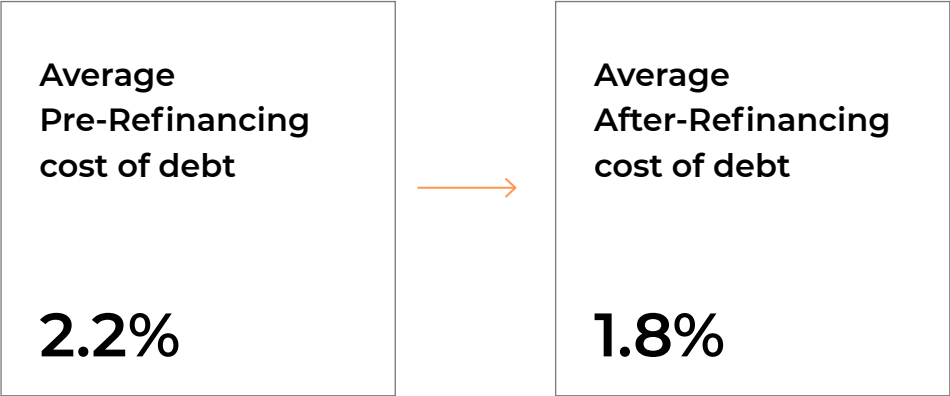
The annual coupon was set at a **fixed rate of 1.843%**, 9 basic points higher than the bond issued in July 2021. However, those rates involve a **significant decrease as compared with a 2.9% interest rate of the bond issued in 2015, and consequently they allow the Company to reduce its average cost of debt from 2.2% to 1.8%.**

	Rating	Outlook
FitchRatings	BBB	Stable

This will also **bring liquidity to a very robust level**, with long-term debt at around 41% of the asset value, turning all the Company’s debt into unsecured while keeping mostly fixed interest rates. In addition, it has been possible to extend the **average maturity period of debt from 2.6 years to 6 years.**

Both issues were led by Morgan Stanley Europe, acting as the global coordinator and advising on the issue’s sustainable structure. The issues were placed with qualified investors and are quoted on the Luxembourg Stock Exchange’s Euro MTF market. Lar España plans to use the green bonds funds to fully or partially refinance a selection of real estate assets so as **to reduce carbon emissions by assuring that the assets are environmentally friendly and meet the 2021 Green Bond Principles of the ICMA (International Capital Markets Association).**



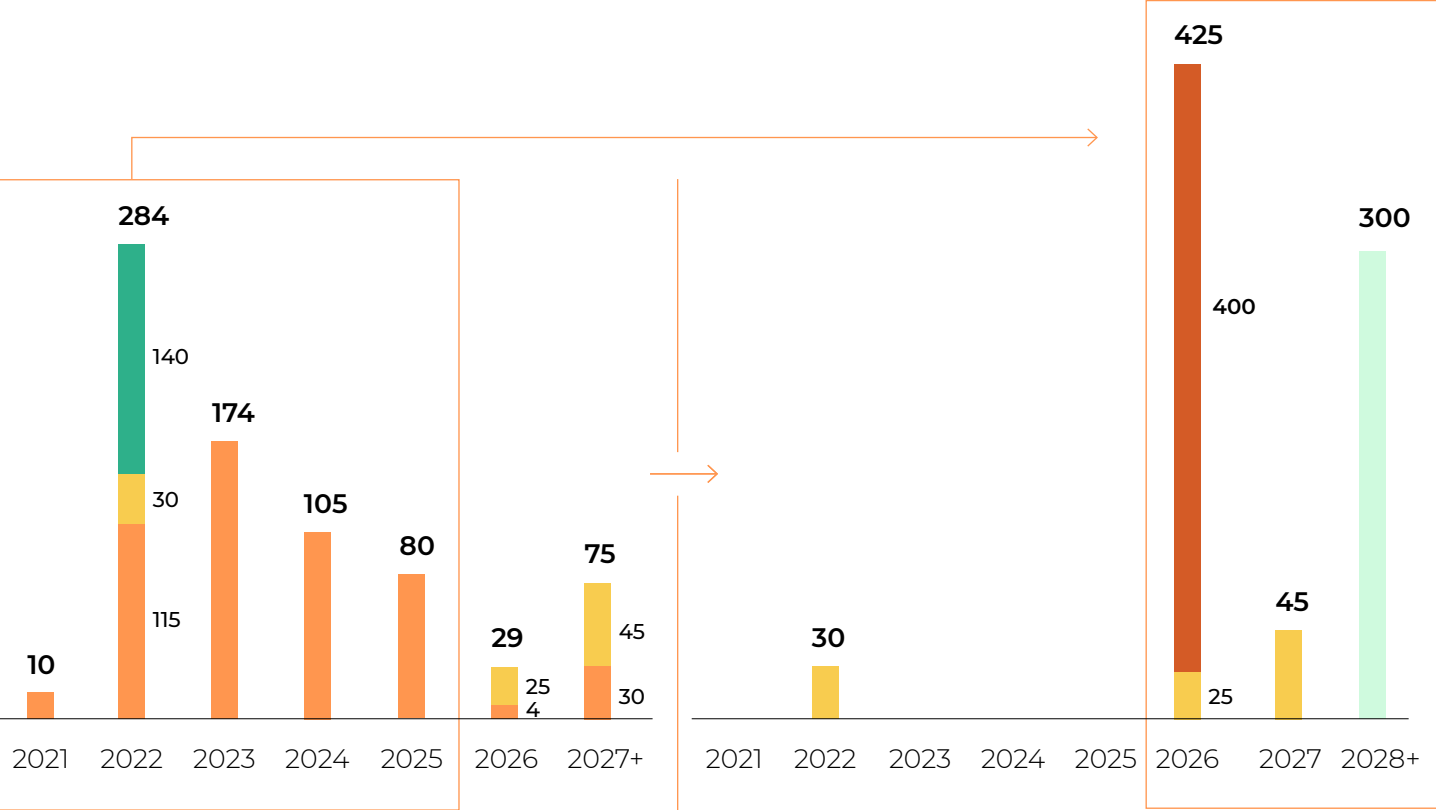


Thanks to its green bond issues, Lar España has refinanced virtually all of its debt. The only **type of financing that the Company now has is unsecured** debt, and it has significantly reduced its average cost of debt, **extending the average maturity from 2.6 to 6 years**.

Maturity Profile - Pre-Refinancing
Debt (€MM)



Maturity Profile - After-Refinancing
Debt (€MM)



- Mortgage Loan

Corporate Loan
- First Senior Unsecured Bond

Second Senior Unsecured Bond
- Senior Secured Bond

V. Shareholder Return

The **shareholder rate of return** in 2021 stood at **2.88%**. 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 NTA per share.
- Dividend per share distributed during the financial year.

Shareholder Rate of Return =

Growth (NTA + Dividend) per share

EPRA NTA per share 31.12.2020

Shareholder Rate of Return

2.88%

Shareholder Rate of Return	€/share
EPRA NTA 31.12.20	10.42
EPRA NTA 31.12.21	10.41
NTA Growth 2021	(0.01)
2020 Dividend paid in 2021	0.31
Growth (NTA + Dividend)	0.30
SHAREHOLDER RETURN 2021	2.88%

VI. 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 recent years, the Company has confirmed that **it will continue to retain an attractive dividend policy.**

Based on the cash generated in 2021, the dividend pay-out will amount to **€30.0 million.**



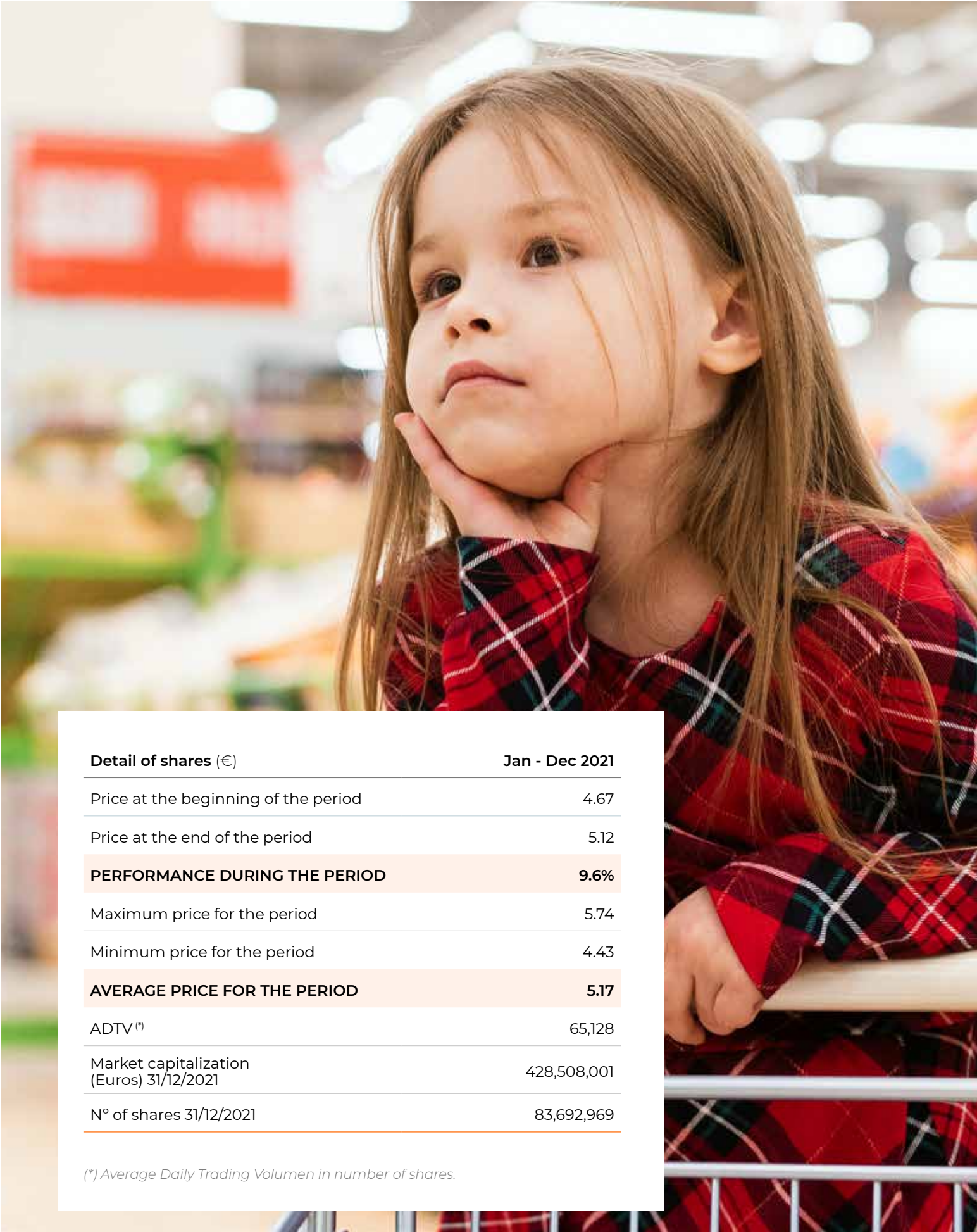
Therefore, the pay-out to shareholders for the financial year ended on 31 December 2021 to be presented at the Annual General Meeting would be **€30.0 million**, equating to earnings of **€0.36 per share.**

