

1

Lar España: Our business

| | | |
|---|--|--|
| 1.1 Main milestones 13 | 1.5 Corporate strategy and positioning 32 | 1.9 Contribution to SDGs 62 |
| 1.2 Key figures 2022 20 | 1.6 Grupo Lar, Lar España's manager 46 | 1.10 Transformation: digital culture and innovation 69 |
| 1.3 Business model and value creation 23 | 1.7 Materiality assessment 57 | |
| 1.4 Company chart 31.12.2022 30 | 1.8 Market context and trends 61 | |

2

ESG (Environmental, Social and Governance)

2.1 Responsible business (G)

95

2.1.1
Corporate
governance
95

2.1.2
Governing bodies
97

2.1.3
Internal rules on
governance
118

2.1.4
Corporate policies
120

2.1.5
Risk and opportunity
management
125

2.1.6
Business ethics
and compliance
136

2.1.7
Code of conduct
137

2.1.8
Whistleblowing
channel
138

2.1.9
Money Laundering
and Crime prevention
139

2.2 Contribution to social development (S)

141

2.2.1
Stakeholders
141

2.2.2
Customer
orientation
146

2.2.3
Supplier
relations
154

2.2.4
Investor
relations
156

2.2.5
Contribution
to local development
160

2.2.6
Accessibility
161

2.2.7
Social action
162

2.2.8
List of projects
and social initiatives
165

2.3 Environmental management (E)

168

2.3.1
Lines of action
168

2.3.2
Asset quality
174

2.3.3
Performance
assessment
180

2.3.4
Energy efficiency
185

2.3.5
Response to
climate change and
decarbonisation
192

2.3.6
Circular economy
194

2.3.7
Responsible
water usage
196

2.3.8
Analysis of results
197

2.3.9
Protection
of biodiversity
206

3

Portfolio

3.1
Portfolio
description
213

3.2
Real Estate
valuation
229

3.3
Additional
information
240



4

Financial and EPRA information

4.1
ICFR
262

4.2
Financial
information
270

4.3
EPRA
information
288

5

Annex

5.1
About this
Annual Report
301

5.2
TCFD Climate Risk
Assessment
303

5.3
List of projects and
social initiatives
309

5.4
Independent
review
326

5.5
GRI & EPRA
sBPR Index
330

5.6
Glossary
340

Letter from the Chairman

Mr. José Luis del Valle

Chairman

Dear shareholders,

Over the past few years, we have all faced tough and complex challenges. Even today, the outlook remains uncertain. Nevertheless, in 2022, Lar España put in a **strong business and financial performance**.

Our SOCIMI – a real estate investment trust registered in Spain – delivered **record revenue and earnings**. Our balance sheet and asset values held steady, and, yet again this year, we were **at the forefront in sustainability and governance**.

Our decision-making addressed the interests of shareholders, as well as the needs of operators and preferences of end customers. By bringing together and successfully responding to these three sources of concern, we drove forward the most **distinctive and profitable retail model** in the Spanish retail property industry.

Over the two years of the pandemic, throughout the ensuing uncertainty created by the world geopolitical crisis, and despite the spike in inflation and the slowdown in growth in many Western economies, we can be proud to say that our Company went from strength to strength. Even in these difficult times, the **total revenue** of Lar España in 2022 **rose by close to 6%** year-on-year to **83.6 million Euros**.

Over the past financial year, Lar España increased total revenue considerably: through its more than 1,000 operators with leased surface areas, for the first time ever we topped **1 billion Euros in reported sales – a 13.9% increase** – with an average effort rate of just 9.2%, one of the lowest in the market.



These figures show that we are successfully optimising our partnership with our tenants. By strengthening a mutually beneficial relationship between the parties, we ensure that over the long term we will receive recurring revenue, create opportunities to grow our revenue, and make sure that our leased premises are **fully occupied** year after year.

Regularity in revenue, financial stability and the **loyalty of leading retail brands** enable us to maintain our occupancy rate and even open up new surfaces at our 14 shopping centres and retail parks. This explains why the appraised value of our properties, as determined by an independent valuer, **rose 3.5%** in 2022 to **1,473 million Euros**.

Our revenue is going up, our tenants are making more sales, and end customers keep coming back: we had **more than 80 million visits over the year**. Independent valuers recognise sound management when they see it. And I think we can be proud of our performance in 2022.

There were also several other major improvements in our earnings in 2022. For instance, our SOCIMI almost **doubled** its EBIT from 49.4 million Euros in 2021 to **92.6 million Euros** in 2022. Our **EBITDA grew 18.4% to 60.0 million Euros**. Finally, and crucially, **profit for 2022 came to 72.9 million Euros, almost triple the previous year's figure**.

All this good news in the space of only 12 months didn't happen by mere chance. In my view, this strong performance shows that our people kept a tight focus on achieving three strategic goals.

- First, we made sure we kept in touch at all times with **end-customers' real needs**, so that we could provide them with the best response and the best experience every day at each of our 14 properties. Getting things right means adapting to the specific features of each catchment area. Technological innovation has become an invaluable tool in this respect.
- Secondly, and in the past three years especially, we have **strengthened our ties with our tenants, who are now more than 1,000**. We have proved able to find common ground with our operators and continuously improve our agreements with them. We are close and trusted partners of the leading Spanish and international retail brands, who often choose

one of our assets to open their flagship store or sometimes even their only retail presence in Spain.

- Thirdly, forming these alliances and leveraging **technological innovation** requires us to ensure that our financial position remains rock solid. We successfully reached several milestones in our journey of financial optimisation in 2022 and the early months of 2023. For one thing, we were a step ahead of market turbulence. In the second half of 2021, we successfully **issued several unsecured senior 'green' bonds** with maturities up to 2028 in a total amount of 700 million Euros, at fixed rates around 1.8%. By being proactive, we avoided the higher borrowing costs incurred by issuers who tapped the market in 2022, when interest rates spiked in the second half. At the same time, our **liquidity levels reassured the market that we were handling our cash prudently and with an eye on timing**.

By bringing forward our refinancing drive to late 2021, by 2023 we were able to **use our comfortable cash position to pay down a considerable part of our two bond issues**, especially the one with the earlier maturity (in 2026). By 16 January 2023, we had **redeemed a nominal amount of 110 million Euros**. The move was warmly received in the market. We bought back the bonds at an 18% discount and redeemed them at a total final price of 90.5 million Euros, paid fully with the Company's own cash. This enabled us to lower **net indebtedness to little more than 37%**. **Fitch affirmed our investment-grade rating of BBB with a stable outlook**. In

addition, we made an **extraordinary gain of close to 20 million Euros** that will feed through to earnings for the first quarter of the current financial year.

Reinforcing **transparency and good governance** at our property investment vehicle (Spanish 'SOCIMI') has been one of our corporate hallmarks from the outset. Over the past 12 months, we further **enhanced the quality and closeness of communication with our stakeholders** and lent visibility to the strengths of a retail model we believe is the most secure, innovative and resilient, which enables us to adapt to changes in the market as they emerge. Since the Company was founded in 2014, it has always been clear to us that **our environmental, social and governance (ESG) strategy is a key driver of our business** and a critical tool in earning recognition from shareholders, investors, customers and national and international government bodies.

From the outset, we set ourselves the goal of rising to the most stringent ESG standards in the market. Today, nine years later, we are one of only a handful of Spanish property companies to have **certified its entire portfolio under the BREEAM standard, the world's leading independent assessment of the environmental sustainability of buildings**. We were also the **first listed property Company to receive the 'Reduzco' seal** from the Spanish Ministry for the Ecological Transition and the Demographic Challenge in **acknowledgement of our success in reducing our carbon emissions**. Over the past three years of assessment, in like-for-like terms we cut over 47% of our portfolio's direct emissions (fuel-burning) and indirect emissions (power usage – moreover, all the electricity we consume now comes from renewable sources).

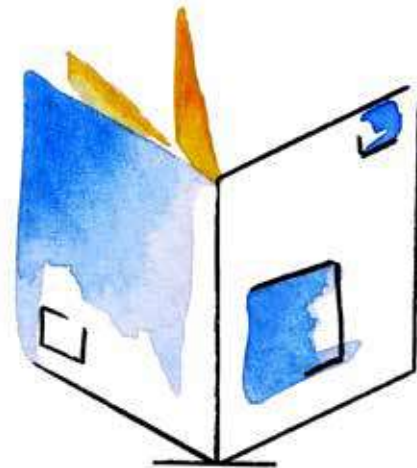
Our governance model follows the best practices identified in Spain and internationally.

We are compliant with practically all the recommendations of the code of good governance issued by the CMMV, the Spanish securities market regulator. On the key issues, what is more - such as the proportion of independent directors on the Board - we are compliant by an exceptionally wide margin. In 2015, we became a constituent of the **FTSE EPRA Nareit Global Real Estate Index Series**, designed to represent general trends in eligible real estate equities worldwide. Three years later, we achieved an **Ibex Top Dividendo** index listing. For **eight years running, we received the EPRA Gold Award** for the quality of our financial reporting to key stakeholders. And, in 2022, for the **fifth consecutive year, we earned the EPRA Gold Award for the quality of our ESG reporting**.

The forward strides achieved towards our goals and the substantial improvement in all of our profit or loss figures have prompted us to decide to lay before the shareholders of Lar España at the upcoming General Meeting a proposal to pay out a **dividend of EUR 0.60 per share**. If this proposal is approved, the total dividend payout will come to **50 million Euros. Return per share would thus be 14.2% of market capitalisation at year-end 2022**: one of the highest of our history as a property investment company and one of the highest across the entire market.

This is a further milestone on our Company's journey towards **increasingly ambitious goals and investor returns**. Despite the backdrop of continuing uncertainty, I believe we can be reasonably optimistic about the road ahead. Over the past few years, our shopping centres and retail parks have become stronger and more valuable. In the financial arena, we made the right

Our SOCIMI delivered **record revenue and earnings**, our balance sheet and asset values held steady, and, yet again this year, we were **at the forefront in sustainability and governance**.



decisions to **preserve cash, optimise funding and reduce debt**. We achieved **sustained growth of revenue and profit**, which in turn enables us to run an **attractive dividend policy**.

These are tough economic times, to be sure, yet the **strength and recurring nature of rental revenue and a comfortable effort rate** for our tenants incline us towards an optimistic view. The dominant position of our assets and the excellent performance of our external manager, Grupo Lar, in putting them to good use, further reinforce this sense of a bright future. Our robust financial position, moreover, provides the peace of mind we need.

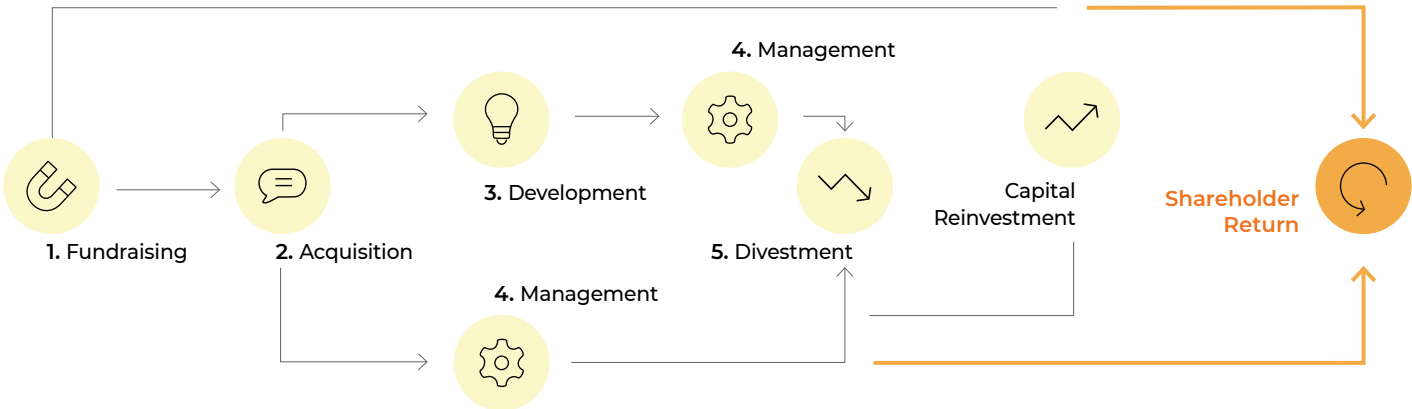
Over the medium term, we shall continue to follow the Company's founding principles: **optimise available resources** to maximise business growth, value creation and investor returns for our shareholders.

Again in 2022, our Company comfortably achieved its goals. I believe our strengths will prove to be up to the task of facing future challenges with success. Our business fundamentals are still sound. We continue to generate recurring revenue, which enables us to create value for our shareholders, our tenants and our millions of end customers. This is a business we know how to do well, and we'll try to get even better at it every day. Our customers, our employees and each one of you, our shareholders, deserve nothing less.

Thank you.

Mr. José Luis del Valle
Chairman
March, 2023

Quick view



Business model

At Lar España, we are aware that our business activity invests the Company with a key role in the community. We are accordingly committed to ensure that, while we generate strong investor returns, our operations and decisions also **contribute in an ethical, responsible and sustainable way and have a positive impact** on wider society.

We have set ourselves the goal of leading the retail property industry in terms of portfolio size, asset quality and management effectiveness. Our core activity has **two areas of focus**:

- **Tenants**: retailers who do business at Lar España assets.
- **Customers**: visitors to our shopping centres and retail parks.

Corporate governance

- Publication of the Annual Corporate Governance Report (ACGR).
- **New Action Plan 2023** to continue showing we are an industry benchmark for compliance and good governance.
- In 2022, we reviewed and updated our:
 - › Articles of Association.
 - › Crime Prevention Model.
 - › Model for the prevention of money laundering.
 - › Regulations of the Board of Directors and Board Committees.
 - › Internal Code of Conduct in the Securities Markets;
 - › Director Remuneration Policy.
 - › Third-Party cybersecurity model.

Ethics and compliance

- The rules are set out in our **Code of Conduct**.
- Oversight of the **Whistleblower Channel** by the Ethics Committee and the Audit and Control Committee
- Implementation of the **Crime Prevention and Anti-Money Laundering Model**.

ESG

- Publication of a progress report on compliance with the requirements set out on the terms of the unsecured senior ‘green’ bonds issued in 2021 for a total nominal amount of **700 million Euros**.
- Implementation of a remote measurement system to monitor the state of each asset.
- **Analysis of the consumption and emissions performance of each asset** with a more granular disclosure by type of consumption.
- Registration of our 2021 **carbon footprint** with the Ministry for the Ecological Transition and the Demographic Challenge (MITERD) for the fourth consecutive year with the obtaining the **“Reduzco” seal** (first listed real estate Company in Spain to achieve this distinction).
- Reinforcement of the **procedure for identifying sources and types of waste**.
- **Circular economy** partnership with Ecoembes.
- For the fifth consecutive year, participated in the **GRESB Real Estate Assessment** of ESG performance. The Company scored 85 points, **8% above average among peers**.
- Completion of certification under BREEAM →

- covering **100% of our portfolio**. Ratings in most cases reached **“Excellent”** and **“Very Good”**.
- Certification to **ISO 14001** and **ISO 45001**.
 - Increased use of **‘green’ clauses in tenancy agreements**. More than 10% of leases now include such clauses.
 - Further projects undertaken to enhance the **energy efficiency** of our assets, **indoor air quality** and **sustainable mobility**.

Risk and opportunity management

- The Company operates the following systems, policies and tools:
 - › An **Integrated Risk Management System** that mitigates the specific risks we face.
 - › A **Risk Control and Management Policy** that provides the components and activities involved in our risk management procedures.
- An updated **Risk Map**, that classifies identified risks into strategic, operational, financial and regulatory categories.
- In 2022, the Company began to assess climate risk in accordance with the international standards set by the **Task Force on Climate-related Financial Disclosures (TCFD)**.

Innovation milestones

The Company’s innovation actions focus on **three key categories** that address the specific features of Lar España’s assets:

- | | | |
|----------------------------|---|--------------------------------|
| 1. Responsible business | 2. Contribution to local development | 3. Environmental management |
|----------------------------|---|--------------------------------|

Key initiatives include:

- **Click & Shop**.
- **Lar Conecta**.
- Communication using **Whatsapp**.
- **Indoor air quality improvement** project at shopping centres.
- **Seeketing**.



Support for SDGs

Lar España continues to support the **2030 Agenda** by implementing an effective action plan.