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 30.0 € Million	Dividend per share 0.36 €/ share	Dividend Yield over NAV (*) (31.12.21) 3.4%	Dividend Yield over market capitalization (31.12.21) 7.0%
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(*) EPRA NTA

VII. Share Price Performance

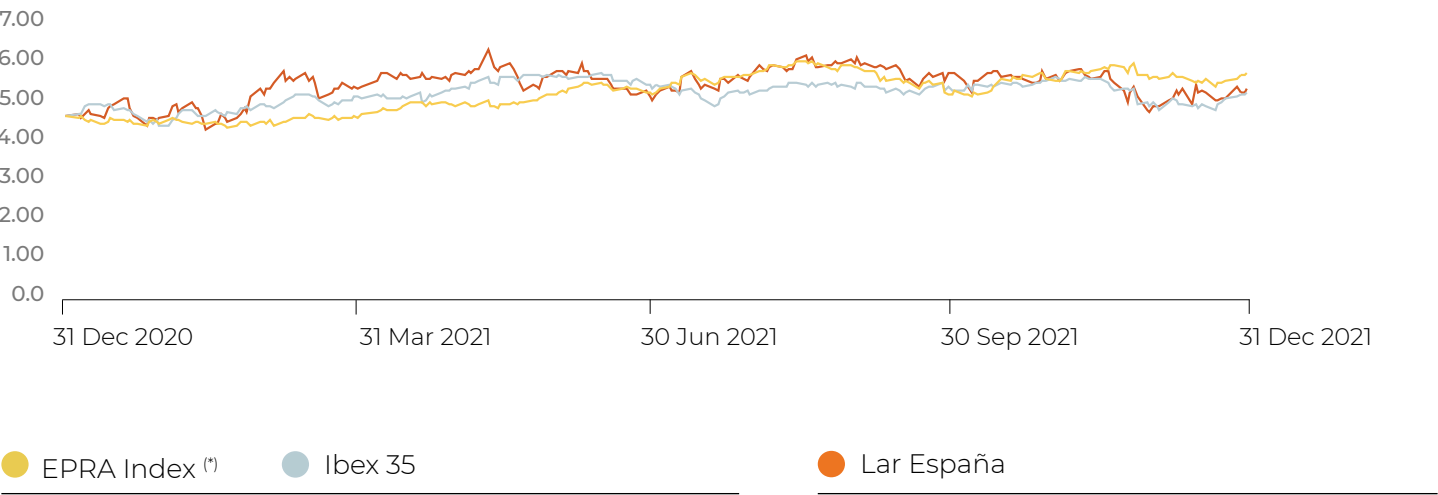


Detail of shares (€)	Jan - Dec 2021
Price at the beginning of the period	4.67
Price at the end of the period	5.12
PERFORMANCE DURING THE PERIOD	9.6%
Maximum price for the period	5.74
Minimum price for the period	4.43
AVERAGE PRICE FOR THE PERIOD	5.17
ADTV ^(*)	65,128
Market capitalization (Euros) 31/12/2021	428,508,001
N° of shares 31/12/2021	83,692,969

(*) Average Daily Trading Volumen in number of shares.

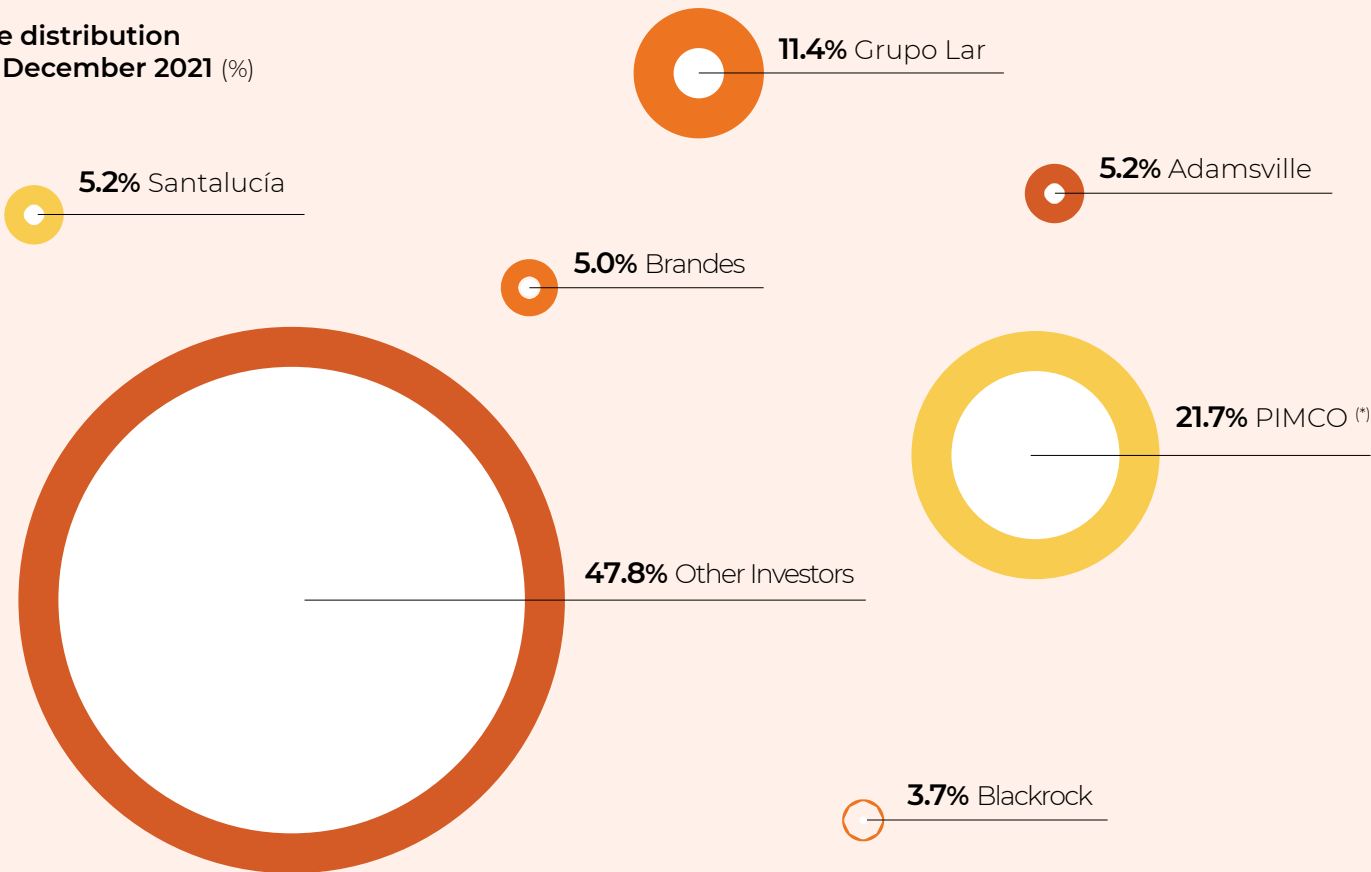
The **share price performance** during 2021 compared with the IBEX 35 and EPRA Index performance can be seen in the following graph:

Lar España share price performance vs Ibex 35 and EPRA Index
(January-December 2021)



(*) Sectoral European reference index.

**Share distribution
at 31 December 2021 (%)**



(*) On 28 January 2022, PIMCO Bravo II Fund L.P. sold its total stake in Lar España to Castellana Properties SOCIMI, S.A.

Analyst Recommendations

As of the date of this report, Lar España has the coverage of 10 analysts, whose average target price is **€7.13**.

39.3%^(*)

Potential
Return

60% | Buy

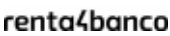
+

30% | Hold

=

10% | Sell

−

Broker	Recommendation	Analysis Date	Target Price (€)
 Kempen	Hold	14/01/2022	5.40
 GVC Gaesco	Buy	21/12/2021	8.29
 BESTINVER	Buy	20/12/2021	7.70
 renta4banco	Buy	20/12/2021	7.30
 Sabadell	Buy	20/12/2021	6.94
 JBCapitalMarkets	Buy	20/12/2021	7.40
 intermoney valores sv	Buy	20/12/2021	8.00
 bankinter.	Hold	20/12/2021	5.38
 MIRABAUD	Sell	17/05/2021	6.00
 Santander	Hold	15/05/2020	8.90