2022 results

- Portfolio value: **1,473 million Euros** → **+3.5%** vs. 2021
- **80.5 million visits** → **+8.1%** vs. 2021
- Reported sales of **1,051 million Euros** → **+13.9%** vs. 2021
- **Activity recovered** → Reported sales: **+11% vs. 2019**
- Revenues: **84 million Euros** → **+6%** vs. 2021
- Profit for the year: **73 million Euros** → **almost triple** the 2021 figure
- **BBB credit rating**
- Paid out **50 million Euros** in dividends, or **EUR 0.60 per share** → **+67%** vs. 2021 and one of the highest dividends in our history.

Outlook

- 2023 **bond buyback** for a total amount of 110 million Euros at a discount of 18% → **Profit of close to 20 million Euros** for 2023
- Retain position as **leading SOCIMI Company in the retail sector**.
- Continue to offer **high returns** to shareholders.
- Continue to undertake and successfully **complete ESG projects**: carbon footprint and decarbonisation plan, energy efficiency, renewable energy sources, waste management, universal accessibility, and more.

Lar España: Our business

1

| | | | |
|---|--|--|---|
| 1.1 Main milestones 13 | 1.4 Company chart 31.12.2022 30 | 1.7 Materiality assessment 57 | 1.10 Transformation: digital culture and innovation 69 |
| 1.2 Key figures 2022 20 | 1.5 Corporate strategy and positioning 32 | 1.8 Market context and trends 61 | |
| 1.3 Business model and value creation 23 | 1.6 Grupo Lar, Lar España's manager 46 | 1.9 Contribution to SDGs 62 | |

Lar España is aware of the role it plays with its activity, committing itself to **contribute to an ethical, responsible and sustainable** way with its operations and decision making, **generating positive impact** for both society and the environment.



1.1 Main milestones



JANUARY (26.01.2022)

Change in Lar España's shareholder structure

On 26 January 2022, Lar España was notified by its shareholder PIMCO Bravo II Fund L.P. of the sale of the entirety of that shareholder's holding in Lar España, comprising **18,157,459 shares**, to Castellana Properties SOCIMI, S.A.

The Company was further informed that Laurent Luccioni, who at the time was a proprietary director of Lar España appointed to represent PIMCO, would step down from **Board of Directors** after completion of the sale.

FEBRUARY (22.02.2022)

Senior secured bond repayment

In 2015, Lar España issued a **senior secured bond in a nominal amount of 140 million Euros maturing on 21 February 2022** and listed on Euronext Dublin (Irish stock exchange). In July 2021, the Company announced an early buyback of part of the issue, after which the **outstanding amount stood at 122.7 million Euros**. Finally, on 21 February 2022 – the maturity date of the bond – the **remainder of the 2015 issue was repaid and redeemed** as scheduled under the original terms.

As a consequence, Lar España **cancelled all collateral provided under the terms of the bond issue**.

APRIL (27.04.2022)

General Shareholders' Meeting

On 27 April 2022, the shareholders of Lar España held a **General Shareholders' Meeting** at which they adopted the resolutions laid before them. The event was held both face-to-face and remotely via a live streaming feed.



MAY (27.05.2022)

Dividend

Payment of the dividend to shareholders as approved at the General Shareholders' Meeting.

The total amount came to **EUR 0.36 per share**.

JUNE (10.06.2022)

Lagoh awarded 2022 prize for ‘Best Shopping Centre in Spain’

Our shopping centre Lagoh was awarded the prize for **best large-format Spanish shopping centre** of 2022 by the AECC, the **Spanish Association of shopping centres and retail parks**, at the closing ceremony of the XVIII *Congreso Español de Centros y Parques Comerciales* (18th convention of Spanish shopping centres and retail parks) held in June 2022.

Designed and developed by Lar España, the shopping centre operates to the highest standards of excellence and sustainability. At **100,000 square metres (sqm) of floor space**, it is the largest shopping and family entertainment complex in the Spanish region of Andalusia.

The Lagoh complex stands as a symbol of Lar España’s **‘Retail 4.0’** approach. This **new paradigm** provides a personalised experience with a wider scope, embracing family leisure activities and creative and engaging ways of taking time off.

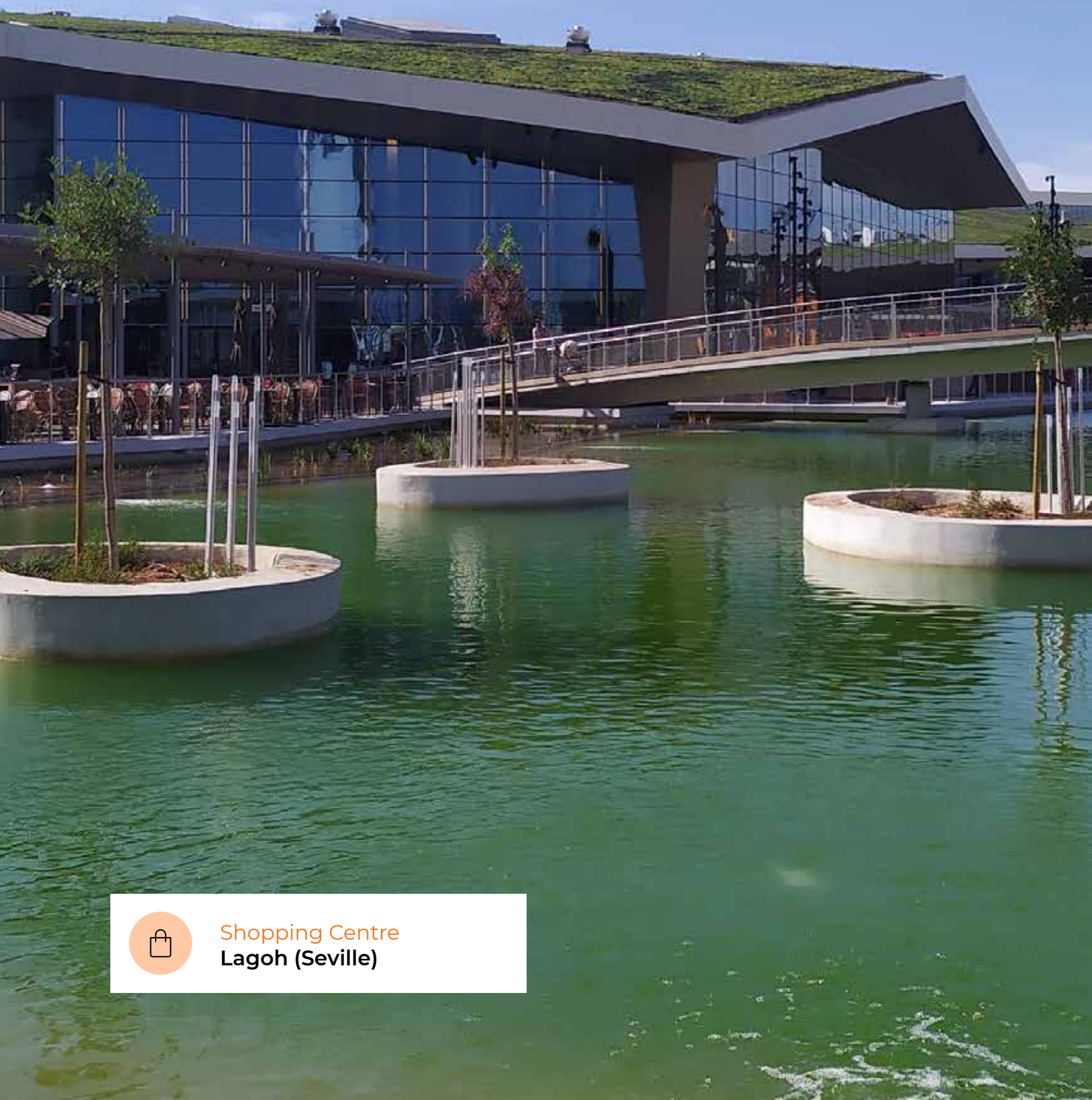
The **state-of-the-art design** of the site is structured into three main plazas clustered around an artificial lake. Extensive landscaped gardens bring visitors closer to **nature** and provide the backdrop for a unique offering of activities, including an **open-ended, experiential food court** with close to 30 different open-air restaurants and a range of leisure and cultural activities described by the jury as **“the most avant-garde and innovative in the Andalusia region”**.

This unique leisure and entertainment experience wraps around leading retail brands in fashion, home goods and furnishing, food, sports, health, cosmetics, arts, books, film and music, and technology, such as Mercadona, Zara, Mango, Primark, Levis, Media Markt, Ali Express y Yelmo Cines, among many others. Physical occupancy came **close to 99% of gross leasable area (GLA)** at 31 December 2022.

Another distinctive feature of this property is the determined bid all throughout the processes of **design and construction** to achieve sustainability - via 100% reused earth and soil, vegetation cover and greenery, rainwater collection for garden irrigation, biodiversity preservation plan, geothermal energy installation - so that the site is now a unique natural ecosystem of its own.

The Lagoh project thus drives **growth and sustainable development in the local environment and the local economy alike**. This is why the **city council of Seville** and the **regional government of Andalusia** continue to support the venture as a **“development core”** of the city that has in turn triggered several residential and commercial property developments in the vicinity.

Lagoh was awarded the prize for best large-format Spanish shopping centre in 2022.



Shopping Centre
Lagoh (Seville)

JUNE (24.06.2022)

Lar España's Analyst Day

On 24 June 2022, Lar España held a **presentation for market analysts to unveil its strategic plan for the following four years**.

At the event, Lar España explained its distinctive and long-established **case-by-case project selection approach**. This is one of the keys to the success of our portfolio that sets it apart from other portfolios in the industry. The Company's properties, **100% of which are BREEAM-certified**, are always in the lead position in their respective catchment areas.

We plan to keep **leverage** at its current level of around 40% of the fair value of assets. In this connection, **Fitch affirmed its current credit rating of BBB, outlook stable**.

Moreover, the Company will seek to intensify its **innovation and digitalisation drive** while keeping an eye on return on investment. *"The increased profit we seek to achieve will enable us to reward our shareholders with increasingly attractive dividends. We are confident that the levers we are applying will bring our corporate strengths to the fore,"* said José Luis del Valle, the Chairman of the Board of Lar España.



JULY (01.07.2022)

Gentalia contract renewed

- **Renewal of the framework agreements with Gentalia for three years**, from 1 July 2022 to 30 June 2025: (i) property management and leasing framework agreement (*contrato marco de gestion patrimonial y comercialización*) for shopping centres and retail park; and (ii) shopping centres and retail park on asset management framework agreement (*contrato marco de gerencia*), collectively referred to as "the Framework Agreements", the estimation of the total amount of the consideration to be paid for both agreements in the framework of the transaction would be around 12,566,998 euros, of which approximately 5,848,028 euros correspond to on asset management fees that are mostly passed on to the tenants, not entailing a cost for the Company, and formalized today.
- **Temporary renewal, for three months, of the property management and leasing framework agreement** between Gentalia and Lar España and its subsidiaries, for a total approximate amount of 731,160 euros, formalized on 1 April 2022 and expired on 30 June 2022.
- **On-asset management agreement between Gentalia and Abadía Community of Owners**, for 1 year and an approximate total amount of 163,600 euros, formalized on 1 February 2022. These fees are also mostly passed on to the tenants, not entailing a cost for the Company.

The Audit and Control Committee, prior to the approval by the Board of Directors of Lar España of each transaction, has reported favourably on all previous transactions, and its reports are attached as an appendix to this communication and include the information necessary to assess that the transactions are fair and reasonable from the point of view of the Company and the shareholders who are not related parties.



JULY (12.07.2022)

Fitch affirms BBB credit rating

Fitch affirmed our investment-grade credit rating of BBB, outlook stable, both for Lar España as a property Company and for each of the two ‘green’ bond issues, with a combined value of 700 million Euros. Lar España, the **only retail property specialist** listed on the Spanish stock exchange, thus retained the **highest credit rating in its segment**.

In its rating action commentary, Fitch underlined that Lar España’s **ratings reflect the dominant position of the Company’s regional shopping centres and retail parks in their respective catchments** and the 1.4 billion Euros appraised value of its portfolio at year-end 2021. The rating agency takes the view that rents are set at affordable levels with reasonable occupancy cost ratios for tenants, while financial leverage is not aggressive and should normalise at below 8x net debt/EBITDA.

Fitch placed special emphasis on the fact that the occupancy of the Lar España portfolio had steadily improved to around 96%, while tenants’ sales were already 10% above pre-pandemic comparators.

The analysts highlighted the highly **recurring nature of revenue** over the past year and the **steady pace of re-lettings and payments over 2022 to date**, bearing out the quality of Lar España’s assets and their dominant position in their respective catchments. **Lar España’s rental revenue is expected to grow significantly** from 2023 onwards, after tenant incentives expire and the effects of property improvements and investment feed through to earnings.



| | Rating | Outlook |
|--------------|--------|---------|
| FitchRatings | BBB | Stable |

Events after the reporting period

JANUARY (16.01.2023)

Lar España bought back 110 million Euros of 'green' bonds to pay down debt. The Company's offer to buy back part of its 'green' bond issue closed at a total accepted amount of 110 million Euros. The repurchased bonds were to be settled and cancelled so as to reduce the Company's overall debt.

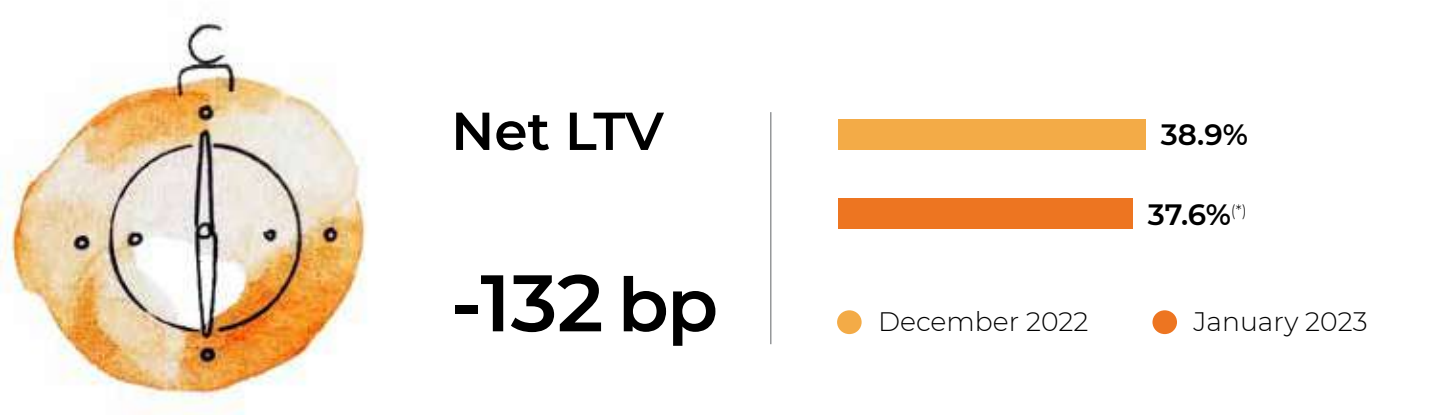
The buyback concerned two bonds issued in 2021: the first for a nominal amount of 400 million Euros, bearing interest at a fixed annual rate of 1.75% and maturing in 2026, and the second for a nominal amount of 300 million Euros, at a fixed annual rate of 1.843% and maturing in 2028. Both issues were listed on the Euro MTF Market of the Luxembourg Stock Exchange.

The repurchase closed at a discount to par of 18%, making for a total final price of 90.5 million Euros. The transaction was paid in full using the Company's own cash.

Subsequently, Lar España has maintained its cash position above 100 million Euros. The debt reduction will have a positive effect on profit or loss for 2023 of around 20 million Euros.

As a result of the buyback, the Company reduced indebtedness from 38.9% to 37.6% of the total fair value of its assets. Even before the repurchase, Fitch had affirmed the Company's investment-grade credit rating of 'BBB' outlook 'stable', for Lar España itself and both of its 'green' bond issues.

Lar España appointed J.P. Morgan as sole dealer manager for the transaction, which was to focus on certain eligible holders only and settle by 19 January 2023.



(*) After the buy-back, the figures as at 31 December 2022 result in a pro-forma net LTV of 37.1%.

1.2
Key figures 2022

PORTFOLIO

| |
|--------------------------------|
| GAV ⁽¹⁾ |
| 1,473 |
| Million € |
| 14 |
| Assets |
| WAULT |
| 2.5 years |
| 97% |
| collected rents ⁽²⁾ |
| GLA |
| 550,391 |
| sqm |

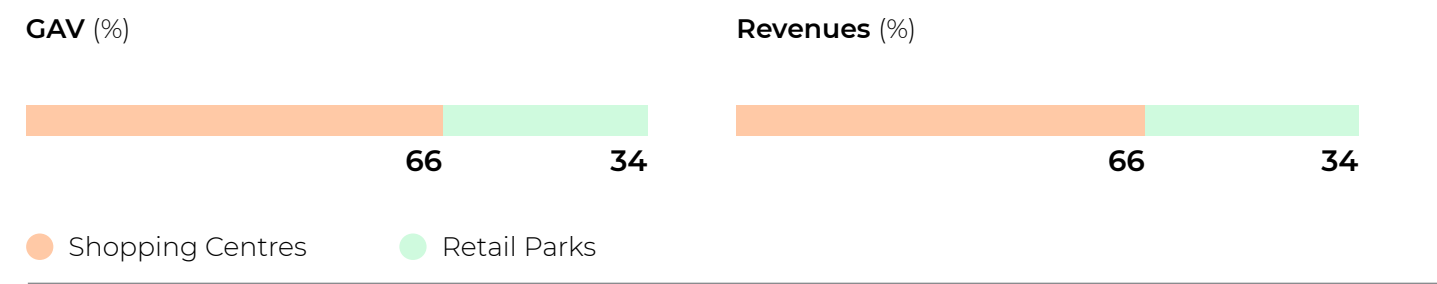
FINANCIAL INFORMATION

| | |
|--|----------------------------|
| Revenues ⁽³⁾ | EPRA Earnings |
| 83.6 | 40.3 |
| Million € | Million € (0.48€/share) |
| EBITDA | Profit |
| 60.0 | 72.9 |
| Million € | Million € |
| EPRA NTA | Financial Debt |
| 914.3 | 770.0 ⁽⁵⁾ |
| Million € (10.93€/share) ⁽⁴⁾ | Million € |
| Net LTV | Average Cost of Debt |
| 38.4% ⁽⁵⁾ | 1.8% |
| | Dividend |
| | 50.0 |
| | Million € (0.60€/share) |

(1) Information based on valuations carried out by independent valuers on 31 December 2022. / (2) Percentage collected of rents and expenses re-billed to tenants in 2022. / (3) Revenue and other income. / (4) When analyzing this measure it is important to take into account the dividend paid in Q2 2022 (0.36€/share). / (5) After the bond buy-back completed in January 2023, pro-forma gross borrowings stand at 660 million Euros, while pro-forma net LTV is 37.1%.

OPERATING RESULTS

| | | |
|--|---|---|
| Occupancy 96.6% ⁽¹⁾ | GRI +6.1% +6.9% LfL ⁽²⁾ vs 2021 | NOI +5.5% +6.3% LfL ⁽²⁾ vs 2021 |
|--|---|---|



LEASING ACTIVITY

| | |
|--------------------------------------|---|
| Rotated area 54,128 sqm | Negotiated rent 11.7 Million € |
| Operations 176 | Rent uplift +1.3% ⁽³⁾ |



(1) Physical occupation based on square meters. / (2) Like for Like, excluding the portfolio of 22 supermarkets divested in the first quarter of 2021. / (3) Excluding 15 non-comparable operations.

100% of Lar España’s properties are BREEAM-certified, 98% in terms of GAV with a rating of “Excellent” or “Very Good”.

ESG/SUSTAINABILITY



BREEAM
Certifications

100%

portfolio certified

Emissions
(Scope 1 and 2)

346.1

Ton eq CO₂
(-95.3% vs 2015 LfL)
(-41.0% vs 2021 LfL)

Consumption
intensity

0,32 kWh per sqm

of energy
consumption
(-15.4% vs 2021 LfL)

Emissions
(Scope 1, 2 and 3)

361.3

Ton eq CO₂
(-39.8% vs 2021 LfL)

Community

+ 16,000

jobs generated

+6.0%

of employees with
disability over 33%

Accesibility

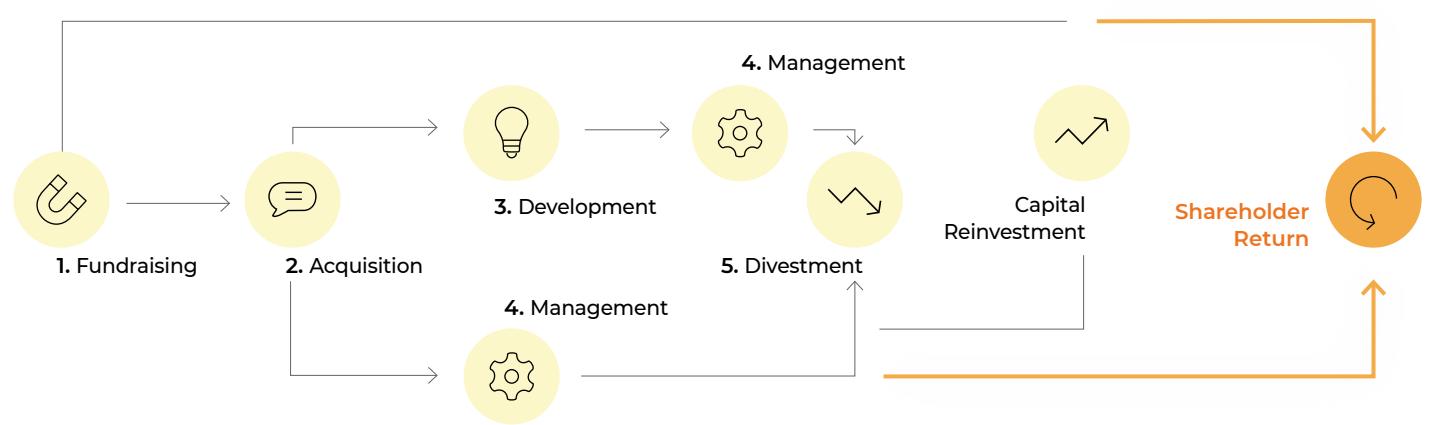
6

assets certified in
AENOR Universal
Accesibility



1.3 Business model and value creation

At Lar España, we aware of the role we play with our activity, committing ourselves to **contribute in an ethical, responsible and sustainable way** with our operations and decision-making, **generating positive impact** for both society and the environment and obtaining, in turn, a profitable financial return for our investors.



1

Property management and investment decision-making takes place at the highest corporate level. Investment strategy is analysed and finance is raised for acquisitions by means of:

- › Alternative finance (bond issues)
- › Bank borrowings
- › Capital markets (new share issues)

2

An assessment of each potential investment and its foreseeable returns leads to **decision on whether or not to make a purchase**.

3

Building development, construction and restoration projects require – in addition to the standard financial considerations – that special attention be paid to mitigating any adverse environmental or social impacts.

4

When a property is to be repositioned, sustainability, ESG criteria, innovation and accessibility become key operational topics. Responsible, proactive management thus forms an integral part of a structured scheme of **value creation** for all stakeholders.

5

Properties are sold at a suitable time after returns have been maximised and we have made sure to achieve the goals we set ourselves when making the decision to purchase.

We have set ourselves the goal of **leading the retail property industry** in terms of portfolio **size**, asset **quality** and management **effectiveness**. To achieve this, we work on our ongoing commitment to deliver **maximum value to shareholders, tenants and end customers**.

Because we specialise in retail properties, our business has a significant impact on **creating shared value** in the communities where Lar España has a presence, while supporting **social and economic progress** in Spain.

14

Assets

1,473

GAV (€Mn)



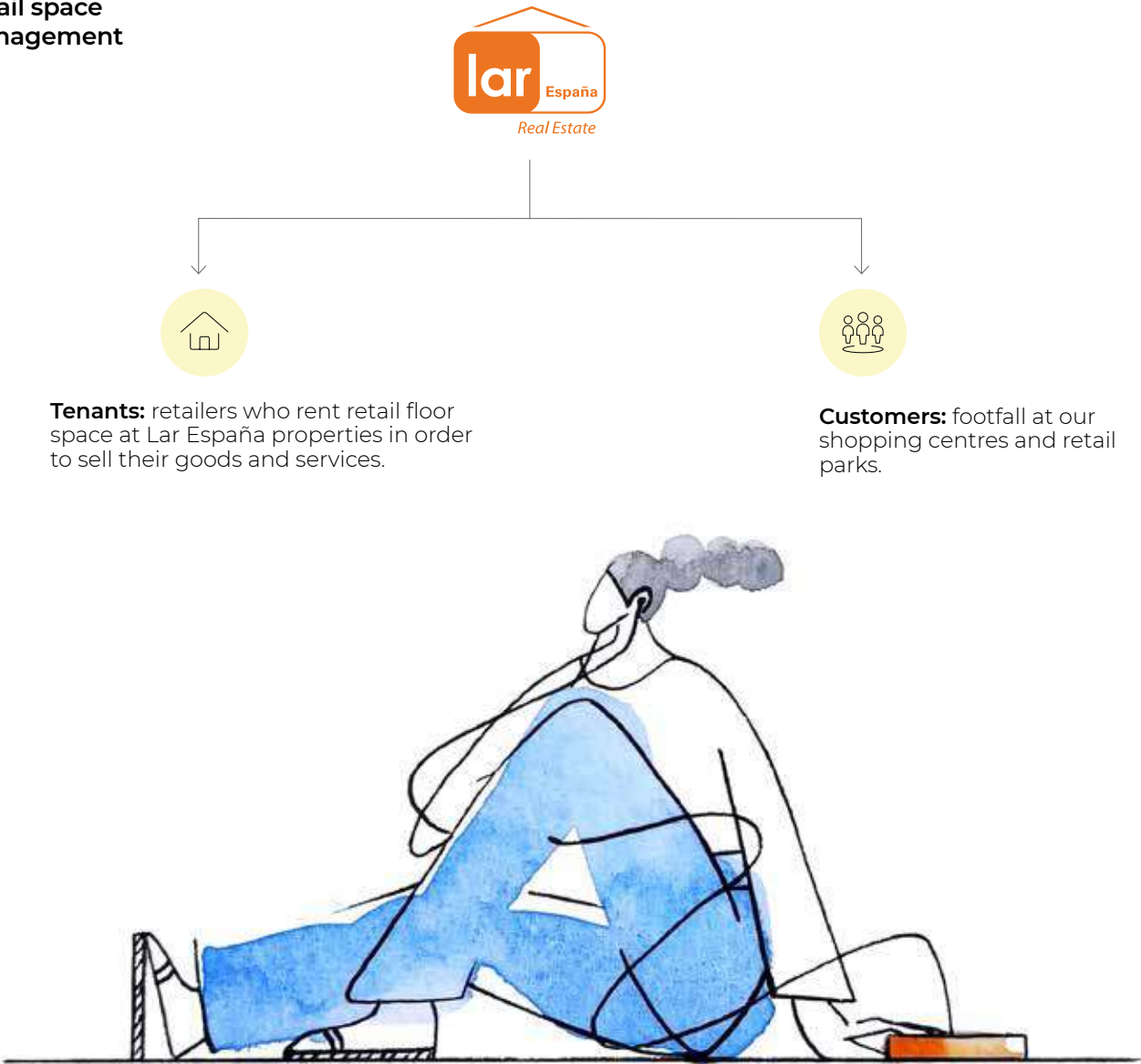


At Lar España, we **lease retail floor space** to operators across a range of sectors – fashion, leisure, groceries, restaurants, health, services, and more – who in turn create jobs and enhance the regionally available range of services. In addition, the **high foot traffic at our properties** creates opportunities for interactions within the social sphere that give rise to a distinctive form of value creation and closer social cohesion.

The Company's management approach **encourages engagement, communication and transparency** by partnering with tenants, customers and the wider community, keeping closely in touch with **identified stakeholders** and investing in the various aspects of sustainability.

Annex 5.3 of this report includes a **list of initiatives** and actions carried out in the different assets of the Company that put highlights the positive impact of development of its activity has on the environment as well as the communication and collaboration with the different agents of the communities in which it operates.

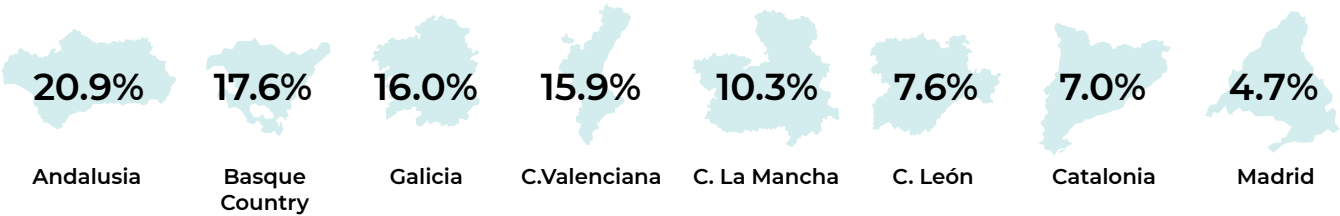
Retail space management



The Company has pioneered an **omni-channel strategy** facing end-customers that integrates, coordinates and encourages online shopping alongside sales at bricks-and-mortar assets through a **portfolio of especially resilient properties** that are managed **proactively to a high professional standard**.

Through responsible management and ongoing repositioning of our properties, Lar España work with a wide range of local suppliers and thus support wealth creation within our footprint. In 2022, for example, **97% of our suppliers were based in Spain**, and we spent a total of **over €57 million** in the regions where we have a presence, as shown below:

By geography (GAV)





When developing a property, the Company are concerned with sustainability and related topics, such as social impact.

For instance, the construction and subsequent operation of the **Lagoh shopping centre** – where sustainability considerations were baked into the design – triggered a diverse range of new projects in the vicinity:



LAGOH- Recognised by the AECC – the Spanish association of shopping centres and retail parks – as the **country’s best large-format shopping centre**



Close to 70,000 sqm
floor space



Almost 200
retail units and stalls



Retail area
One of the largest retail and leisure complexes in Spain, with a wide offering of fashion, restaurant and leisure options



Certifications
› BREEAM Very Good New Construction
› ISO 14001
› ISO 45001
› Universal Accesibility



More than 1,800 jobs created directly



Nature-based
Positive environmental and social impact on the city



Nature-friendly design
Closer ties between nature and humans



Partnership with the research foundation of the University of Seville



Materials
Stone, wood, metal and recycled building materials



Design
› Transparency (ongoing indoor/outdoor interplay)
› Study of flows and trajectories
› Interplay of different scales within each distinct space
› Wide visual ranges



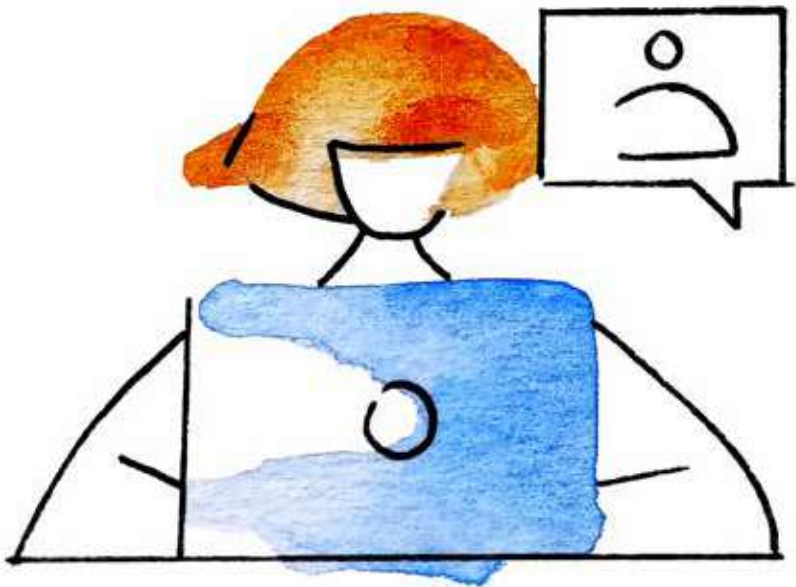
Vegetation
› More than 20,000 trees and shrubs / 11,000 sqm of vegetation cover
› Indoor and outdoor natural vegetation



Wildlife
› Information totems on local wildlife species to raise awareness of biodiversity



‘Lake’ water feature
6,500 m³
› Purification and aeration system
› Local cooling effect during summer season
› Captures carbon dioxide particles



Vision

To provide unique shopping experiences that combine leisure and retail through an omni-channel approach.