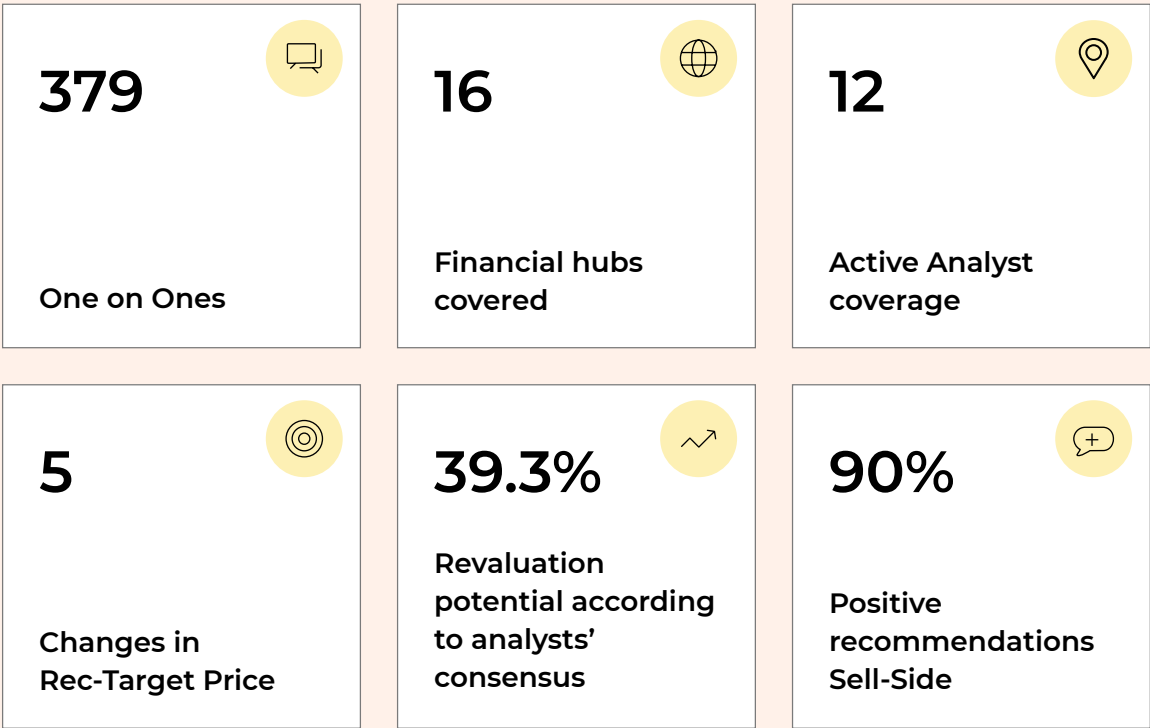
Source: Bloomberg

(*) Taken into account the average target price and the price at the end of the period, at 31 December 2021.

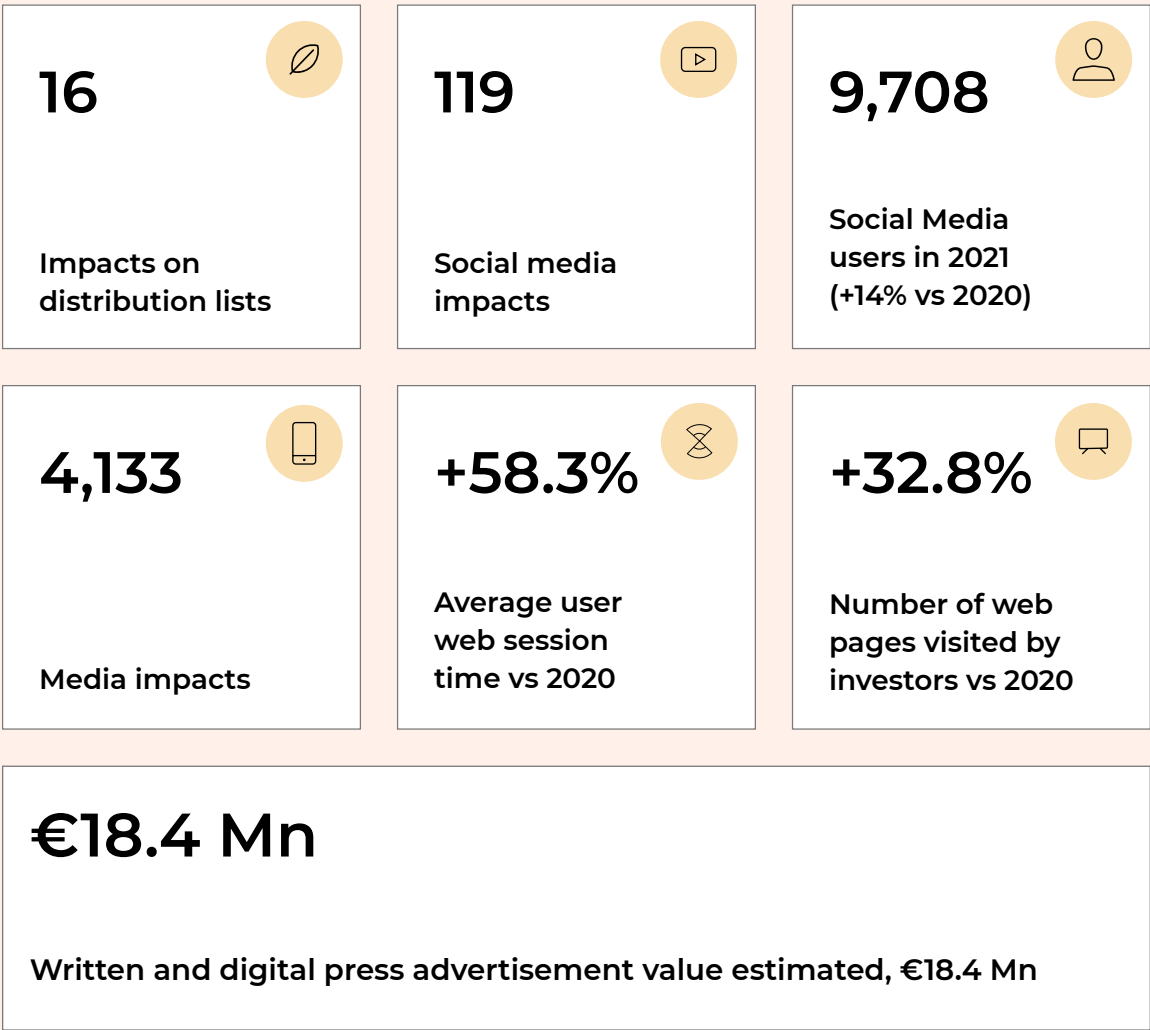


Shopping Centre
Txingudi (Guipúzcoa)

→ Investor relations activity in 2021



→ Media





Shopping Centre
Las Huertas (Palencia)

In September 2021, for the **seventh consecutive year**, Lar España has been awarded the **EPRA Gold Award** for the quality of **financial information** made available to its main interest groups and for the **fourth consecutive year** for the quality of the **ESG information**.

4.3
EPRA Information

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 a 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 5.4.

In **September 2021**, for the **seventh consecutive year**, Lar España has been 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 also obtained the highest distinction by EPRA, achieving for the **fourth consecutive year** the **Gold Award**. This highlights the **international recognition for the information reported by Lar España** and made available to its shareholders.



(1) Not-for-profit association founded in 1999 registered in Belgium which aims to make the financial statements of public real estate companies clearer, more transparent and comparable across Europe.
(2) "Best Practices Recommendations - BPR" available at www.epra.com.

Key performance indicators described in the Best Practices Recomendations developed by EPRA are shown as follows:

Indicator	Description	Reference	31/12/2021	31/12/2021
			(Thousands of euros) (%)	(Euros per share)
EPRA Earnings	Earnings from operational activities	Page 238	23,936	0.28
EPRA NTA ^(*)	Net Tangible Assets, assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	Page 240	869,501	10.41
EPRA NRV ^(*)	Net Reinstatement Value, assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	Page 240	895,774	10.72
EPRA NDV ^(*)	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.	Page 240	855,387	10.24
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 242	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 242	5.9%	
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	Page 243	4.8%	
EPRA Cost Ratio	Administrative & operating costs (including direct vacancy costs) divided by gross rental income.	Page 244	30.2%	
EPRA Cost Ratio (excluding costs of direct vacancy)	Administrative & operating costs (excluding direct vacancy costs) divided by gross rental income.	Page 244	27.3%	



(*) New EPRA ratios calculated according to the latest modifications included in the EPRA "Best Practices and Recommendations" document. For more details see EPRA Net Asset Value Ratios.

EPRA Earnings

(Thousands of euros)	2021	2020
EARNINGS PER IFRS INCOME STATEMENT	25,782	(53,668)
Change in value of investment properties	1,305	100,656
Profits or losses on disposal of investment properties, development properties held for investment and other interests	(64)	-
Tax on profits or losses on disposals	(1,622)	-
Negative goodwill	-	-
Changes in fair value of financial instruments and associated close-out costs	(1,465)	2,914
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	23,936	49,902
Weighted average number of shares (excluding treasury shares)	84,189,058	85,605,283
EPRA EARNINGS PER SHARE (EUROS)	0.28	0.58



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 NNAV 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⁽²⁾ 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.

EPRA Net Asset Value new methodology

According to the new recommendations contained in the EPRA “Best Practices and Recommendations”, **the new ratios that replace the previous EPRA NAV and EPRA NNAV indicators calculated with the old methodology** are as follows:

EPRA Net Tangible Assets (NTA):

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallizing certain levels of deferred tax liability.

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 crystallize 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 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.

(1) For more information see: https://www.epra.com/application/files/2315/7321/0568/EPRA_FAQ_-_FINAL_version.pdf.

(2) IFRS (International Financial Reporting Standards)

EPRA Net Asset Value Ratios

(Thousands of euros)			31/12/2021	31/12/2020		
	NTA Net Tangible Assets	NRV Net Reinstatement Value	NDV Net Disposal Value	NTA Net Tangible Assets	NRV Net Reinstatement Value	NDV Net Disposal Value
Equity attributable to shareholders	855,387	855,387	855,387	859,650	859,650	859,650
(i) Hybrid Instruments	-	-	-	-	-	-
Diluted NAV	855,387	855,387	855,387	859,650	859,650	859,650
Include						
(ii.a) Revaluation of investment properties	-	-	-	-	-	-
(ii.b) Revaluation of investment properties under construction	-	-	-	-	-	-
(ii.c) Revaluation of other non-current investments	-	-	-	-	-	-
(iii) Revaluation of tenant leases held as finance leases	-	-	-	-	-	-
(iv) Revaluation of trading properties	-	-	-	-	-	-
Diluted NAV at Fair Value	855,387	855,387	855,387	859,650	859,650	859,650
Exclude						
v) Deferred Tax in relation to fair value gains of IP	15,578	15,578	n.a	17,201	17,201	n.a
(vi) Fair value of financial instruments	(1,465)	(1,465)	n.a	4,525	4,525	n.a
(vii) Goodwill as a result of deferred tax	-	-	-	-	-	-
(viii.a) Goodwill as per the IFRS Balance Sheet	-	n.a	-	-	n.a	-
(viii.b) Intangibles as per the IFRS Balance Sheet	-	n.a	n.a	-	n.a	n.a
Include						
(ix) Fair value of fixed interest rate debt	n.a	n.a	-	n.a,	n.a	-
(x) Revaluation of intangibles to fair value	n.a	-	n.a	n.a	-	n.a
(xi) Real estate transfer tax	-	26,273	n.a	-	-	n.a
NAV	869,501	895,774	855,387	881,376	881,376	859,650
Number of shares (excluding treasury shares)	83,561,999	83,561,999	83,561,999	84,559,058	84,559,058	84,559,058
NAV per share	10.41 (*)	10.72 (*)	10.24 (*)	10.42	10.42	10.17

Figures may not foot due to rounding.

(*) When analyzing the evolution of this measure it is important to take into account the dividend paid in Q2 2021 (0.31€/share).



Shopping Centre
El Rosal (León)

EPRA NIY and EPRA “topped-up” NIY

(Thousands of Euros)	Total Shopping Centres	Total Retail Parks	Total Lar España
Completed Property Portfolio	951,187	472,111	1,423,298
Allowance for estimated purchasers’ costs	20,460	8,240	28,700
Gross up completed property portfolio valuation (A)	971,647	480,351	1,451,998
Annualised cash passing rental income	60,232	30,447	90,679
Property outgoings	(5,545)	(3,089)	(8,633)
Annualised net rents (B)	54,687	27,359	82,046
Notional rent expiration of rent free periods or other lease incentives	2,120	1,483	3,602
Topped-up net annualised rents (C)	56,807	28,841	85,648
EPRA NET INITIAL YIELD (B/A)	5.6%	5.7%	5.7%
EPRA TOPPED-UP NET INITIAL YIELD (C/A)	5.8%	6.0%	5.9%

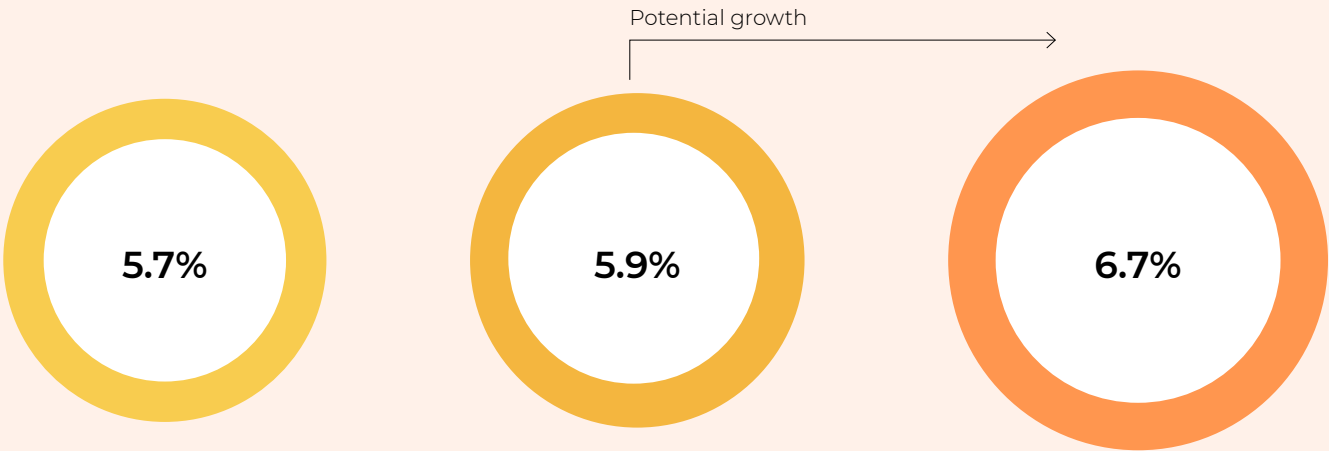
Figures may not foot due to rounding.

Yields (*)

EPRA
NIY

EPRA
Topped-up NIY

Reversionary
NIY



(*) At 31 December 2020, EPRA NIY, EPRA Topped-up NIY and Reversionary Yield amounted to 5.7%, 5.9% and 6.6% respectively.

EPRA Vacancy Rate

EPRA Vacancy
Rate

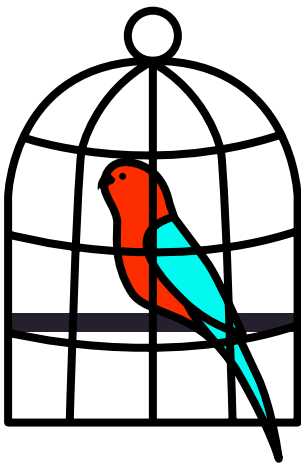
4.8% ^(*)



	ERV (Thousands of Euros)	ERV Vacancy (Thousands of Euros)	EPRA Vacancy Rate (%)
Shopping Centres	63,575	3,509	5.5%
Retail Parks	32,947	1,095	3.3%
TOTAL LAR ESPAÑA	96,522	4,604	4.8%

(*) EPRA Vacancy at 31/12/2020 was 4.5%.





EPRA Cost Ratios

(Thousands of euros)	2021	2020
Administrative expenses	(592)	(474)
Operating costs net of recoverable income ^{(1) (3)}	(21,167) ⁽²⁾	(20,520)
Administrative/operating expenses in associates	-	-
EPRA Cost (including vacancy cost) (A)	(21,759)	(20,994)
Direct vacancy costs	(2,071)	(1,941)
EPRA Cost (excluding vacancy cost) (B)	(19,688)	(19,053)
Gross Rental Income less ground rent costs-per IFRS ⁽⁴⁾	78,739	95,476
Net associated costs (net service charge) ⁽³⁾	(6,721)	(6,195)
Gross Rental Income (C)	72,018	89,281
EPRA COST RATIO (including direct vacancy costs) A/C	30.2%	23.5%
EPRA COST RATIO (excluding direct vacancy costs) B/C	27.3%	21.3%

Considering recurring expenses alone, the **EPRA Cost Ratio in 2021– including direct vacancy costs – would be 24.3%, while if we exclude those costs, this ratio would stand at 21.4%.**

The respective values for the year 2020 would be **15.7% including direct vacancy costs and 13.5% if such expenses are excluded.**

Note: According to the policy of Lar España the Company does not capitalize overheads or operating expenses.

(1) Maintenance costs are included.

(2) Fixed and variable management fees included.

(3) The sum of these two headings corresponds to the item “Other expenses” in point Consolidated Statement of Comprehensive Income (page 222).

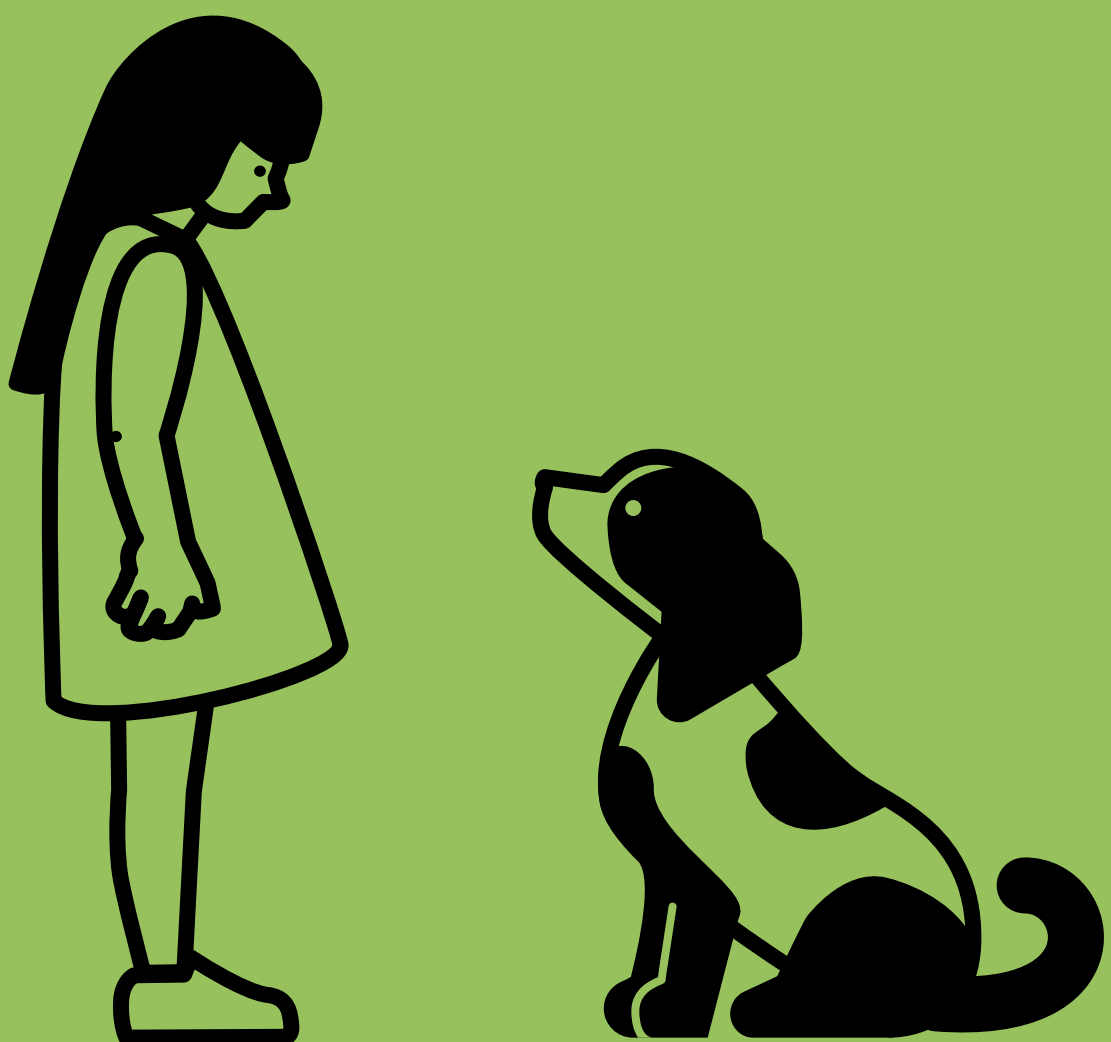
(4) It includes the item “Revenue” and the mall income, which is included in the item “Other income” in point Consolidated Statement of Comprehensive Income (page 222).