Mission

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



Values





Responsible business model

The actions and principles described above, while critical to everything we do, are not the only underpinnings of the Lar España business model. We also follow other guiding principles, such as commitments, goals and strategies that are aligned with the **United Nations Global Compact, the principles of the Organization for Economic Cooperation and Implementation (OECD), the United Nations Universal Declaration of Human Rights and the Declaration of the International Labour Organization (ILO).**

Our responsible business model takes a twofold approach that enables us to place both our corporate investment and our commitment to the environment at the service of today's society. We leverage opportunities such as enhanced energy efficiency, **new digital tools and partnerships with suppliers**, so as to provide the best services available on the market, and remain at the vanguard in innovation.

Our focus on investing in retail properties and our insistence on having all our portfolio certified to sustainable building standards place us at the forefront of the industry. We set trends, **optimise the return on our properties**, and align our economic and social cost-benefit ratio with a sustainable approach.



1.4

Company chart 31.12.2022



Group scope of **accounting/financial consolidation** as of 31 December 2022 is as follows:

| | | | | |
|---|------|---|--|--------------|
| ● | 100% | LE RETAIL - El Rosal, S.L.U. | El Rosal | 100% |
| ● | 100% | LE RETAIL - Albacenter, S.L.U. | Albacenter | 100% |
| ● | 100% | LE RETAIL - Ànec Blau, S.L.U. | Ànec Blau | 100% |
| ● | 100% | LE RETAIL - Txingudi, S.L.U. | Txingudi | 100% |
| ● | 100% | LE RETAIL - As Termas, S.L.U. | As Termas | 100% |
| ● | 100% | LE RETAIL - VidaNova Parc, S.L.U. | VidaNova Parc | 100% |
| ● | 100% | LE RETAIL - Vistahermosa, S.L.U. | Vistahermosa | 100% |
| ● | 100% | LE RETAIL - Hiper Albacenter, S.A.U. | Albacenter Hypermarket | 100% |
| ● | 100% | LE RETAIL - Lagoh, S.L.U. | Lagoh | 100% |
| ● | 100% | LE RETAIL - Las Huertas, S.L.U. | Las Huertas | 100% |
| ● | 100% | LE RETAIL - Abadía, S.L.U. | Parque Abadía and Commercial Gallery | 100% |
| ● | 100% | LE RETAIL - Gran Vía de Vigo, S.A.U. | Gran Vía de Vigo | 100% |
| ● | 100% | LE RETAIL - Galaría, S.L.U. | | 100% |
| ● | 100% | LE LOGISTIC - Alovera I y II, S.A.U. | | 100% |
| ● | 100% | LE LOGISTIC - Alovera III y IV, S.L.U. | | 100% |
| ● | 100% | LE RETAIL - Córdoba Sur, S.L.U. | | 100% |
| ● | 100% | LAR ESPAÑA - Inversión Logística IV, S.L.U. | | 100% |
| ● | 100% | LE LOGISTIC - Almussafes, S.L.U. | | 100% |
| ● | 100% | LE RETAIL - Hiper Ondara, S.L.U. | Portal de la Marina / Megapark As Termas Petrol Station | 100% 100% |
| ● | 100% | LE RETAIL - Rivas, S.L.U. | Rivas Futura | 100% |
| ● | 100% | LE RETAIL - Alisal, S.A.U. | | 100% |
| ● | 100% | LE RETAIL - Villaverde, S.L.U. | | 100% |
| ● | 100% | LE RETAIL - Sagunto II, S.L.U. | | 100% |
| ● | 100% | LE OFFICES - Marcelo Spínola 42, S.L.U. | | 100% |
| ● | 100% | LE OFFICES - Eloy Gonzalo 27, S.A.U. | | 100% |
| ● | 100% | LE OFFICES - Joan Miró 21, S.L.U. | | 100% |
| ● | 50% | INMOBILIARIA - Juan Bravo 3, S.L. | | 50% |



Shopping Centre
Las Huertas (Palencia)

1.5
Corporate strategy
and positioning



Lar España (Lar España Real Estate SOCIMI, S.A.) is a *SOCIMI* (Spanish-registered REIT) listed on the Spanish stock exchange since 2014. **It was the first SOCIMI to go public on the exchange.** The Company is managed exclusively by Grupo Lar, a long-standing and highly experienced property firm.

The Company **aims to achieve a high shareholder return** by paying out significant annual dividends and creating value through increasing its EPRA NTA/NAV figures.

Lar España’s current business strategy is to invest exclusively in retail properties. The company has successfully completed a gradual disposal of other properties that were outside this core strategy. Therefore, the Company now **operates prime properties that are dominant in their respective catchments and offer a range of different possibilities:**

Strategic shopping centres and retail parks with strong growth potential.

Opportunities to invest in retail properties that are dominant in their catchment and offer leeway for improved management. Highly competitive segments are avoided.

Risk diversification by investing and developing retail properties throughout all parts of Spain.

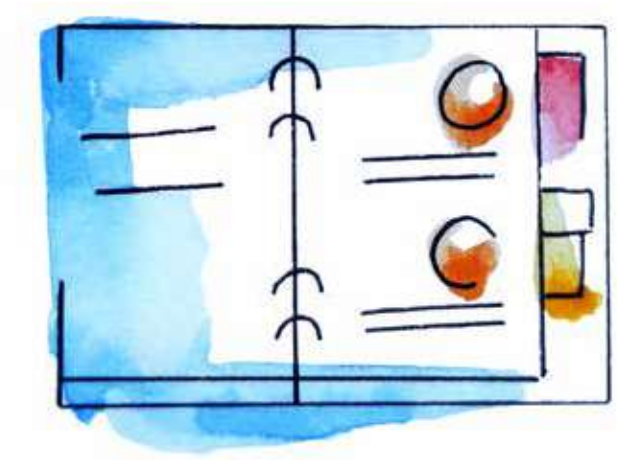
We lease our retail properties to a wide range of operators. This creates **positive impacts in the economic and social domains alike.** In addition, prompted by decisions made at headquarters as described elsewhere in this report, we implement a wide range of cross-cutting activities at our properties.

Environmental standards and goals are critical to our property management approach. For instance, **100% of Lar España’s properties are certified to the international BREEAM standard,**

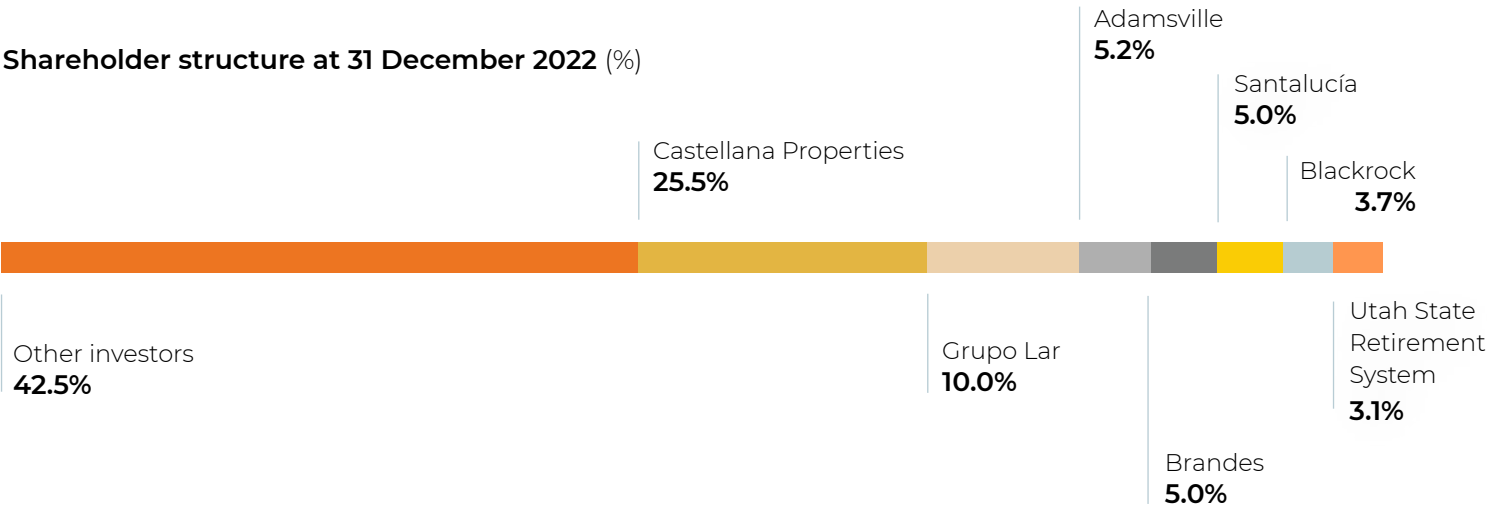
which assesses the operation and maintenance of buildings under sustainable criteria. This leads directly to cost savings and improved health standards for all stakeholders involved in the everyday operation of each property. The BREEAM certificate also reflects improved operating results and enhanced functionality, flexibility and durability of buildings. It is one of the standards that looks at steps taken to optimise indoor environments (e.g., air quality, climate change adaptation, noise and lighting levels).

Shareholder structure

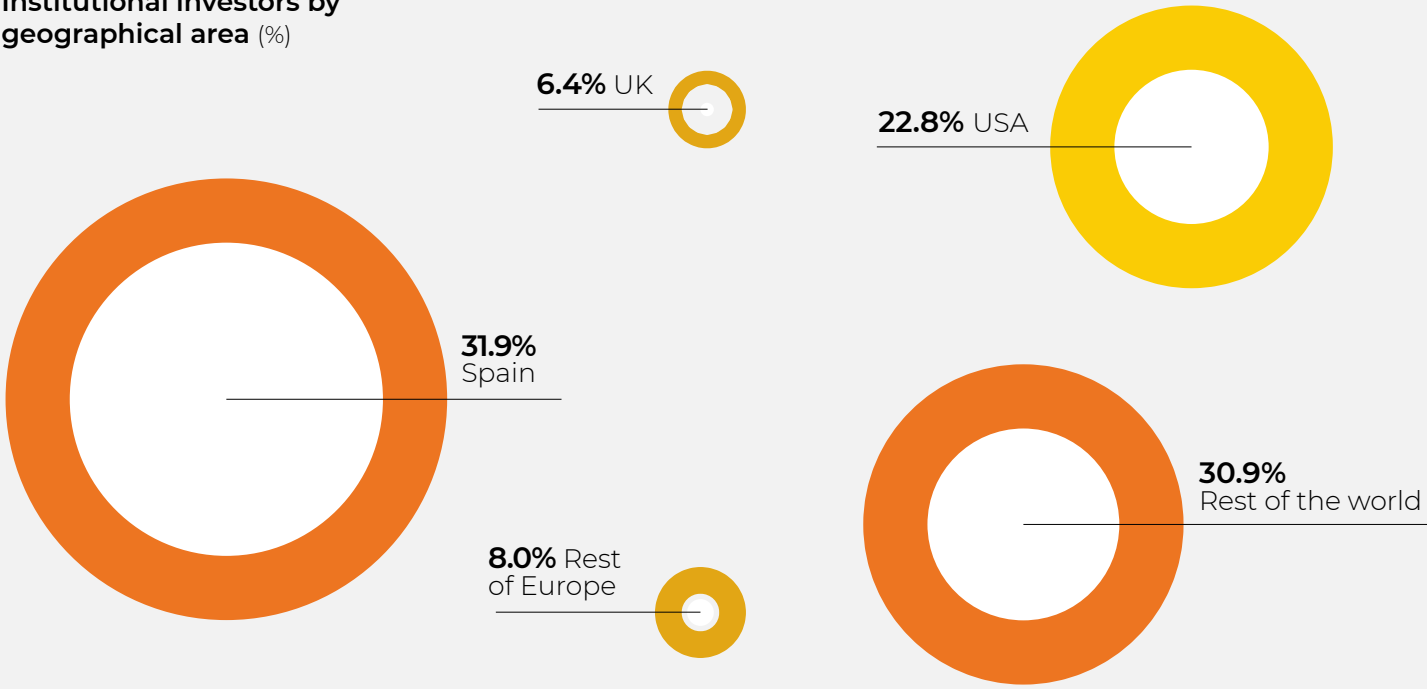
Lar España’s shareholders include some of the most important investment and financial groups in the world.



Shareholder structure at 31 December 2022 (%)



Institutional investors by geographical area (%)





Organisational structure









At Lar España, the highest governance body is the **Board of Directors**. The Board oversees the management of the Company with a view to promoting and protecting shareholders’ interests.

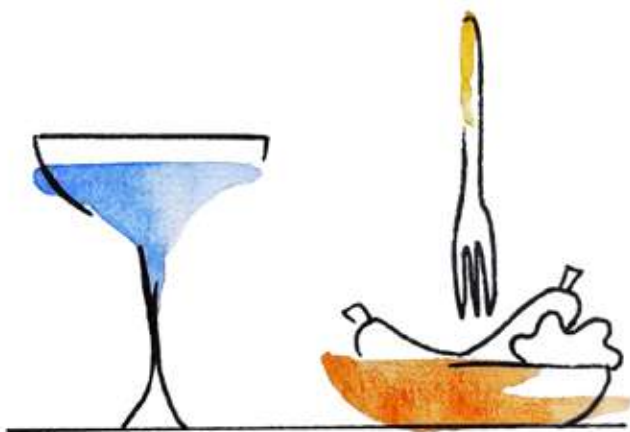
The Board is the Company’s chief management body, except as regards decisions that are reserved to the shareholders when constituted as a General Meeting. At 31 December 2022, the Board **comprised six directors. Five directors were independent, while one of them was an appointee of Grupo Lar.**

All directors also hold – or formerly held – senior management positions at listed companies in the financial services and property industries.

- C Chair
- 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 C |
|  | ← Ms. Leticia Iglesias D M M |
|  | ← Mr. Miguel Pereda D M |
|  | ← Mr. Juan Gómez-Acebo Secretary to the Board (Non-Director) |
|  | ← Ms. Susana Guerrero Deputy Secretary to the Board (Non-Director) |



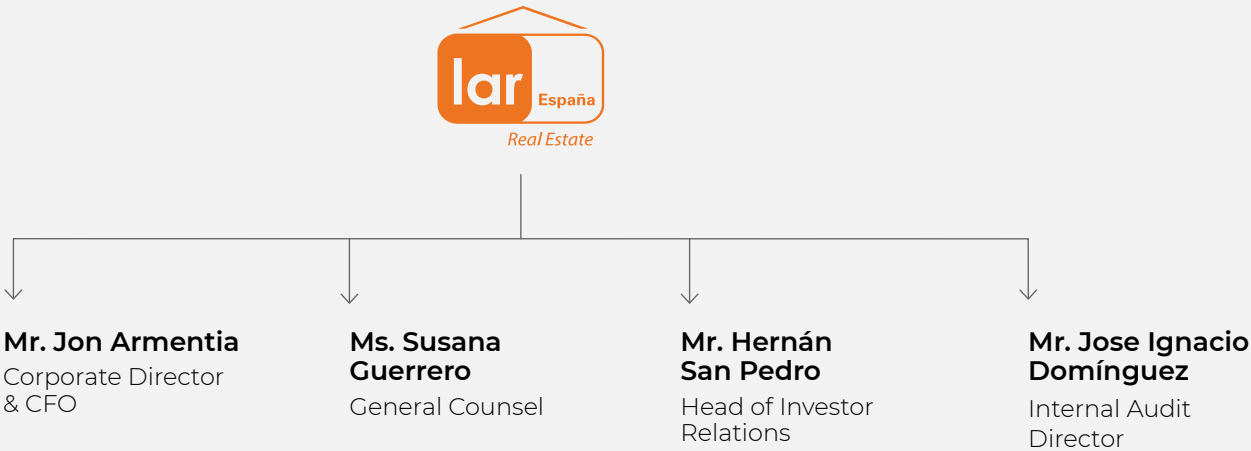
In accordance with the criteria governing employee and director remuneration at Lar España, the **difference between remuneration for men and women is 0%**. Pay is determined exclusively by responsibilities and roles in each specific case.

Lar España's **Management Team**, comprising three men and one woman, has amassed a wide range of experience in the property industry and continues to acquire new skills and undergo fresh training so as to provide a unique edge in the market, as described in later sections of this report.

100% of employees are under permanent contracts and work full-time in Spain.

100% of employees are covered by a collective bargaining agreement. In 2022, absenteeism was 0%.

The organisational structure is described below:





Mr. Jon Armentia
Corporate Director & CFO

Mr. Jon Armentia who joined Lar España in 2014, is the CFO and the Corporate Director of the Company.

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.

He graduated in Business Administration from the University of Navarra, and completed the management programme at IESE business school. Jon Armentia has more than 20 years' experience in auditing, finance and the property industry. He holds several directorships and sits on a number of committees

Ms. Susana Guerrero, who joined Lar España in November 2014, is the Company's General Counsel and the Deputy Secretary of the Board of Directors.