Annex

5.1 About this Annual Report 248	5.2 Materiality assessment 250	5.3 List of projects & social initiatives 253	5.4 Independent Review 258
5.5 GRI & EPRA sBPR Index 260	5.6 Glossary 270		

Lar España's 2021 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.



5.1 About this Annual Report

Scope of information

The information included in the **2021 Annual Report** refers to all the activities carried out by **Lar España Real Estate SOCIMI, S.A.**, and its subsidiaries “the Group”, from January 1, 2021 to December 31 of the same year.

The last report presented by Lar España corresponds to the period between January 1, 2020 and December 31 of that same year. The organization has not experienced any significant change in reporting scope that affects the information presented in this report.

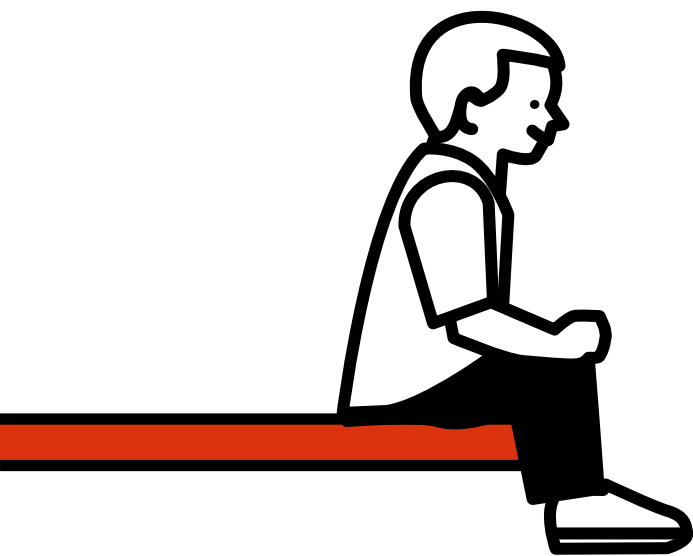
The information presented refers to **both the most relevant financial and non-financial performance of Lar España’s portfolio**. In addition, this report is based on other reports to more specifically

communicate certain matters, such as the **Group’s Consolidated Annual Accounts** for the year ended December 31, 2021, in this case, in order to reinforce the information in the economic field.

References and International standards for development

The contents of this report respond to the relevant issues identified by Lar España in 2021 based on the **materiality analysis** and have been prepared in accordance with the following principles and standards with a focus on transparency and reliability of the information that includes:

EPRA (European Public Real estate Association)	The guidelines established in the most updated version of the document on “Best Practices Recommendations” for companies in the real estate sector published by the Reporting & Accounting Committee; and the EPRA Sustainability guide published in 2017, for the inclusion of non-financial content.
Global Reporting Initiative (GRI)	The GRI Standards guidelines, essential option, and following the criteria and principles for defining the content and quality of the information in the report contemplated in this guide.
International Integrated Reporting Framework (IIRC)	In its updated version in 2021, with the integration of the strategic approach and future orientation, information connectivity, responsiveness to stakeholders, materiality, conciseness, reliability, exhaustiveness, consistency and comparability.



The purpose has been to cover the basic material aspects that were determined through the materiality analysis carried out by Lar España, which took into account the relevance by subject and main interest groups, reporting at least one indicator of the aspects considered relevant to Lar España.

The presentation of the organization's performance in 2021 has required the application of the following principles, following the guidelines set by the GRI Standards version, for the preparation of sustainability reports:

- Principles to determine the **content of the report**: participation of interest groups, context of sustainability and exhaustiveness.
- Principles to determine the **quality of the report**: balance, comparability, precision, periodicity, clarity and reliability.

Independent review

The **information related to sustainability** contained in this Annual Report has been externally reviewed by a third party with a limited review scope and using the GRI Sustainability Reporting Standards (GRI Standards) guide as a reference. This guide, which includes a set of principles and indicators, can be found in the annex to this report.

Contact information

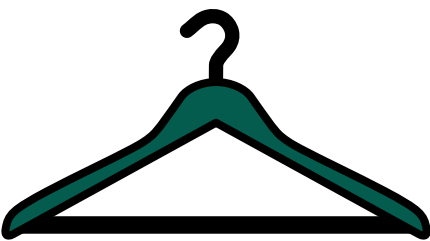
People who wish to request additional information about this 2021 Annual Report, as well as about the information contained therein, can direct their queries to the following contact addresses:

- **General Communication and Contact Channels**
Consultation, questions, comments or request of information
info@larespana.com
+34 91 436 04 37
larespana.com/contacto
- **Press**
Press office, information on news and activities of Lar España
prensa@larespana.com
+34 91 436 04 37
larespana.com/prensa
- **Information for Shareholders and Investors**
info@larespana.com
+34 91 436 04 37

5.2
Materiality assessment

Methodological development

Lar España’s 2021 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.



As of 2021, Lar España carried out its materiality analysis, after the one carried out in 2016, to identify the most relevant ESG (environmental, social and corporate governance) issues for the company. The prioritization has been carried out taking into account two perspectives:

- **Internal**, identifying the impact of issues on the company’s sustainable performance. Internal consultations have been made to different employees of the company;
- **External**, which allows Lar España to know the relevance of the issues based on the expectations of its stakeholders and the context, as well as the trends that may affect its activity, non-financial reporting requirements and ESG analyst requirements. More specifically, the company has analyzed:

Reference prescribers

ESG risks identified by the World Economic Forum (WEF)	Macro trends and disruptions from the World Business Council for Sustainable Development (WBCSD)	The United Nations 2030 Agenda
--	--	--------------------------------

Reporting frameworks

Global Reporting Initiative (GRI)	Law 11/2018 on non-financial information and diversity	EPRA	SASB	WEF metrics and disclosure
-----------------------------------	--	------	------	----------------------------

Companies analysts of ESG issues

S&P	MSCI	GRESB
-----	------	-------

List of relevant issues

As a result of the analysis, **20 relevant** ESG issues have been obtained:

Environmental issues (E)

- Energy efficiency and carbon emissions.
- Climate change risk and opportunity management.
- Water management.
- Sustainable use of resources.
- Circular economy.
- Atmospheric and noise pollution.

Social issues (S)

- Talent management.
- Human rights.
- Employee safety and welfare.
- Stakeholder relationship model.
- Diversity and equal opportunities.
- Customer/User Experience.
- Sustainable supply chain.

Corporate governance and ethics issues (G)

- Good Corporate Governance.
- Ethics and compliance.
- Sustainable and responsible investment.
- ESG risk management.
- Innovation and new technologies.
- ESG reporting.
- Cybersecurity and information protection.



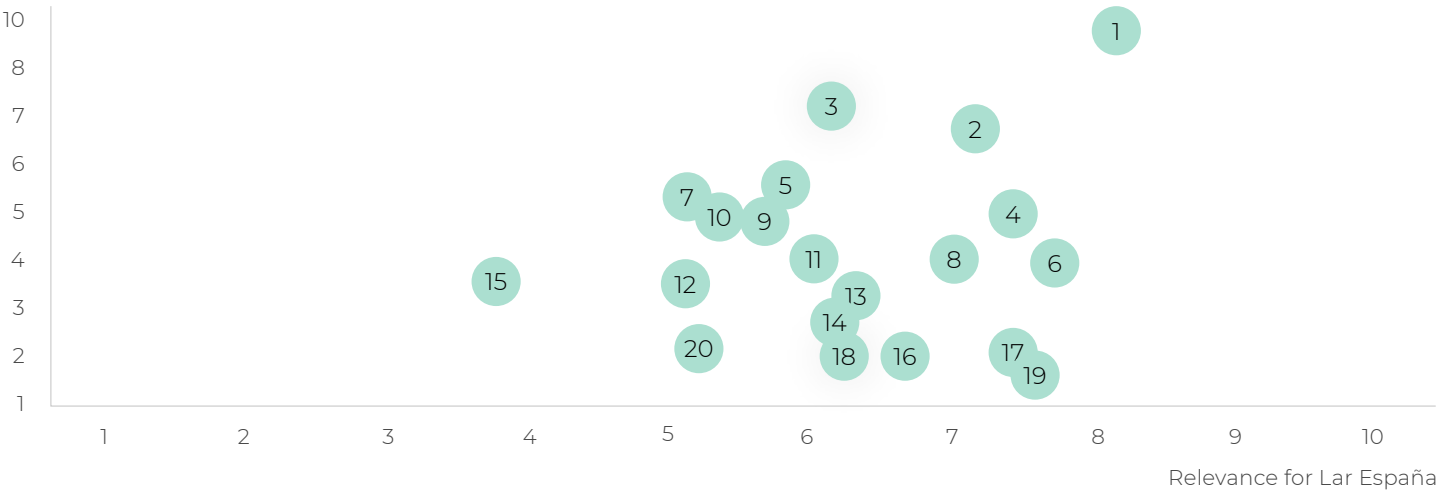
Materiality matrix

The analysis has made it possible to prioritize these 20 issues, giving them a score on a scale of 1 to 10, taking into account the internal and external

perspectives. This will allow the company to **focus on those issues that are most relevant** to Lar España and its stakeholders:

Materiality matrix

Relevance for our stakeholders



- | | | | |
|--|--------------------------------|---|---|
| 1 Energy efficiency and carbon emissions | 6 Water management | 11 Stakeholder relationship model | 16 Innovation and new technologies |
| 2 Good Corporate Governance | 7 Employee safety and welfare | 12 Diversity and equal opportunities | 17 Customer/User Experience |
| 3 Climate change risk and opportunity management | 8 Sustainable use of resources | 13 Sustainable and responsible investment | 18 Atmospheric and noise pollution |
| 4 Ethics and compliance | 9 Human rights | 14 ESG risk management | 19 ESG reporting |
| 5 Talent management | 10 Circular economy | 15 Sustainable supply chain | 20 Cybersecurity and information protection |

The identified material issues are located to the right of the matrix, which indicates that all of them are highly relevant to the business.