She was formerly a lawyer at the Uría Menéndez law office, where she worked for 10 years in the corporate finance and mergers and acquisitions practice area. She has broad-ranging experience in corporate governance and has been the secretary of the board at several companies. She is also the deputy principal of the ESADE business school Corporate Governance Institute, where she heads the opinion and public debate area.

Susana Guerrero graduated in law from the Universidad Complutense de Madrid and holds a master's degree awarded by the Instituto de Empresa in corporate legal advisory roles.



Ms. Susana Guerrero
General Counsel

Mr. Hernán San Pedro, Head of Investor Relations, joined Lar España in January 2016.

He was formerly the Head of Investor Relations and CSR at Sacyr Vallehermoso, at Skandia-Old Mutual Group and at Banco Santander.

Hernán San Pedro read law at Universidad San Pablo-CEU (Madrid) and holds an MTA from the European Business School. He has more than 30 years of experience in the financial, insurance, construction and property industries.



Mr. Hernán San Pedro
Head of Investor Relations



Mr. Jose Ignacio Domínguez
Internal Audit Director

Mr. Jose Ignacio Domínguez, the Internal Audit Director, joined Lar España in September 2021.

He has wide-ranging international experience in the fields of finance, internal audit, risk management, compliance and corporate governance. He formerly held positions at Price Waterhouse Coopers, Fomento de Construcciones y Contratas or, more recently, Grupo Ezentis.

He studied at the Colegio Universitario San Pablo CEU and was awarded a degree in economics and business science by the Universidad Complutense de Madrid. He completed postgraduate studies at IESE Business School and is a registered member of the Spanish professional body of auditors, ROAC. He holds a CRMA certificate issued by the Global Institute of Internal Auditors (IIA).

Performance indicators



Below are the **main social indicators** at the corporate level, according to the EPRA standards, which specify highly material and relevant topics for the Company including diversity, training, employee turnover or measures relating to health and safety.

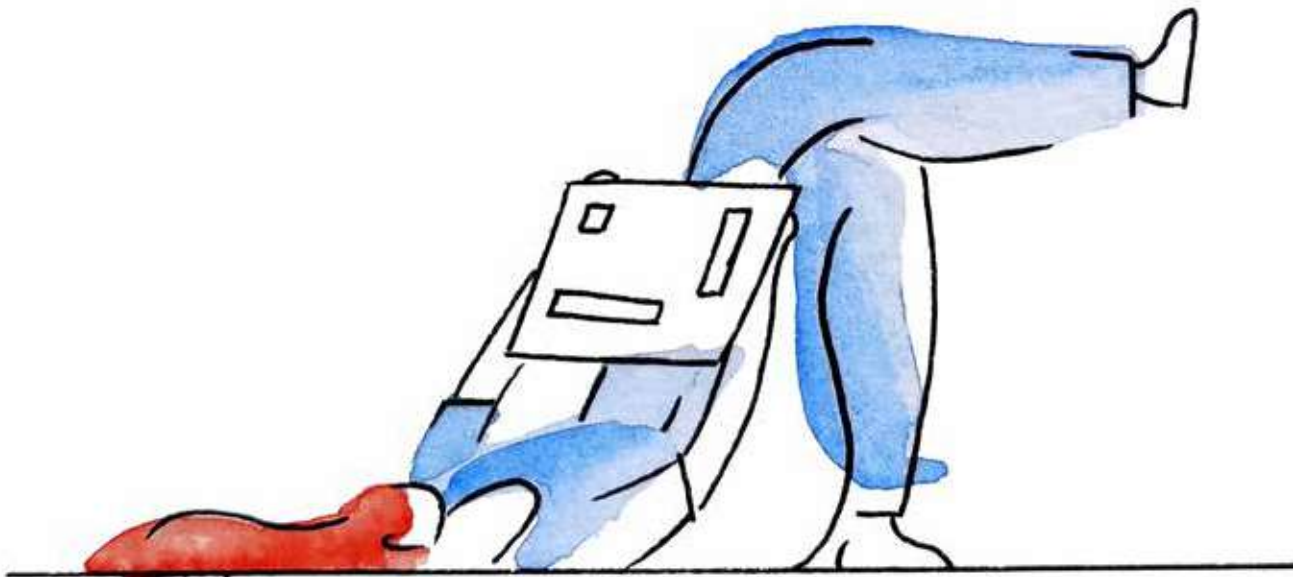
| Area of impact | EPRA: Sustainability Performance Measures (Social) | | | |
|--------------------------|--|--|---|---|
| | EPRA sBPR code | Indicator | LAR ESPAÑA 2021 | LAR ESPAÑA 2022 |
| Diversity | Diversity-Emp | Percentage of direct employees | Men: 75% Women: 25% | Men: 75% Women: 25% |
| | Diversity-Pay | Percentage of direct employees | N/A (*) | N/A (*) |
| Rotation | Emp-Turnover | Number and percentage of direct employees | Men: 0% * Women: 0% * A man was hired in 2021, so the new hires ratio was 25%. | Men: 0% Women: 0% |
| 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 health and safety regulations or voluntary codes was identified. | No non-compliance with health and safety regulations or voluntary codes was identified. |
| Training and development | Emp-Training | Average hours of training of direct employees | 27 hours | 40 hours |
| | Emp-Dev | Percentage of direct employees | 100% | 100% |

Verified by external auditor, see Annex 5.4. Independent assurance report

During 2022, the evaluation of **100% of the Company’s managers**, which constitute all employees, has been carried out.

Diversity-Emp: Gender diversity of employees at 31/12/2021 and 31/12/2022. Emp-Turnover: Total number and percentage of new hires during the year as at 31 December, and total number and percentage of turnover (voluntary or due to dismissal, retirement or death) during 2021 and 2022. H&S-Emp: Injury rate (IR), lost day rate (LDR), accident severity rate (ASR), absentee rate (AR) and work-related fatalities for all employees. H&S-Asset: Proportion of assets controlled by the reporting company for which health and safety impacts have been reviewed or assessed for compliance or improvement. Emp-Training: Average annual training hours per employee. Emp-Dev: Percentage of total employees who received a regular performance and career development review during the reporting period.

(*) In the case of Lar España this indicator is not applicable as it has 4 employees and only one of them is a woman.



Training

In 2022, **100%** the employees of Lar España continued to **receive ongoing training so as to support them in performing their role** to the highest standards. Training is divided into two distinct segments:

- **Financial training** in new regulatory developments in the fields of accounting and financial reporting.
- **Non-financial training** in anti-money laundering procedures and data protection, among other topics.

Financial training

The CFO and Corporate Director, who is in charge of designing and implementing the ICFR system, is also responsible for ensuring that all employees involved in producing the Company's financial statements are familiar with new developments in the International Financial Reporting Standards (IFRSs) and the principles of internal control over financial reporting. Therefore, working alongside the accountants retained to produce the accounts and financial statements, the CFO and Corporate Director, ensures that the teams concerned with this role are **suitably trained on the subject matter**.

The CFO and Corporate Director, has a wide range of resources available to him to become aware immediately of any new development affecting the production and oversight of financial reporting, such as external newsletters and information sources and attendance at specialised conferences that help update technical knowledge and skills.

The staff of Lar España is a small permanent team. However, the Company **outsources to independent consultants** for the production of the financial statements and the implementation of a wide range of projects.

At Lar España, we select our **external consultants with the support of reputable search** and selection firms who identify suitable professionals on the basis of the quality of their performance and their expertise. One of the key requirements we demand of the consultants to whom we outsource is that they undertake **ongoing training** in the domains on which they are to advise the Company.



40 hours

Average annual
training hours per
employee

Non-financial training

In addition to the financial training made available to Lar España employees and required of our external consultants, the Company provides staff with a range of **non-financial training programs** on topics such as:

- Innovation in the retail sector.
- Training in anti-money laundering procedures.
- Data centres in Spain.
- The future of smart homes.
- The Salesforce universe and industry use cases.
- Startups and corporate innovation models.
- Madbit: Spain's new technology hub.

On ESG topics, the directors and employees of Lar España completed a training session titled “Key aspects of sustainability for the board of directors”.

In 2022, **all Lar España employees earned certificates** by completing the following training programs:

- Data protection.
- Crime prevention and Code of Ethics.
- Training in anti-money laundering procedures.
- Key concepts of equality and harassment prevention.

Employees attended conferences on the macroeconomic landscape, as part of the ‘Lar Macro Talks’ in-house conference cycle, and a talk on the current market context.



Shopping Centre
Ànec Blau (Barcelona)

International standards

At Lar España, we endeavour to comply with the most stringent **international standards of transparency, comparability and engagement** by publishing accurate and high-quality disclosures that genuinely create value for stakeholders.

In line with this commitment, Lar España is a member of the **European Public Real Estate Association (EPRA)**, a leading international body concerned with ensuring comparable financial and non-financial reporting by listed property companies by providing a range of standardised indicators that measure performance in various domains.

In September 2022, for the **eighth consecutive year**, Lar España earned the **EPRA Gold Award**, a seal that acknowledges the **quality of financial reporting** to stakeholders. For the **fifth year running**, moreover, Lar España was granted an **EPRA Gold Award** for its **ESG-related reporting**.

This represents **international recognition** of the quality of Lar España’s reporting to shareholders and stakeholders in an exercise of **genuine transparency**.

All EPRA indicators related to ESG/Sustainability included in this report have been verified by an independent expert. The independent review report is set out in Annex 5.4.





Lar España also works with MSCI-IPD^(*) and is a constituent of its IPD Spain Annual Property Index, which provides additional information and visibility within the property sector. Lar España's role in the construction of this index as a leading property Company directly supports analysts' ability to identify key trends in the industry.

The Company's ESG-related efforts have earned it a **BBB rating** in the international MSCI index. This reflects our progress in the ESG field and our strategic commitment to align with international standards.



For the **fifth consecutive year**, Lar España participated in the GRESB (Global Real Estate Sustainability Benchmark) assessment, which has become the standard for evaluating commitment to environmental, social and governance (ESG) issues in the property sector.

The Company scored **85 points, 8% above average among peers**. With an **increase in our score of 55% since 2019**, our ongoing improvement over the past few years reflects the seriousness of our commitment to sustainability.

Furthermore, in **management domains** where Lar España has full discretion to act, we consistently obtained the **maximum score**.

This reporting process enabled us to identify a range of key areas for improvement to be addressed in the coming years so as to continue moving forward with new initiatives and cement our leadership in ESG performance.



Again in 2022, following an independent ESG assessment by FTSE Russell, **Lar España remained as a constituent of the FTSE4Good index**.

The assessment identifies companies that follow best practices in ESG and corporate governance, and the resulting index is used for ethical investment decision-making by a wide range of market participants. Lar España's full engagement with ESG concerns by running its business both profitably and sustainably has thus earned widespread recognition.

Lar España achieved this by following good ESG practices to meet the requirements for inclusion in the index.



The Company is in the process of **assessing its climate change risks and opportunities in accordance with the international standard set by the TCFD (Task Force on Climate-related Financial Disclosures)**. The intention is to become aware of the potential impacts of climate change on the property portfolio and make adaptation plans accordingly so as to mitigate those effects. The results of this initiative will also be released in our reporting to stakeholders in accordance with the guidelines set out in the TCFD standard itself.

(*) 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 herein, 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.



As mentioned earlier in this report, Lar España successfully tapped the market with two senior unsecured ‘green’ bond issues of a total nominal amount of **700 million Euros**. In the context of the bond issues, the responsible investment **solutions provider ISS ESG specified our sustainability/ESG strategy** on the basis of the 2021 Green Bond Principles published by the ICMA (International Capital Markets Association).

Moreover, Fitch affirmed our **investment-grade credit rating of BBB** both for Lar España as a property Company and for each of the two ‘green’ bond issues. The bookrunner and global lead manager of the issues was Morgan Stanley Europe, which advised on the sustainable structure of the transaction.

Lar España used the proceeds of the bond issues to fully or partly refinance a selection of properties so as to reduce carbon emissions by ensuring that the assets are more eco-friendly. Clearly, therefore, the commitment of Lar España’s professionals to address ESG concerns thoroughly and proactively is genuine and enduring.

In compliance with the terms of the bond issues, in 2022 the Company **published a progress report on allocation of the proceeds**, which is available at: <https://www.larespana.com/wp-content/uploads/2018/09/green-bond-allocation-report-2022.pdf>

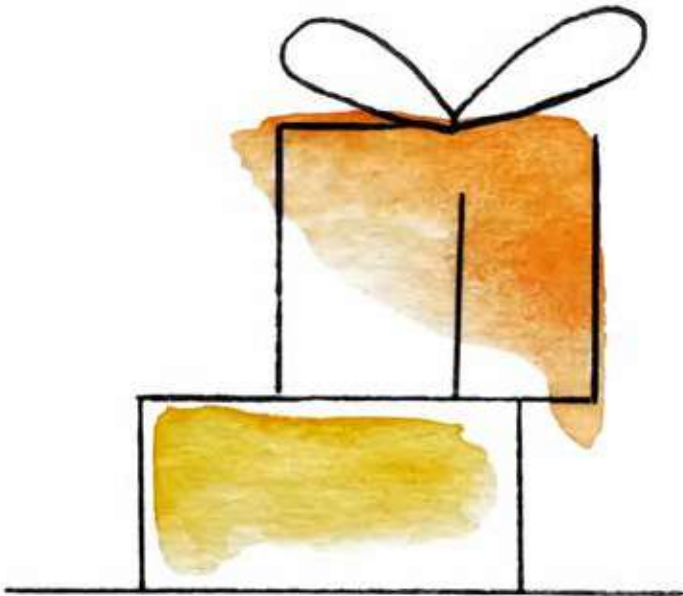


The Company’s pledge to transparency is also recognised in the Informe Reporta. This paper evaluates the quality of reporting by listed Spanish companies to their stakeholders on the basis of four key aspects: **relevance, commitment, transparency and accessibility of information**.

As a result of the assessment, Lar España ranked 25th out of 111 and its overall score was almost **22 points above average**. This confirms that the Company’s reporting is of a high quality.

IBEX Gender Equality Index

Lar España is one of the 30 constituents of the IBEX Gender Equality Index, which bears out the Company’s **commitment to gender diversity and equality**.





UN Global Compact

In 2020, Lar España **signed a letter of commitment** whereby it joined the UN Global Compact. Since then, the Company has consistently acted upon its clear intention to align its sustainability/ESG strategy with the UN 2030 Agenda.

In 2021, we took yet another forward step by developing a specific **Action Plan** agreed with stakeholders to address material topics within our scope of action and actively contribute to achieving the **Sustainable Development Goals (SDGs)**. In the course of our assessment, we identified three strategic priorities and six objectives tied to the corporate and operational functions within the Lar España value chain and related areas.

In turn, this enabled us to identify the SDGs that are most relevant to our business. We then specified lines of action to align our strategy and business

model to achieving the eight selected SDGs and their related targets through a range of strategic and operational actions (see section 2. ESG).

Also, as part of our drive to set ourselves **ambitious SDG-related goals**, Lar España is one of 69 companies now taking part in the new edition of the **SDG Ambition Accelerator programme**. This will enable us to move forward with strategic prioritisation of our actions in accordance with SDG-focused targets and in the context of our sustainable development performance.

Furthermore, to ensure that our SDG-focused efforts are effective, Lar España continues to raise awareness and encourage adoption of the 2030 Agenda in the Company's governance and corporate policies. We regularly monitor the progress of each of our actions in support of each of the identified SDGs.