Conclusions

As can be seen, issues related to **Good Governance**, Ethics and Compliance and Risk Management remain very relevant to the Company, although those related to **Environmental Management** such as Energy Efficiency, Climate Change, Water Management and the Circular Economy, have become particularly relevant.

In relation to these issues, and as reflected in this report, the Company is working on various initiatives, in addition to carrying out continuous monitoring of indicators related to Environmental Management.

In addition, **social issues** are becoming increasingly important (3 of them among the 10 most relevant to Lar España). Social taxonomy is impacting the relevance of these issues to companies.

5.3

List of projects & social initiatives



ALBACENTER

Shopping Centre

Authorities and citizenship

- › Installation of a themed stand to celebrate the day of the working woman.
- › Concession of a €2 voucher to be redeemed at the Restoration and Flipa Jump establishments.
- › Award ceremony for the COPE Albacete Ecological Drawing Contest.
- › Assignment of the Activity room to give courses to groups of families to improve family well-being.
- › Collaboration with the Arca De Noé association to hold a charity market.
- › Creation of the Happy Center game space.

NGOs and foundations

- › Awareness campaign against childhood cancer in collaboration with Afanion.
- › Mass immunization campaign against polio.
- › Collection of Food for Pets “Dejando huella”.
- › Food collection together with Mercadona.
- › Collection of new toys in collaboration with the Red Cross.
- › Collaboration with the Youth Red Cross to promote the use of games and toys as an educational tool.
- › Collaboration with Lassus to promote the mental health of people suffering from depressive, anxiety or stress disorders.
- › Support for cancer research to identify therapeutic vulnerabilities in cancer.
- › Collaboration with WWF Spain to raise awareness in order to adopt measures against climate change.
- › Lunch with patients hospitalized in the Albacete Child and Adolescent Mental Health Unit.



ÀNEC BLAU

Shopping Centre

Authorities and citizenship

- › Gifts of purple handkerchiefs on the occasion of the celebration of March 8.
- › Raffle for books and a rose on the occasion of the day of Sant Jordi in Catalonia.
- › Sponsorship of the Olympic Channel during the summer months, where more than 1,400 children took part.
- › Celebration of the International Employee Day.
- › Celebration of the digital Advent Calendar.

NGOs and foundations

- › Collaboration with associations such as Salva una Huella.
- › Collaboration with different NGOs and social entities for dissemination and recruitment tasks: Red Cross, Josep Carreras Foundation, Enriqueta Villavechia Foundation, Aladina Foundation, Cris Foundation against cancer and Asdent.
- › “Ningún niño sin juguete” campaign.



AS TERMAS
Shopping Centre

Authorities and citizenship

- › Drawing contest with more than 60 schools from all over the province presented and 1,205 drawings with environmental themes.
- › Development of the “Hola Familia” Campaign.

NGOs and foundations

- › Contest called “As Termas Suma” in which any NGO or non-profit association could present their project.
- › Solidarity action to collect new toys with the collaboration of the Red Cross.



EL ROSAL
Shopping Centre

Authorities and citizenship

- › Blood donation campaigns.
- › International Day of Families celebration.
- › Voluntary and free screening for all employees.
- › Workshops on health awareness of various kinds.
- › Breastfeeding week celebration.
- › Collaboration with the Ponferrada City Council: “Against Unwanted Loneliness” photography contest.
- › Installation of the Artisan Nativity Scene.
- › Cession of spaces to local artists for exhibitions.

NGOs and foundations

- › Celebration of the International Spinal Cord Injury Day together with the ASPAYM association.
- › Collaboration with the Red Cross in its toy collection campaign.
- › During the year solidarity points from El Rosal are given to NGOs to carry out their campaigns to attract members, disseminate activities, etc.





GRAN VIA
Shopping Centre

Administrations and citizenship

- › Family and solidarity action of children's mask contest.
- › Relaunch "masks for smiles".
- › Contests in which recycled materials are used.
- › Screening of antigen tests for COVID-19 organized by SERGAS (Galician Health Service).
- › Support for the restaurant sector affected by restrictions in the pandemic.
- › Celebration of the Christmas lighting with members of the Down Vigo Association.

NGOs and foundations

- › Solidarity counter for three local animal protectors: Vigo Animal and Plant Protector, Aloia Protector and Os Biosbardos.
- › Minichefs solidarity contest.
- › Charity initiative "Vuelta al Cole solidaria" in collaboration with the Carrefour Solidarity Foundation and the Spanish Red Cross.
- › Assignment of solidarity space for different NGOs or Associations.
- › Solidarity collection of toys in collaboration with the Stop Association. 2,300 toys were collected.



LAGOH
Shopping Centre

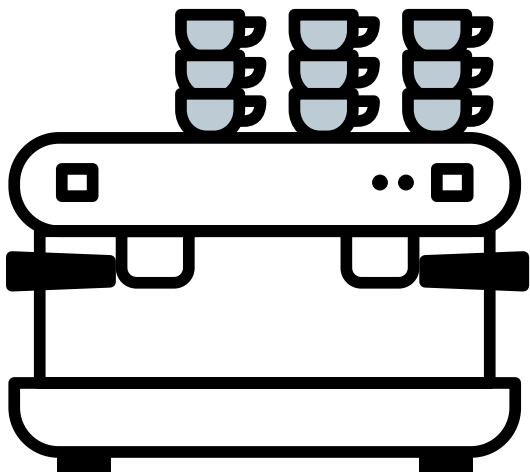
Administrations and citizenship

- › Launch of the new advice and sales channel service via WhatsApp.
- › Exhibition of a sample of Playmobil customized around the brotherhood world and a Draw in restoration.
- › Collaboration with Kampaoh to carry out activities around Christmas.
- › Daily advent calendar giveaway on social networks.
- › Communication campaign to promote the new car park.

NGOs and foundations

- › Some of the associations which Lagoh has collaborated with: Red Cross, AMAMA, Ictus Comunica, Doctors of the World, UNHCR, Plan International, Doctors Without Borders, Action Against Hunger.





PORTAL DE LA MARINA
Shopping Centre

Authorities and citizenship

- › Exhibitions of works by artists from the area, using the windows of empty premises.
- › Campaign “Ho tornarem a fer – We will do it again”, focused on generating links with society.
- › Blood donation campaign in which movie tickets were given to each volunteer and different prizes.
- › Enabling area for recycling.

NGOs and foundations

- › Informative campaign of the free service that Portal de la Marina offers to all associations and NGOs in the area.
- › Collaboration with associations and NGOs throughout the year, giving them free solidarity space: UNHCR, Red Cross, Aldea Felina, Help Denia, Tronquet 71, WWF, AECC Josep Carreras, Aprop.
- › Collection of solidarity games of board games and drawings for schools in Morocco.
- › Pet Friendly enabling all the necessary services so that animals can access the shopping center.



PARQUE ABADÍA
Retail Park

Authorities and citizenship

- › Solidarity race to benefit the “Niemann Pick” foundation.
- › Sponsorship online awards.
- › Sponsorship of benefit concert in favor of AFANION.
- › Institutional event 10th Anniversary of opening.
- › OMIC Consumer Arbitration Campaign with the Toledo City Council.
- › Presentation of the Toledo Soccer Team.

NGOs and foundations

- › “Mucho por vivir” campaign with AECC on the occasion of the day against breast cancer.
- › Information stand for sponsorship campaign with UNHCR.
- › Information stand for the campaign to attract members of the Red Cross.
- › Solidarity collection of children’s material with REDMADRE.
- › Solidarity sale of calendars from the DOWN Toledo Association.
- › Exhibition of 50 years of AECC.



VIDANOVA PARC
Retail Park

Administrations and citizenship

- › Support to Decathlon for the event of one of the local teams “Spartans Scooter Diverse”.
- › Collaboration with the Morvedre Handball Club.

NGOs and foundations

- › Support for the Spanish KGB Syndrome Association.
- › Awareness with the fight against breast cancer through social networks.



MEGAPARK
Retail Park

Administrations and citizenship

- › Hiring of local artist Markel Urrutia (Smoke Signals) for work in the center.
- › Sponsorship for youth regatta celebration.
- › Delivery of gifts for the Christmas party at the Cruces Hospital pediatric ward.

NGOs and foundations

- › Installation of a container for collecting clothing and accessories for subsequent management by the NGO.
- › Collection container for toys and school supplies for Cáritas Bizkaia.



LAS HUERTAS
Shopping Centre

Administrations and citizenship

- › Awareness campaigns on the sustainable use of water and various raffles.
- › “Para reciclar, separar por colores” Campaign to promote proper recycling.



TXINGUDI
Shopping Centre

NGOs and foundations

- › Collaboration with the Red Cross to raise money for the Food Bank.

5.4
Independent Review



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28003 Madrid

Tel: 915 727 200
Fax: 915 727 238
ey.com

INDEPENDENT REVIEW REPORT OF SUSTAINABILITY INDICATORS INCLUDED IN
LAR ESPAÑA REAL ESTATE SOCIMI S.A. ANNUAL REPORT 2021

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

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 2021 "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 review.

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 include 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.