1.6

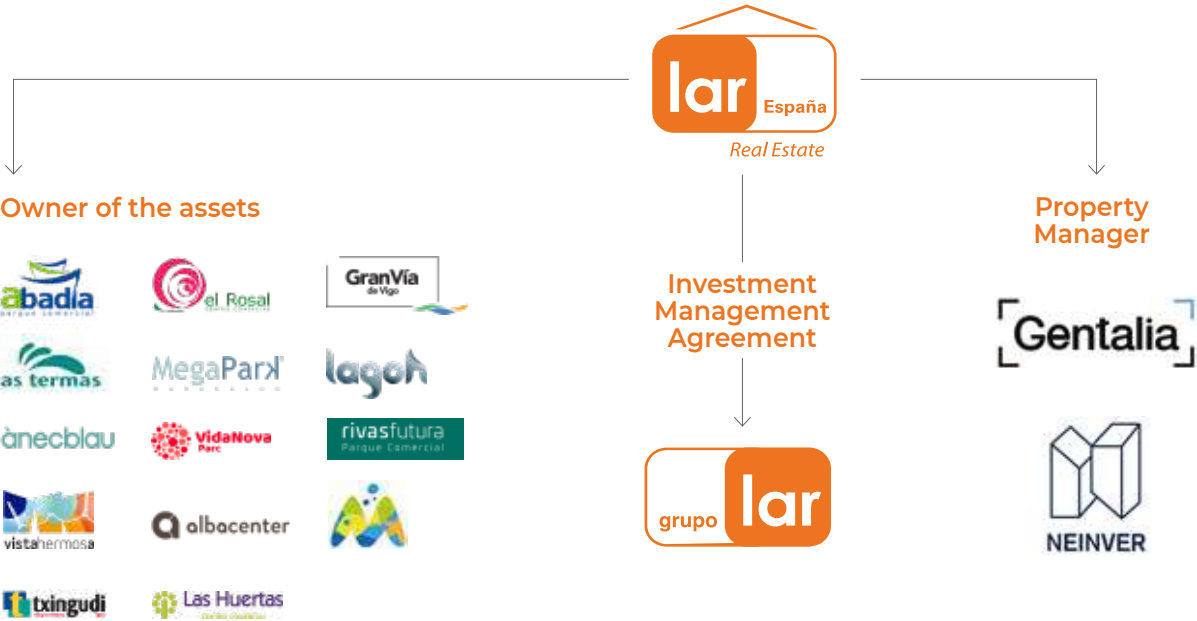
Grupo Lar, Lar España's
Manager

Lar España Real Estate SOCIMI, S.A. is **under the exclusive management of Grupo Lar**, a highly regarded family-owned Spanish property firm with an international track record of more than 50 years in property development, investment and management.

On 8 June 2021, the Board of Directors approved the key terms of **renewal of the management agreement between Lar España and Grupo Lar**, which was due to expire on 1 January 2022 (the “Investment Management Agreement” or “IMA”).

The terms were agreed in the **light of previous experience** and having regard to the strong relationship between the companies, on the understanding that the changes will benefit Lar España and bring about a closer alignment of the interests of the parties.

The new agreement will run for **five years**, from 1 January 2022 to 31 December 2026. The consideration comprises a base fee, a performance fee and an additional variable fee for any special actions undertaken.



I. Grupo Lar’s competitive advantages

1. Stable ownership and sound corporate governance

The Company is under the stable and long-standing ownership of the Pereda family.

Corporate governance has reached an **advanced state of development**, with the support of respected professionals in the financial and property sectors.

2. Strong management team

Grupo Lar has **269 employees** across the **five countries** within its footprint. The Company runs training and talent selection programmes to reinforce its middle management levels.

The team has broad-ranging experience of and expertise in the property market, in Spain and elsewhere.

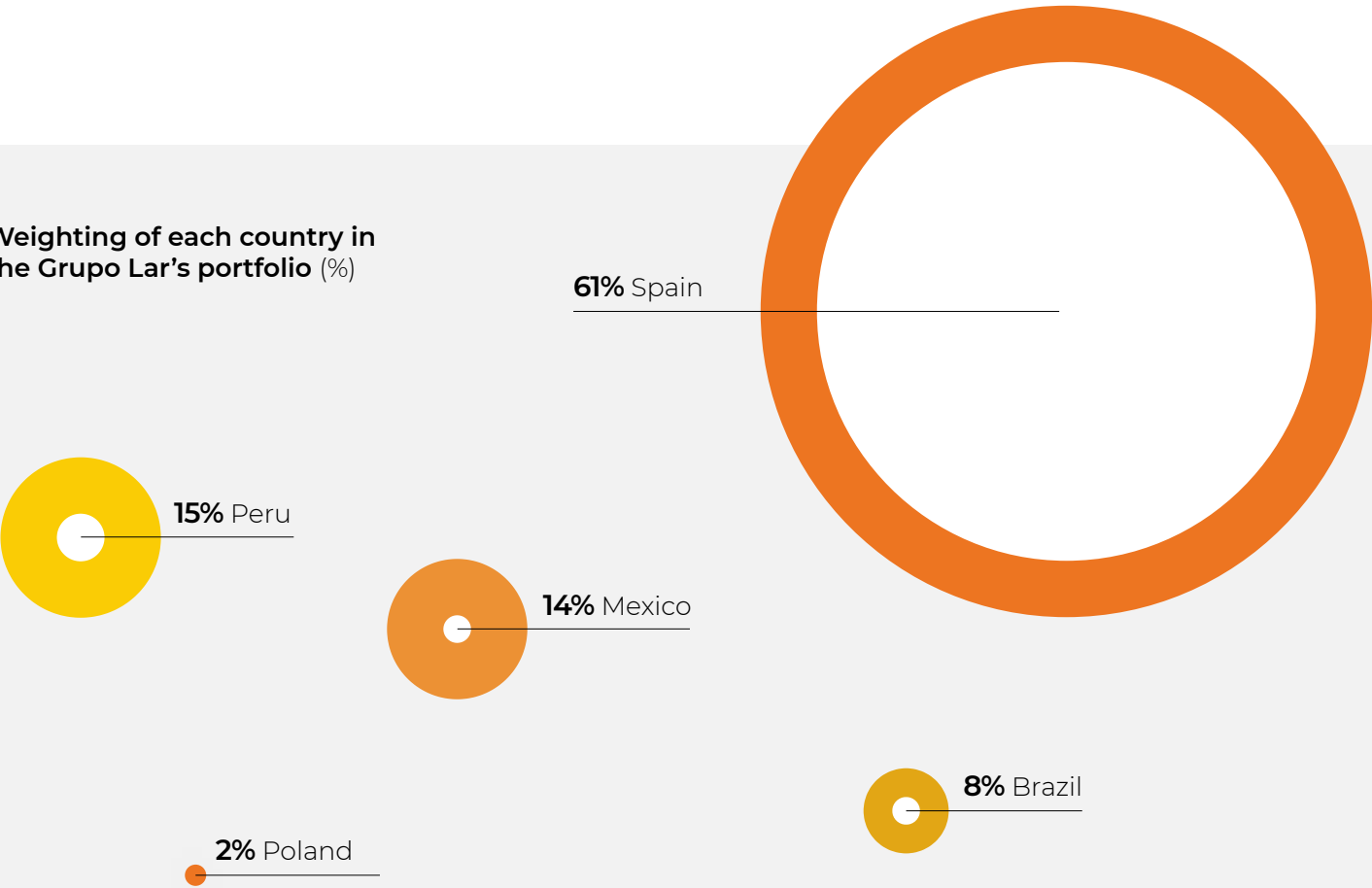
Strong management team with **broad-ranging experience of and expertise** in the Spanish property market.

3. Geographical diversification

The **international scope of Grupo Lar’s** footprint requires it to manage a property portfolio that reaches across **five countries** in Europe and the Americas.

At the end of 2022, the value of the portfolio managed by Grupo Lar amounts to **3,443 million Euros**.

Weighting of each country in the Grupo Lar’s portfolio (%)





Shopping Centre
As Termas (Lugo)

4. Product diversification

Grupo Lar is a property investor, developer and manager with **specialisations in several sectors**, including shopping centres and retail parks, office space, residential property, and industrial and logistics assets.

5. Trusted manager and partner

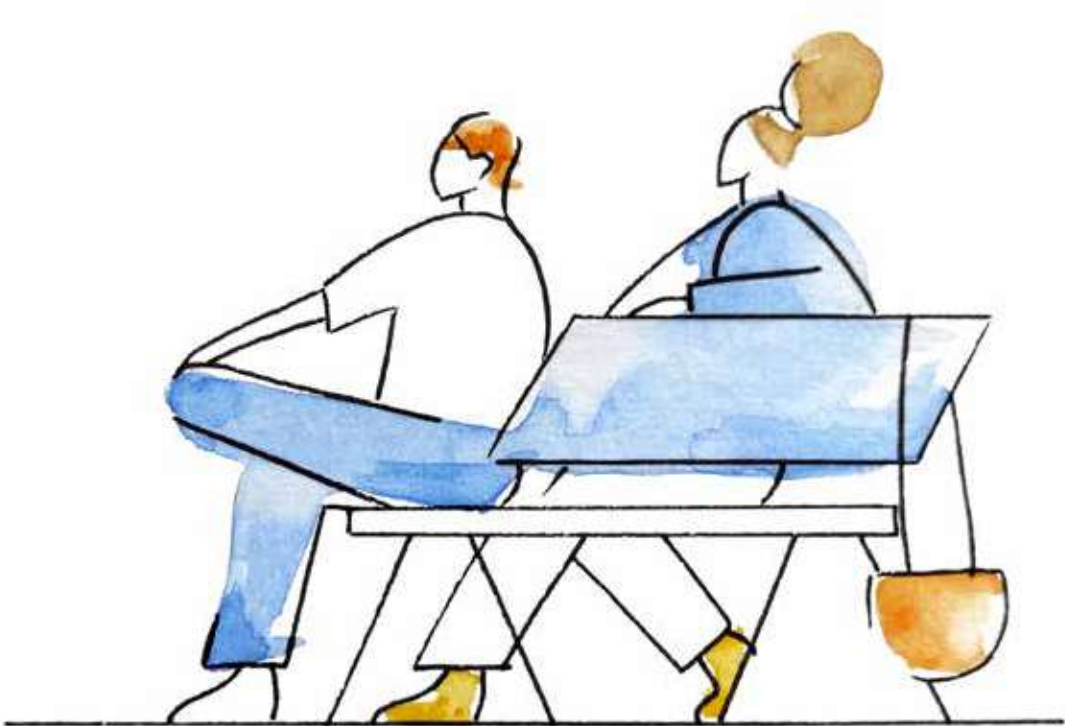
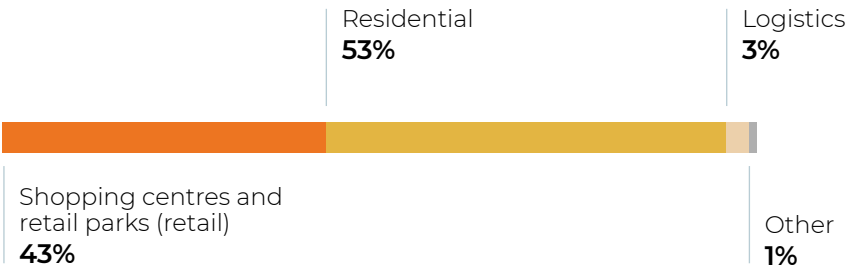
Co-investor and co-venturer alongside institutional investors and hedge funds Grupo Lar has a strong track record of **joint ventures and alliances with top-tier investors and corporate clients**. The Company helps its partners to maximise return on investment by providing unique property market expertise.

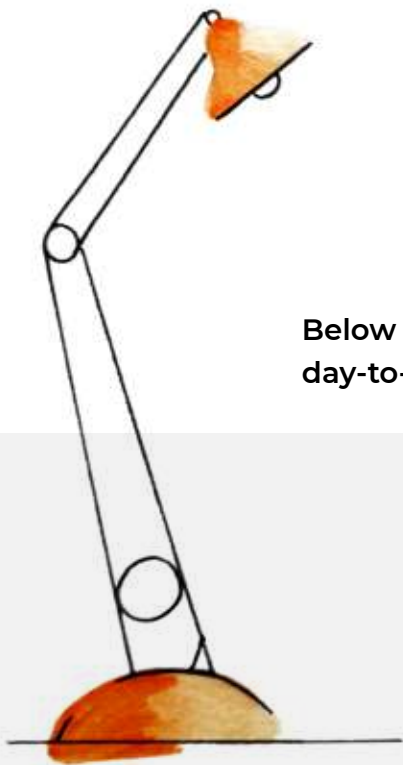
Grupo Lar’s **robust financial position** enables it to adapt to property market cycles through geographical and asset diversification.

6. Robust financial structure

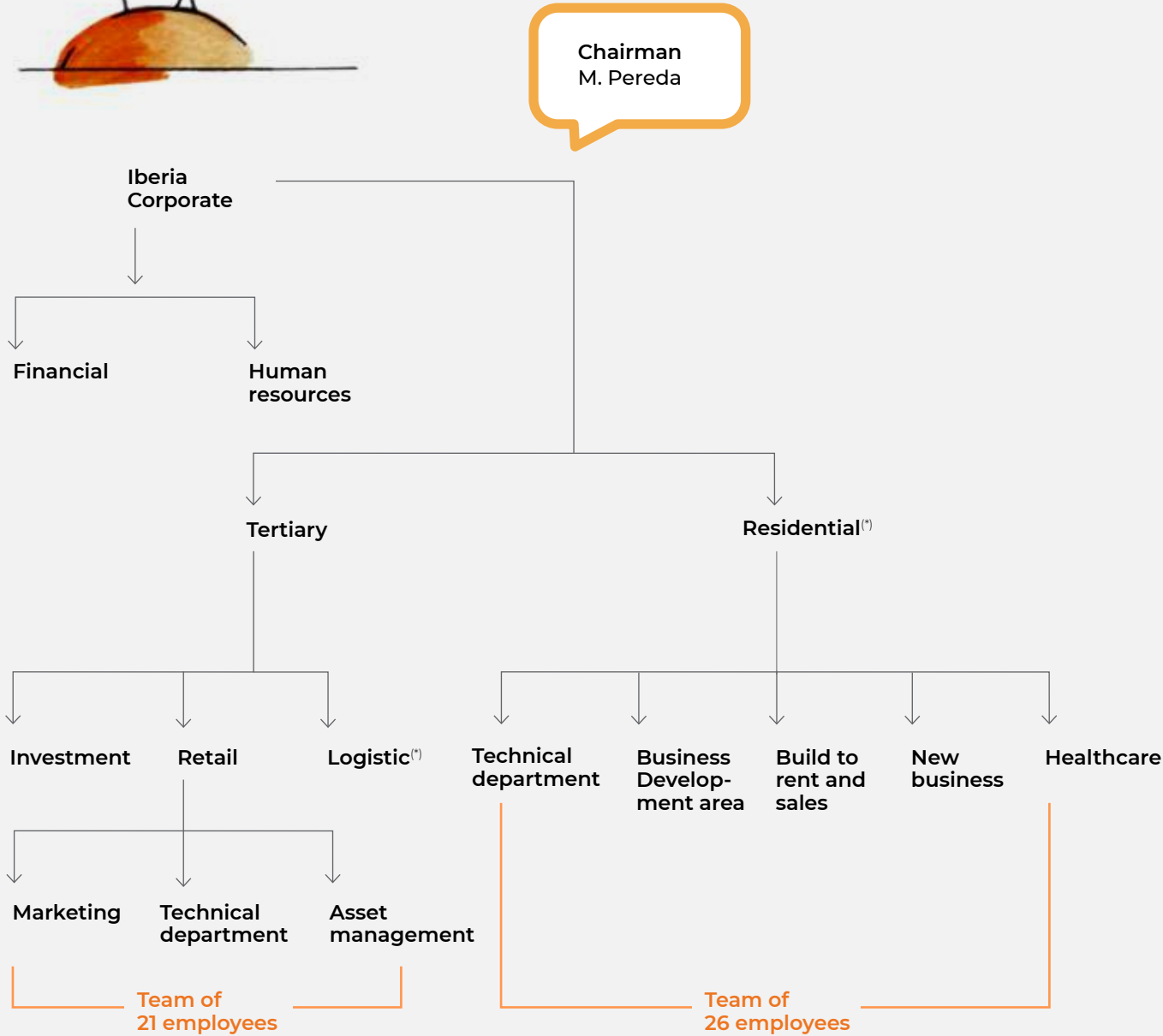
The **Company’s robust financial position** enables it to adapt to property market cycles through **geographical and asset diversification**.

GAV of the portfolio managed by Grupo Lar at 31 December 2022 by type of asset (%)





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



(*) Employees of Grupo Lar Iberia who not participate in the management of Lar España's assets.

Proven partner in Alliances/JVs

One of the cornerstones of Grupo Lar's value proposition is its widely recognised expertise. This has enabled the Company to form **alliances with leading international investors**, such as AXA, Green Oak, Grosvenor, Goldman Sachs, Henderson Global Investors and Ivanhoé Cambridge.

Long term successful Joint Ventures

Grupo Lar has managed and participated as a venturer in property funds promoted by highly regarded international institutions and companies.

- **50% joint venture with the Grosvenor Group** from 2000 to 2008 to develop, invest in and manage office space and shopping centres in Spain (6 industrial parks, 6 office buildings and 13 shopping centres).
- Grupo Lar and **Whitehall (Goldman Sachs)** formed an alliance from 1998 to 2002 to invest in shopping centres and office buildings.
- Joint venture with **Centerbridge** in 2019 to develop a **portfolio of Grade A logistics warehouses** in Spain with an expected annual business volume of around **250 million Euros**. Centerbridge, a respected private investment firm, has invested more than USD 8 billion in properties across North America and Europe.
- In 2020, Grupo Lar entered into an alliance with the French firm **Primonial** to **create a new residential rental platform**, developing and managing a portfolio of 5,000 homes in Spain's largest cities, with an investment of **400 million Euros**.
- **New service management agreement signed** with AXA REIM to develop a **healthcare** property portfolio of **14 assets**, involving an estimated investment of 300 million Euros over 5 years.



Alliances and JVs to invest in different assets and locations

Spain

- **Shopping centres:** Joint venture with Ivanhoé Cambridge, Eroski, Vastned Retail, Acciona Inmobiliaria, Green Oak, Sonae Inmobiliaria, GE Capital, Henderson and Rockspring.
- **Residential segment:** In 2020, Grupo Lar entered into an alliance with Primonial for the management of 5,000 homes. In addition, Grupo Lar managed 3,850 homes for Banco Sabadell, Bankia, AXA Re, Catalunya Caixa and various developers.

Germany

In 2007, Grupo Lar invested in office buildings and residential property on behalf of La Caixa's private banking customers.

Latin America

The Company formed strategic alliances and joint ventures in:

- Mexico, with Grupo Acción.
- Brazil, with RB Capital, Mero do Brasil and Concima.
- Peru, with Cosapi.



Gentalia

Grupo Lar is the sole shareholder of Gentalia, **one of the largest retail property managers in Spain**. With over 21 years of experience in the industry, Gentalia provides service in the fields of **consultancy, property and asset management and commercialisation of shopping centres and retail parks, among others**.

As one of the largest, strongest and most innovative property management firms in Spain, Gentalia was selected by Lar España to manage part of its portfolio.

Gentalia is run by its **own separate team**, which ensures that its operations are distinct from the parent Company's and encourages tenant loyalty. At the same time, Gentalia is able to streamline **operational costs** at shopping centres and retail parks through economies of scale.



Today, Gentalia's portfolio under management comprises **30 shopping centres and retail parks** throughout Spain. Gross leasable area (GLA) within the portfolio **exceeds 1,000,000 sqm**. The management firm keeps constantly in touch with retailers, including the **more than 2,000 tenants** operating at managed properties.

In recent years, Gentalia successfully participated in **several development projects**, including **Lagoh** (Seville - 70,000 sqm) and **Bahía Real** (Santander - Retail Park 20,000 sqm).

In 2022, the management firm took part in the **pre-opening and subsequent management** of the Caleido asset in Madrid and was appointed as property manager for Vivia, the residential lettings platform created as a joint venture between Grupo Lar and Primonial. So far, two residential developments are underway, in Valladolid and in Parla, Madrid province.

On 8 June 2021, the Board of Directors approved the key terms of **renewal of the management agreement between Lar España and Grupo Lar**. The changes benefit Lar España and lead to a closer alignment of interests between the parties.

II. Grupo Lar fees as Lar España’s Manager in 2022

On 8 June 2021, as indicated earlier, the Board of Directors approved the key terms of renewal of **the new management agreement between Lar España and Grupo Lar**.

The new agreement will run for five years, from 1 January 2022 to 31 December 2026. The consideration comprises a base fee, a performance fee and an additional variable fee for any special actions undertaken, as further explained below:

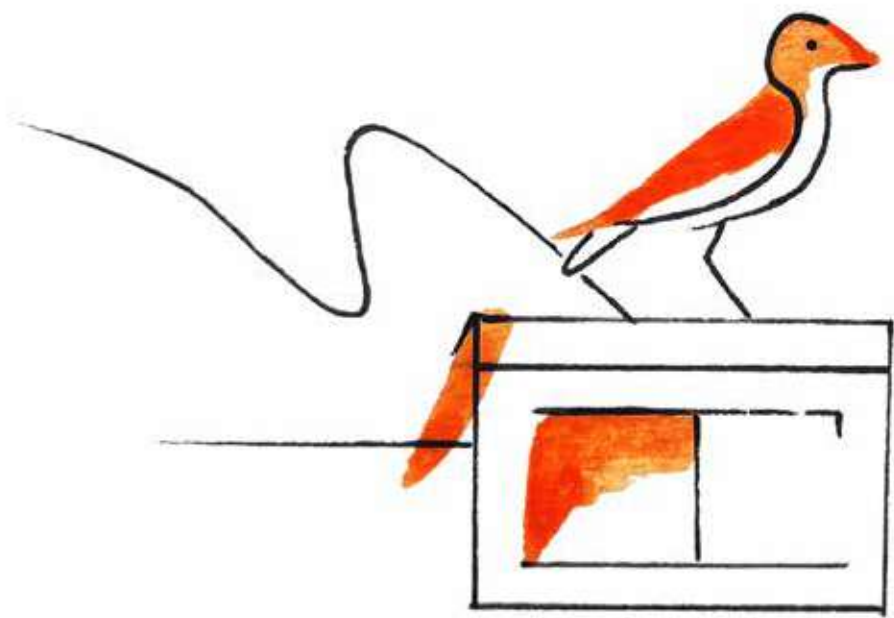
Base fee

Under the Investment Management Agreement (IMA), the base fee payable by Lar España is to be calculated on the basis of the Net Asset Value (EPRA NAV/NTA) of the Company as at the previous year-end:

- Base fee of **0.62%** of Net Asset Value (EPRA NAV/NTA)

Therefore, the consolidated statement of comprehensive income of Lar España for the year ended 31 December 2022 shows an amount of **5,391 thousand Euros** for the base fee.

| Base Fee | Thousands of Euros |
|---|--------------------|
| EPRA NAV/ NTA 31.12.21 | 869,501 |
| Gross fee | 5,391 |
| Grupo Lar expenses incurred by Lar España | - |
| BASE FEE | 5,391 |



Performance fee

Under the new Investment Management Agreement, Grupo Lar remains entitled to an **annual performance fee** based on the **returns earned by Lar España shareholders**.

The performance fee is to be calculated on the basis of any increase in EPRA NAV/NTA per share and the performance of the Lar España share price. Calculated annually, the **performance fee is capped at 1.5 times the annual base fee**. Lar España may, in its own discretion, pay the performance fee either in cash or in treasury shares, measured at their quoted price at the close of a trading day designated in advance.

The performance fee accrues as soon as:

- The **annual increase in EPRA NAV/NTA** (net of capital increases and dividend distributions) exceeds **8.5%** → in which event the fee will be equal to **8%** of that excess.
- The **annual increase in market capitalisation** (net of capital increases and dividend distributions) exceeds **8.5%** → in which event the fee will be equal to **2%** of that excess.

The annual increase in **EPRA NAV/NTA** is calculated as follows:

| EPRA NAV/NTA Evolution | Thousands of Euros |
|--------------------------------------|--------------------|
| EPRA NAV/NTA 31.12.21 | 869,501 |
| EPRA NAV/NTA 31.12.22 ^(*) | 914,412 |
| Gross difference | 44,911 |
| 2021 dividend distributed in 2022 | 30,000 |
| Net difference | 74,911 |
| INCREASE % 31.12.21 – 31.12.22 | 8.62% |
| Return above 8.5% | 0.12% |
| PERFORMANCE FEE | 80 |

(*) Pre-performance fee.

The annual increase in EPRA NAV/NTA determines a performance fee of **80 thousand Euros**.



Market capitalisation over time is shown in the table below:

| Market Capitalization Evolution | Thousands of Euros |
|---|--------------------|
| Market capitalisation 31.12.21 ^(*) | 418,130 |
| Market capitalisation 31.12.22 ^(*) | 365,299 |
| Gross difference | (52,831) |
| 2021 dividend distributed in 2022 | 30,000 |
| Net difference | (22,831) |
| INCREASE % 31.12.21 – 31.12.22 | (5.46%) |
| Return above 8.5% | - |
| PERFORMANCE FEE | - |

Over 2022, market capitalisation did **not show an increase in excess of 8.5%**. Therefore, no performance fee is payable in this respect.

The aggregate of the base fee and the performance fee, **5,471 thousand Euros**, appears in the consolidated statement of comprehensive income for the year ended 31 December 2022 in “Other expenses”. See section [4.2 Financial information](#).

These fees are inputs to the calculation of EPRA Cost Ratios. See section [4.3 EPRA Information](#).

Additional variable fee for special actions

If the Company undertakes the **development of a new property** or the extension of an existing property, it incurs a variable additional fee, to be calculated as a percentage of the total cost (capital expenditure less the price of the building plot).

The applicable percentages are:

- **4%** of total costs below or up to **40 million Euros**.
- **3%** of total costs above **40 million Euros**.

Refurbishment of an existing property, however, does not give rise to the variable fee. It is covered by the base fee.

No additional variable fee in respect of special actions accrued in 2022.

() Calculated on the basis of the average closing quoted price of the past 20 trading days.*



Shopping Centre
El Rosal (León)

1.7. Materiality assessment

Methodological discussion

Lar España accords high priority to identifying and disclosing any fact that is material in its **economic, social or environmental effect**. Therefore, the corporate roadmap embraces a study of the related core principles so as to align the strategy with stakeholder expectations.

From 2021 to 2022, there was no significant change in the property sector in general or in Lar España’s business specifically. Therefore, this report relies on the same materiality assessment as that presented last year. According to the assessment, the topics that are material for the Company are closely related to **embedding ESG criteria throughout its entire value chain**.



The method to identify the 20 topics that are most material for Lar España comprised **two steps**, which considered the Company’s internal perspective and, in addition, an external point of view:

- **Internally**, employees answered a range of questions about the **Company’s sustainability**.
- **Externally**, Lar España sought out its **stakeholders’ priorities and expectations** and identified new industry trends that will shape the Company’s activity in future, including non-financial reporting standards and the requirements of ESG analysts. To address these demands comprehensively, Lar España has looked to the best practices put in play by the following institutions:

- › **Standard-setters**
 - ESG risks identified by the World Economic Forum (WEF)
 - World Business Council for Sustainable Development (WBCSD) Macrotrends and Disruptions
 - United Nations 2030 Agenda
- › **Reporting frameworks**
 - Global Reporting Initiative (GRI)
 - Ley 11/2018, Spain’s primary statute on non-financial and diversity reporting
 - EPRA
 - SASB
 - WEF metrics and papers
- › **ESG analysis firms**
 - S&P
 - MSCI
 - GRESB

20 material topics

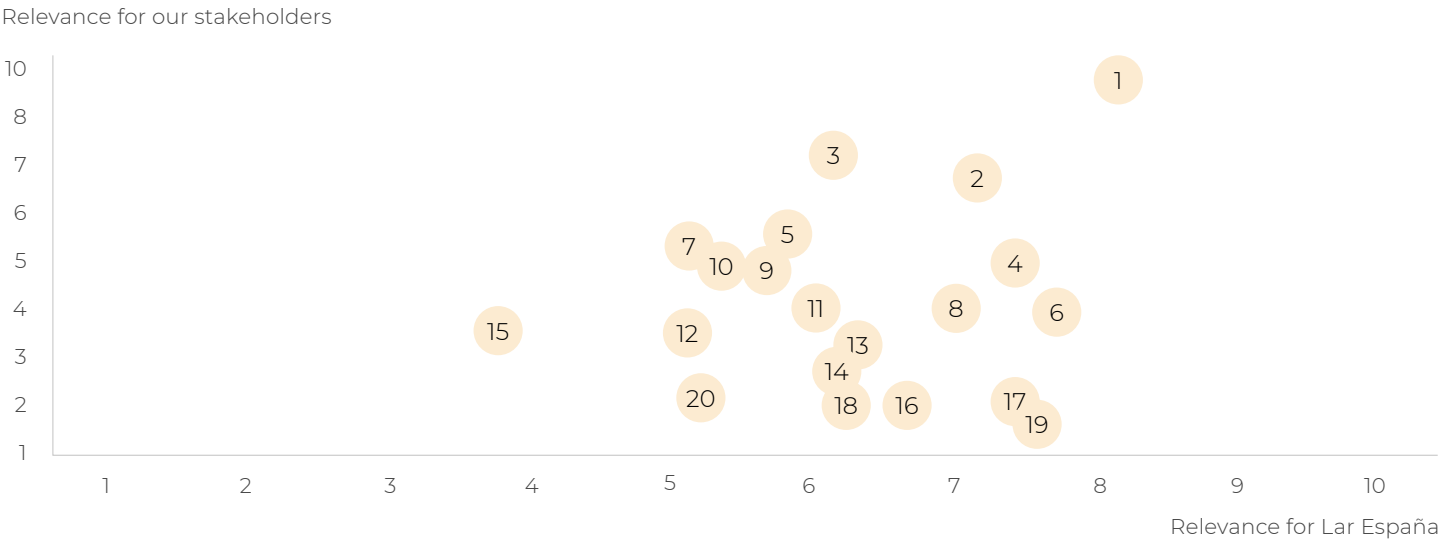
Our assessment identified 20 material topics for Lar España.

| Environmental topics (E) | Social topics (S) | Corporate governance and ethics topics (G) |
|--|---------------------------------------|--|
| Energy efficiency and carbon emissions | Talent management | Good corporate governance |
| Climate change risk and opportunity management | Human rights | Ethics and compliance |
| Water management | Employee health, wellbeing and safety | Sustainable and responsible investment |
| Sustainable use of resources | Stakeholder engagement model | ESG risk management |
| Circular economy | Diversity and equal opportunities | Innovation and new technologies |
| Atmospheric and noise pollution | Customer/user experience | ESG reporting |
| | Sustainable supply chain | Cybersecurity and data protection |

Materiality matrix

Our materiality assessment has enabled us to establish an **order of priority** among the 20 material topics for Lar España by means of a scoring system that produces a table showing the views of internal

and external actors. The assessment allows for combining the topics that are most material for the Company from a **twofold internal/external perspective**.



| | | | |
|--|--------------------------------|---|---|
| 1 Energy efficiency and carbon emissions | 6 Water management | 11 Stakeholder engagement 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 intersection between average external materiality and average internal materiality enables us to establish an order of priority.

Material topics identified on the right-hand side of the matrix are highly material for the business.

Materiality Analysis Conclusions

Our assessment of the results reveals that among the topics that are most material for Lar España are **energy efficiency and carbon emissions**. Other topics found to be especially material are environmental issues such as **Climate change risk and opportunity management, Water management and Circular economy**.

As a result of the materiality assessment, Lar España now addresses those topics in its ongoing initiatives aimed at **caring for the environment** and monitoring its environmental management indicators.

As to **social and governance aspects**, the indicators for Good Corporate Governance (2nd place), Ethics and Compliance (4th place), and Talent management (5th place) also appear near the top of the table.



The retail sector has experienced a **pronounced recovery after the pandemic**, consolidating and proving to be one of the most resilient and adaptative sectors.

1.8 Market context and trends

We need to spot new trends in key areas for Lar España so as to identify business opportunities and stay ahead of developments in the retail market and the property sector in general.

In the **aftermath of the pandemic, the retail sector has strongly recovered** and is now on firm ground. Retail has proved to be one of the most resilient areas of the economy, displaying a considerable ability to adapt to change and understand customers' new attitudes and needs.

Today's **customer-centric** approach requires retailers to provide a positive experience at each distinct stage of the consumer's journey. Meeting this requirement continues to be critical to create a sense of satisfaction and empathy that subsequently encourages customers to act as 'ambassadors'.

At Lar España, we place **customers at the heart of our strategy** for all our properties. We seek to provide a unique and memorable shopping experience driven by innovation. One of the key features of our approach is to encourage **customer loyalty by personalising the experience** through synergies provided by data on personal preferences. This enables us to create an experience that goes beyond just shopping.

In addition, our model is **omni-channel**, since the current trend is for brick-and-mortar assets and online stores to converge into a single customer experience. By combining brick-and-mortar and digital strategies within one and the same ecosystem, retailers provide a seamless experience and encourage more purchases. The profile of consumers who visit shopping centres is constantly

changing. A shopping trip may go beyond a mere intention to make specific purchases so as to embrace a broader experience.

Another trend that has emerged in the past few years and directly influences consumers' choice of shopping location is the rising concern with **sustainability**. We are therefore seeing the emergence of 'circular economy' initiatives and a greater emphasis on buying second-hand goods. Consumers increasingly demand recyclable packaging, returnable containers, eco-friendly production models and higher awareness of responsible consumption.