Alberto Castilla Vida
Socio
Madrid, April 26th 2022



Retail Park
Megapark (Bilbao)

5.5
GRI & EPRA sBPR Index

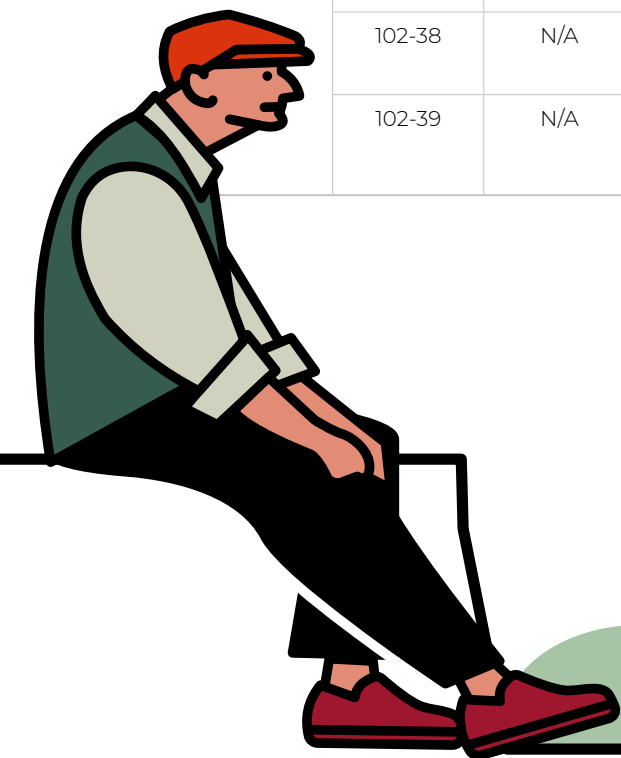
It is important to note that all EPRA indicators related to ESG/Sustainability included in this report have been verified by an independent

external. The Independent Review Report is included in Annex 5.4.

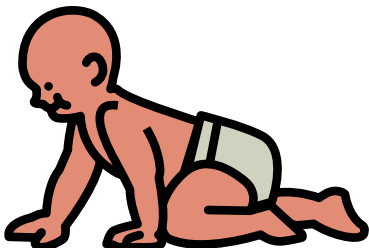
Category	GRI	EPRA sBPR	Indicator	Page/Comments
General disclosures				
Organisational Profile	102-1	N/A	Name of the organisation	248
	102-2	N/A	Activities, brands, products, and services	36-37
	102-3	N/A	Location of the organisation's headquarters	273
	102-4	N/A	Location of operations	164
	102-5	N/A	Ownership and legal form	20-21
	102-6	N/A	Markets served	20, 54-56
	102-7	N/A	Scale of the organisation	36-37; 87
	102-8	N/A	Information on employees and other workers	22-26, 41, 90-96
	102-9	N/A	Description of the organisation's supply chain	119
	102-10	N/A	Significant changes to the organization and its supply chain	119
	102-11	N/A	Precautionary principle or approach	98-102
	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	28-32, 76
	102-13	N/A	Membership of associations	28-32, 253-257
Strategy	102-14	N/A	Statement from senior decision-makers	4-7
	102-15	N/A	Key impacts, risks, and opportunities	48, 98-102
Ethic and integrity	102-16	N/A	Values, principles, standards, and norms of behaviour	103-105
	102-17	N/A	Mechanisms for advice and concerns about ethics	104

Category	GRI	EPRA sBPR	Indicator	Page/Comments
General disclosures				
Governance	102-18	N/A	Description of the organisation's governance structure	80-96
	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	81
	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	81, 75
	102-21	N/A	Description of the processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics	107-111
	102-22	Gov-Board	Composition of the highest governance body and its committees	86, 90, 95-96
	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
	102-24	Gov-Selec	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	92, 93
	102-25	Gov-Col	Description of the processes for the highest governance body to ensure conflicts of interest are avoided and managed	103-105, 180-181
	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	80, 86
	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	85, 92-94
	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	94

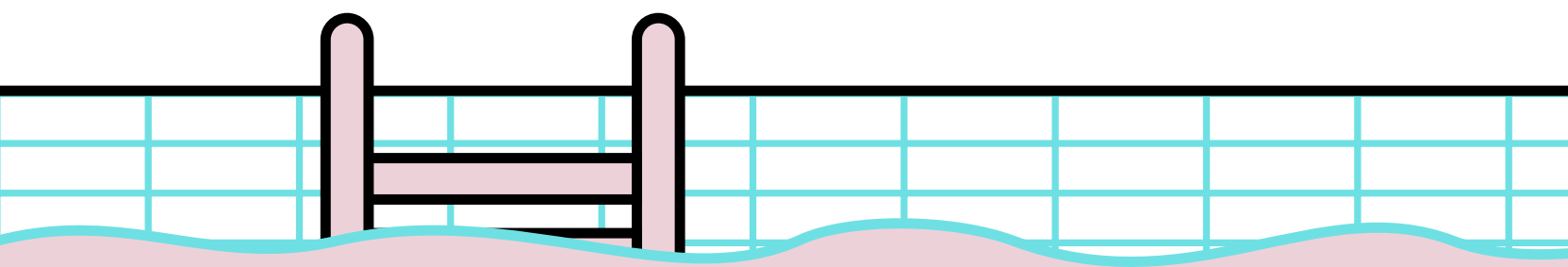
Category	GRI	EPRA sBPR	Indicator	Page/Comments
General disclosures				
Governance	102-29	N/A	Description of the highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities Indication as to the highest governance body's role in the implementation of due diligence processes	80, 98-102
	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	80, 82-84, 98-102
	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	103-104
	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	84, 93
	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	93-94
	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	122
	102-38	N/A	Annual total compensation ratio	N/A
	102-39	N/A	Percentage increase in annual total compensation ratio	N/A



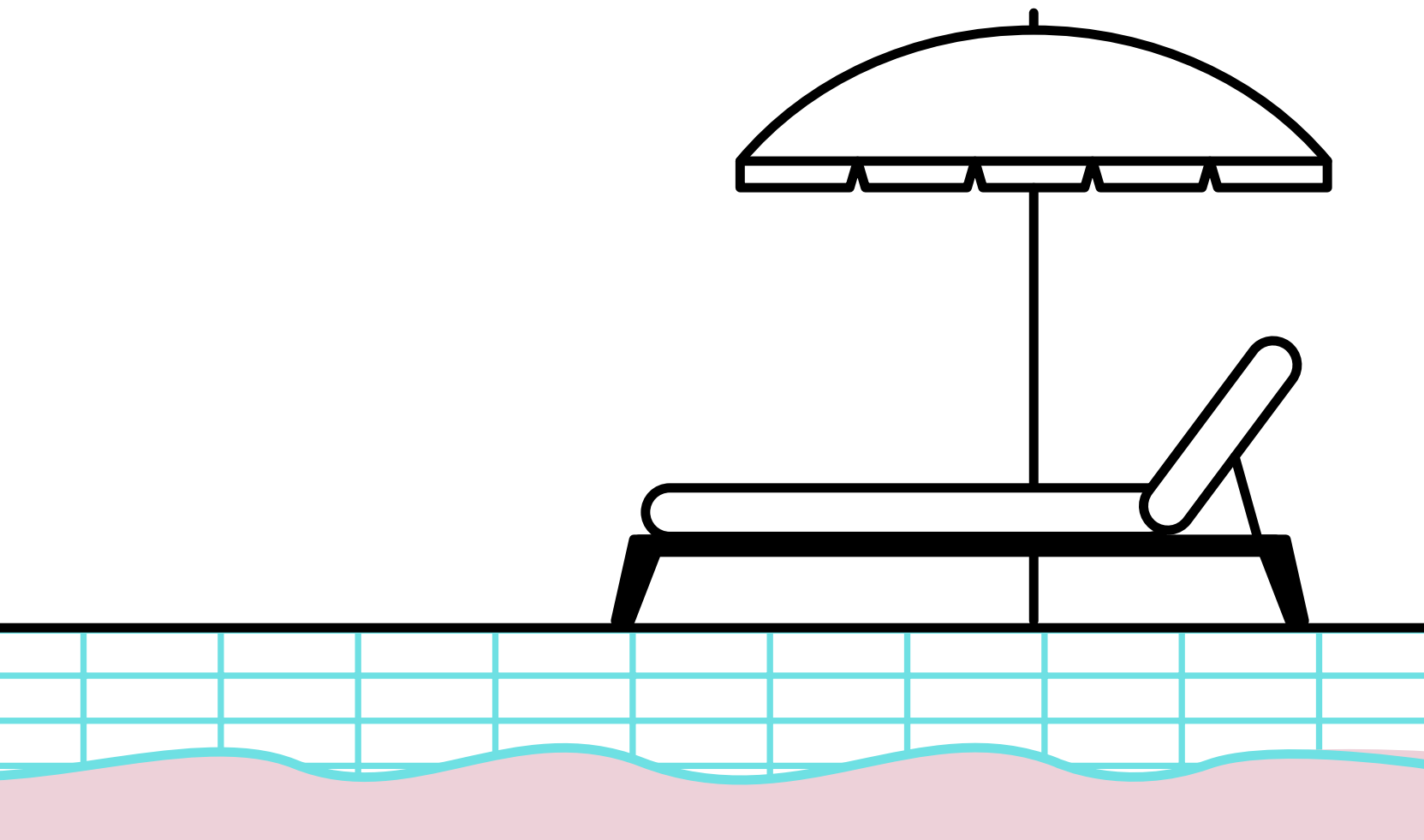
Category	GRI	EPRA sBPR	Indicator	Page/Comments
General disclosures				
Stakeholder engagement	102-40	N/A	A list of stakeholder groups engaged by the organisation	108
	102-41	N/A	Percentage of total employees covered by collective bargaining agreements	100%
	102-42	N/A	The basis for identification and selection of stakeholders with whom to engage	107-108
	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	108-111
	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	108-111
Reporting practice	102-45	N/A	Entities included in the consolidated financial statements	36-37
	102-46	N/A	Definition of report content and topic boundaries	248
	102-47	N/A	List of material topics	251
	102-48	N/A	Restatements of information	248
	102-49	N/A	Changes in reporting	N/A
	102-50	N/A	Reporting period (e.g., the fiscal or calendar year)	248
	102-51	N/A	Date of most recent report, if applicable	April 2021
	102-52	N/A	Reporting cycle (annual, biennial, etc.)	Annual
	102-53	N/A	The contact point for questions regarding the report or its contents.	249
	102-54	N/A	Claims of reporting in accordance with the GRI Standards	248
	102-55	N/A	GRI content index	260-266
	102-56	N/A	External assurance	258



Category		GRI	EPRA sBPR	Indicator	Page/Comments
Specific disclosures					
Economic Performance	Economic performance	201-1	N/A	Direct economic value generated and distributed	119, 220-223
	Indirect economic impacts	203-1	N/A	Development and impact of infrastructure investments and services supported	218-226
Environment	Energy	301-1	N/A	Materials used by weight and volume.	156
		302-1	Elec-Abs	Energy consumption within the organisation.	138, 143, 144
		302-1	Elec- Abs	Total electricity consumption.	138, 143, 144
		302-1	Elec-LfL	Like-for-like total electricity consumption.	139, 144
		302-1	DH&C-Abs	Total district heating & cooling consumption.	140, 144
		302-1	DH&C-LfL	Like-for-like total district heating & cooling consumption.	140, 144
		302-1	Fuels-Abs	Total fuel consumption.	143, 144
		302-1	Fuels-LfL	Like-for-like total fuel consumption.	143, 144
		302-3	Energy-Int	Energy intensity.	143, 144
		302-5	N/A	Reducing the energy needs of products and services.	156
		303-2	N/A	Management of impacts related to water discharges.	148
		303-4	N/A	Reduced energy usage.	145
		303-5	N/A	Reductions in energy requirements of products and services.	145
		CRE1	Energy-Int	Building energy intensity.	144
	Water	303-1	Water-Abs	Total volume of water withdrawn by source	148
		303-1	Water-LfL	Like for like total water consumption	148
		CRE2	Water-Int	Building water intensity	148

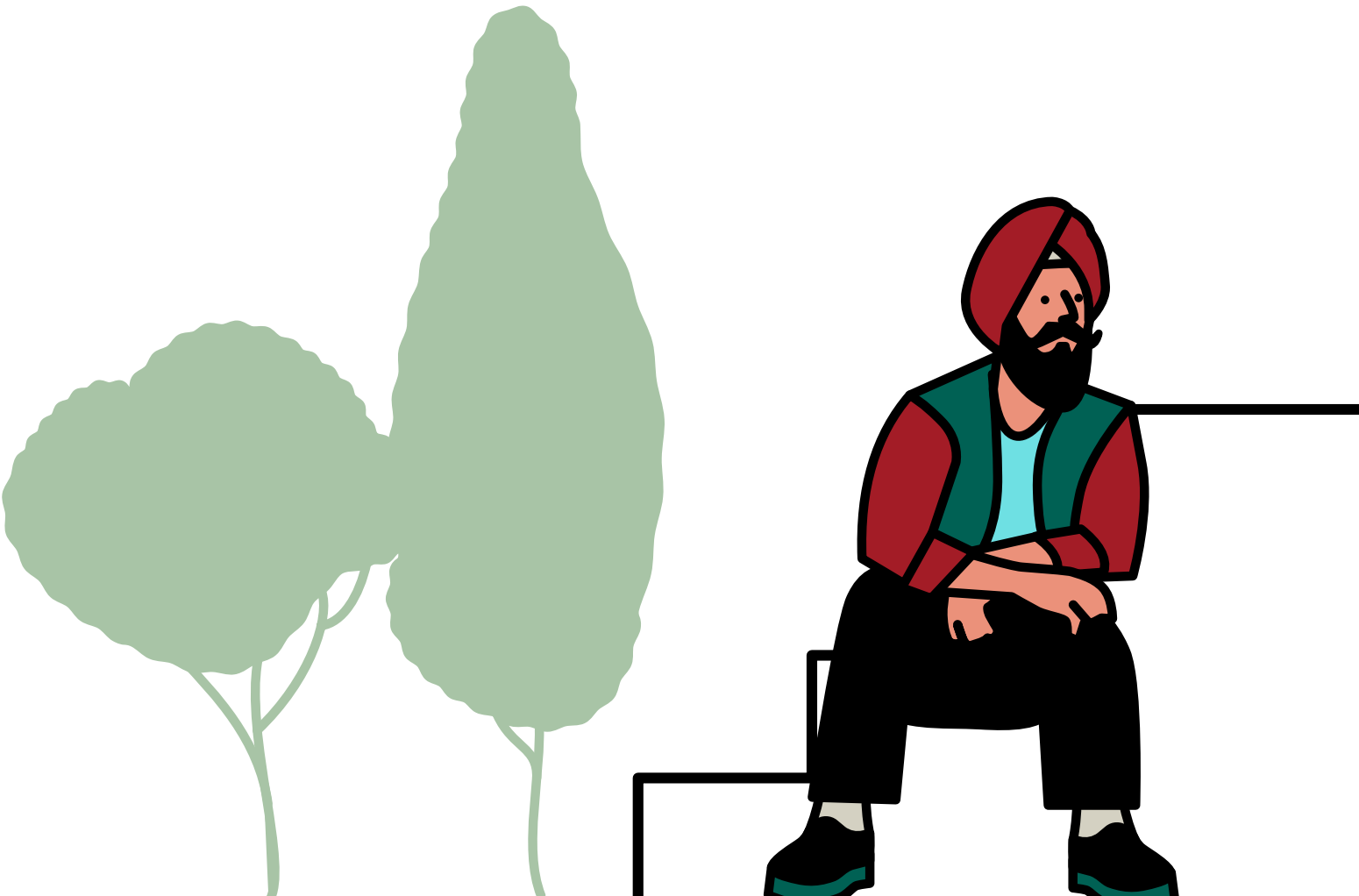


Category		GRI	EPRA sBPR	Indicator	Page/Comments
Specific disclosures					
Environment	Emissions	305-1	GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions (Scope 1)	146
			GHG-Dir-LfL	Like-for-like total direct greenhouse gas (GHG) emissions	146
		305-2	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (Scope 2) (generated off site during combustion of the energy source)	146
		CRE3	GHG-Indir-LfL/GHG-Int	Like-for-like total indirect greenhouse gas (GHG) emissions	146
		305-4	GHG-Int	Greenhouse gas (GHG) emissions intensity	146
		305-5	N/A	Reduction of greenhouse gas (GHG) emissions	145
	Discharges and waste	306-2	Waste-Abs	Total weight of waste by type and disposal method	147
			Waste-LfL	Like-for-like total weight of waste by disposal route	147
	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 2021



Category			GRI	EPRA sBPR	Indicator	Page/Comments
Specific disclosures						
Social performance	Labour practices and decent work	Occupational health and safety	403-1	N/A	Workers representation in formal joint management-worker health and safety committees.	23-26, 75
			403-2	H&S-Emp	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities.	26
			416-1	H&S-Asset	Assessment of the health and safety impacts of product or service categories.	10, 26, 70, 115, 131
			416-2	H&S-Comp	Cases of non-compliance relating to health and safety impacts of product and service categories.	26
		Training and education	404-1	Emp-Training	Average hours of training per year per employee by gender, and by employee category.	26
			404-2	N/A	Programmes for upgrading employee skills and transition assistance programs.	92
			404-3	Emp-Dev	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	26
			401-1	Emp-Turnover	New employee recruitment and staff turnover.	26

Category			GRI	EPRA sBPR	Indicator	Page/Comments
Specific disclosures						
Social performance	Society	Diversity and equal opportunities	405-1	Diversity-Emp	Diversity of governance bodies and employees.	26, 90
			405-2	Diversity-Pay	Remuneration ratio of men to women.	26, 93
		Local	413-1	Comty-Eng	Percentage of operations with implemented local community engagement, impact assessments and development programmes.	126
		Anti-corruption	205-2	N/A	Communication and training on anticorruption policies and procedures.	103-105
			205-3	N/A	Confirmed incidents of corruption and actions taken.	No incidents of corruption were confirmed in 2021
		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 2021



Category			GRI	EPRA sBPR	Indicator	Page/Comments
Sectorial disclosures						
Environmental performance	Energy		CRE1	Energy-Int	Building energy intensity	150
	Water		CRE2	Water-Int	Building water intensity	150
	Emissions		CRE3	GHG-Int	Greenhouse gas emissions intensity from buildings	150
			CRE4	N/A	Greenhouse gas emissions intensity from new construction and redevelopment activity	150
	Land degradation, contamination 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
Social performance	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
	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	35, 135-137



5.6
Glossary

EBT Earnings Before Tax.	EPRA Net Tangible Assets Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
EBIT Earnings Before Interest and 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).
EBITDA Earnings Before Interest, Tax, Depreciation and Amortisation.	EPRA Vacancy Rate Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.
Net profit/(loss) Profit/(Loss) for the period after tax.	EPRA Cost Ratio Administrative & operating costs (including direct vacancy costs) divided by gross rental income.
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.	EPRA Cost Ratio (excluding direct vacancy costs) Administrative & operating costs (excluding direct vacancy costs) divided by gross rental income.
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.	GAV Gross Asset Value.
Liquidity ratio The Company’s capacity to meet its obligations with liquid assets, calculated as the ratio between the Company’s current assets and current liabilities.	GLA Gross Leasable Area in sqm.
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.	WAULT Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from reporting date, until the first break option, weighted by the gross rent of each individual lease contract.
EPRA European Public Real Estate Association.	Net LTV (Loan to Value) Ratio that measures the total amount of outstanding principal, discounted available cash, against the value of the assets.
EPRA Earnings Earnings from operational activities.	Dividend Yield Profitability by dividend, that shows, in percentage, the shareholder performance by the dividends. Result of Dividend/ Average quarterly EPRA NAV of the last four quarters of the year.
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.	Gross Annualised Rent Gross annual investment return excluding temporary rental discounts or rent-free periods.
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.	Average maturity period (years) Represents the average maturity term of the company’s debt.
EPRA Net Reinstatement Value Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	Reversionary Yield Yield calculated as the ratio between the rental income that would be obtained 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.

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.

Shareholder Rate of Return

Return generated for the shareholders as the sum of the annual EPRA NAV/NTA variation and the dividends distributed divided by the company's year-end EPRA NAV/NTA value.

Prime rent

The highest basic rents in the best properties in various areas.

DH&C-Abs

Total district heating and cooling consumption.

DH&C-LfL

Like for like total district heating and cooling consumption.

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
Total water consumption.

Water-LfL
Like for like water consumption.

Water-Int
Water consumption intensity.

Cert-Tot
Total number of certificates.

Diversity-Emp
Employees diversity.

Diversity-Pay
Remuneration ratio of men to women.

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.

Comty-Eng
Holding of social events in assets

Gov-Board
Composition of the highest governance body and its committees.

Gov-Selec
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.

Gov-Col
Description of the processes for the highest governance body to ensure conflicts of interest are avoided and managed..

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