Moreover, the **concern to support sustainability and mitigate environmental impacts** is beginning to go beyond purchase decisions in themselves so as to touch upon the entire shopping experience in all its facets. This trend clearly affects Lar España's shopping centres and retail parks. We therefore seek to support social and environmental sustainability by gradually lowering the impact of our business on the environment and continuing to create value in our host communities.

Finally, the future of the retail sector – although only in an oblique manner for the Lar España business model – will be shaped by the **requirements of personal data protection and customer data management** by means of computer technology.

At Lar España, we look at the **entire customer experience** from end to end so as to accommodate new trends and consider all the scenarios that form part of the shopping experience. We view **sustainability as a central vector of the business** and undertake a range of actions accordingly.

SUSTAINABLE
DEVELOPMENT
GOALS

1.9 Contribution to SDGs

Lar España is an active participant in the ‘Decade of Action’ advocated by the United Nations. The purpose of this initiative is to transform the world with the support of all sectors of society in order to deliver the 17 Sustainable Development Goals (SDGs).

As a private-sector actor, the Company acknowledges that in order to **achieve the SDGs** civil society itself must take transformative action. Lar España thus **continues to support the 2030 Agenda** by moving forward with an **effective strategy** to identify material topics and the ways in which they relate to the SDGs.

Lar España **continues to support the 2030 Agenda** by moving forward with an **effective strategy**.

Starting-point

To establish our starting-point, we systematically assessed the matrix of **material topics within the Sustainability Master Plan**, the **impacts on our value chain** and the **stakeholders involved**, as well as the most widespread practices among our peers.



We looked closely at the impact or externality arising from each material topic and its significance at each distinct stage of the business model.

As a result of our analysis, we grouped the **15 material topics** into six strategic blocks that serve as a guide for implementing actions throughout the Lar España value chain.

Six strategic blocks that serve as a guide for implementing actions throughout the Lar España value chain.

Working with the financial sector

- › Risk management
- › ESG
- › Investment in CSR
- › Responsible investment
- › Social and environmental management

Working with external partners

- › Ethics and compliance
- › Talent retention and training
- › Workplace health and safety

Working with tenants

- › ESG risk management
- › Transparency in business relations
- › Community relations and local job creation
- › Sustainability in product marketing
- › Channels for communicating with the local community
- › Workplace health and safety
- › New experiences and services

Working with governance bodies

- › Good governance
- › Ethics and compliance
- › Risk management
- › ESG transparency in business relations
- › Anti-corruption and anti-money laundering

Adapting properties to global challenges

- › ESG risk management
- › Community relations and local job creation
- › Sustainability in product marketing
- › Workplace health and safety
- › Contemporary design and features
- › New experiences and services

Social and environmental management

- › ESG risk management
- › Investment in CSR
- › Responsible investment
- › Social and environmental management
- › Community relations and local job creation
- › Channels for communicating with the local community
- › Workplace health and safety



Contribution strategy

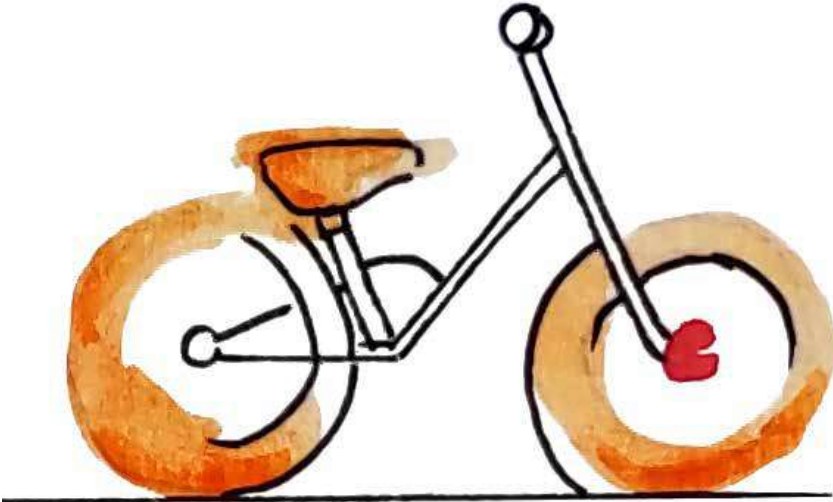
Based on this grouping, we identified the **critical points in the Lar España value chain**. We drew a distinction between head office activities that are not directly related to day-to-day management of the properties from operational activities that do involve hands-on property management.

Our analysis enabled us to identify the **8 priority SDGs** relating to the head-office and operational functions within the Lar España value chain. To address these SDGs, we proposed **specific actions** to align the Company’s strategy and management model.



Identification of SDGs and their relevance to Lar España’s business:

| SDG | Strategic goal | Target | Material topics | Corporate actions |
|---|--|--|--|--|
|  | <ul style="list-style-type: none">› Social and environmental management.› Working with tenants. | Target 6.4. Increase water-use efficiency (freshwater withdrawal) | Social and environmental management. | Extend green clauses and categorise tenants to ascertain and monitor rational water use by each activity at shopping centres and retail parks (retail, leisure, restaurants, grocery supermarkets and service providers). |
|  | <ul style="list-style-type: none">› Social and environmental management. | Target 7.2. Increase the share of renewable energy. Target 7.3 Double the rate of improvement in energy efficiency. | Social and environmental management, CSR investment. | To encourage sustainable use of properties, we published a set of guidelines on sustainable refurbishment of retail stores. → <i>Click on the link for more information on The guidelines are available here.</i> |

| SDG | Strategic goal | Target | Material topics | Corporate actions |
|---|--|---|---|--|
|  | <ul style="list-style-type: none">› Social and environmental management.› Working with tenants.› Working with external partners. | <p>Target 8.8 Protection of labour rights and promote safe and secure working environments.</p> <p>Target 8.5 Achieve full employment and decent work.</p> <p>Target 8.3 Encourage small- and medium-sized enterprises.</p> <p>Target 8.4 Improve efficiency in consumption and production.</p> | <p>Ethics and compliance, Talent retention and training, Workplace health and safety.</p> <p>Risk management ESG, Community relations and local job creation, Channels for communicating with the local community, Workplace health and safety.</p> | <p>Create operational reporting system at the level of each individual property based on standardised data collection.</p> <p>Extend green clauses and categorise tenants to ascertain and monitor the social aspects of each activity at shopping centres and retail parks (retail, leisure, restaurants, grocery supermarkets and service providers).</p> |
|  | <ul style="list-style-type: none">› Working with tenants. | <p>Target 12.1 Implement sustainable consumption and production framework.</p> <p>Target 12.3 Reduce food waste.</p> | <p>Sustainability in product marketing, New experiences and services, Transparency in business relations.</p> | <p>Create operational reporting system at the level of each individual property based on standardised data collection.</p> <p>Extend green clauses and categorise tenants to ascertain and monitor responsible consumption patterns for each activity at shopping centres and retail parks (retail, leisure, restaurants, grocery supermarkets and service providers).</p> |

| SDG | Strategic goal | Target | Material topics | Corporate actions |
|--|---|---|---|---|
| <div> <div> 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE </div> <div> 13 CLIMATE ACTION </div> </div> | › Adapting properties to global challenges. | Target 9.1 Develop sustainable infrastructure. Target 9.A Facilitate sustainable and resilient infrastructure. Target 13.1 Strengthen resilience and adaptive capacity. | Risk management ESG, Workplace health and safety, Contemporary design and features, New experiences and services. | <p>Assessment of climate change-related financial risks within the TCFD framework for a comprehensive view of the situation of the Lar España portfolio (also see section 5.2)</p> <p>Extend green clauses and categorise tenants to ascertain and monitor energy consumption and related efficiency measures for each activity at shopping centres and retail parks (retail, leisure, restaurants, grocery supermarkets and service providers).</p> <p>Put in place a Decarbonisation plan in accordance with the EU and Spanish regulatory frameworks.</p> <p>Megapark mobility plan.</p> |
|  | | | | |



| SDG | Strategic goal | Target | Material topics | Corporate actions |
|---|--------------------------------------|--|---|---|
|  | › Working with governance bodies. | Target 16.6 Develop effective and transparent institutions. | Good governance, Ethics and compliance, ESG risk management Transparency in business relations, anti-corruption and anti-money laundering. | Ongoing training in anti-money laundering procedures, crime prevention and data protection. Creation of the required detection procedures. Compliance with the most stringent reporting standards in effective demonstration of the Company's commitment to transparency. |
|  | › Working with the financial sector. | Target 17.3 Mobilize additional financial resources. | Risk management, ESG, CSR investment, Responsible investment. | Corporate-level partnership with organisations such as Asociación Norte Joven to implement a range of initiatives. |

9
corporate actions

&

13
operational actions



+50%
creating robust
framework for action

+30%
correcting adverse
impacts

+17%
promoting positive
impacts

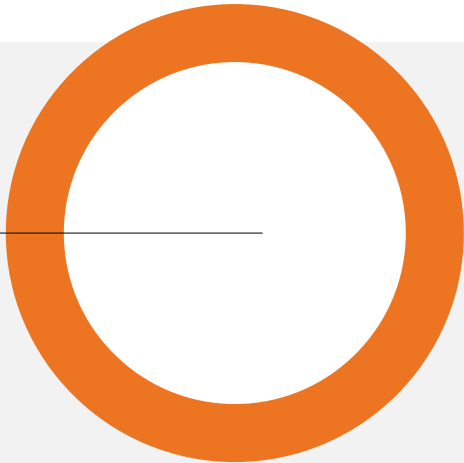
6.7%
SDG 13:
CLIMATE ACTION



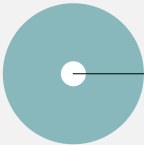
4.4%
SDG 7: AFFORDABLE
AND CLEAN ENERGY



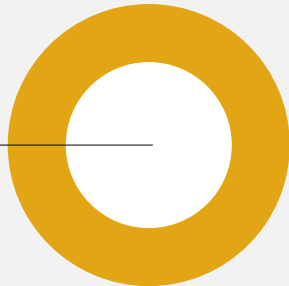
28.9%
SDG 12: RESPONSIBLE
CONSUMPTION AND
PRODUCTION



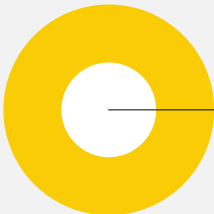
8.9%
SDG 16: PEACE AND JUSTICE
STRONG INSTITUTIONS



17.8%
SDG 9: INDUSTRY,
INNOVATION AND
INFRASTRUCTURE



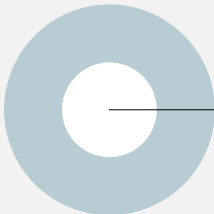
13.3%
SDG 8: DECENT WORK AND
ECONOMIC GROWTH



6.7%
SDG 6: CLEAN WATER
AND SANITATION



13.3%
SDG 17: PARTNERSHIPS TO
ACHIEVE THE GOALS





1.10 Transformation: digital culture and innovation

Within the Company’s retail property-focused business model, one of our central concerns is the **shopping experience**. Many of our projects are accordingly designed to gain a better understanding of **users’ profiles and behaviours** so that we can meet their expectations. Our technological initiatives provide key insights on customers’ buying habits and enable us to base our decision-making on the latest trends and create new opportunities that meet identified needs.

The rise of new technologies and the emergence of e-commerce have shifted the retail industry towards a **hybrid omni-channel model**: the range of services and experiences offered by brick-and-mortar shops are seamlessly combined with the online shopping channel. Given this context, we seek to develop our business with a view to **creating value over the long term** and enabling our tenants to do business more **efficiently** and **sustainably** while retaining their **distinctive brand character**.

At Lar España, we are actively involved in this transformation process. We look at the needs of tenants, end-customers, investors and other stakeholders. By implementing innovative solutions, we have been able to adapt to each shift in market demand and **respond swiftly** to the expectations of our key stakeholders.

The goals of our innovation initiatives include:

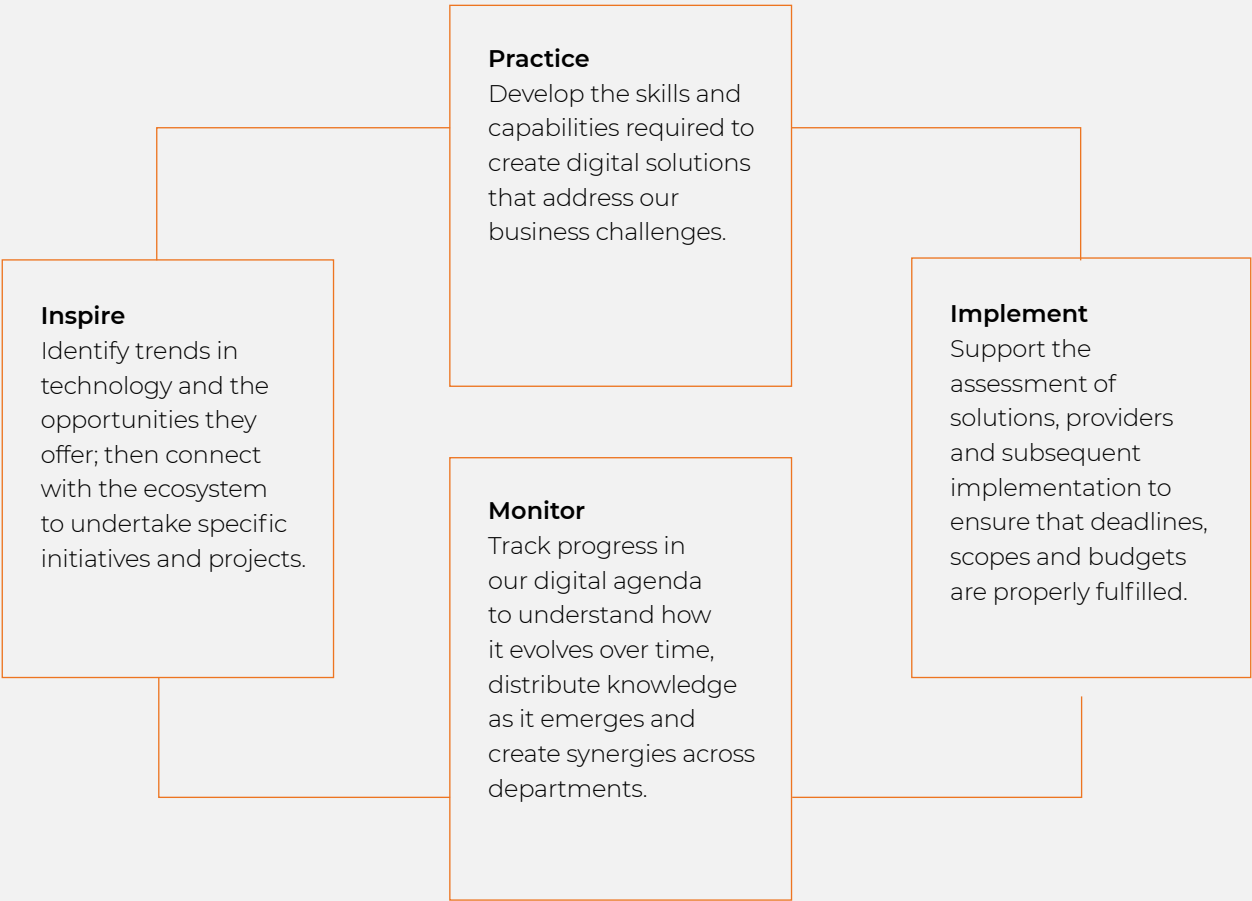
1. Taking the lead in the digital transformation of the retail sector.
2. Drive digital transformation and innovation in business development, creating new ways of efficient interaction with external and internal customers.
3. Creating shared value to lead social and economic progress by having a positive impact on society and helping to improve quality of life.
4. Supporting sustainability by implementing technologies for enhanced efficiency in property management and closer and more accurate environmental control.



Digitalisation at Lar España

The purpose of the Innovation Plan is to leverage technology to strengthen our business and create a competitive edge by implementing **new value propositions**.

The Plan is based on four inter-related concepts:



These concepts lead us to distinguish between 5 categories of targets that we aim to hit with our digital innovation projects.

1. Talent and culture.

Employee training and inspiration actions to strengthen skills and encourage innovation. We already run a wide range of ongoing training actions for employees to integrate digitalisation with our day-to-day tasks.

2. Products and services.

Proprietary digital platforms that support go-to-market processes and deployment of the value proposition to our tenants, including our management of subsequent tenant relations. As part of our assessment of new trends, we need to detect the pain points within the customer experience so as to offer products and services that effectively address those needs and create a unique shopping experience.

3. Processes and operations.

Digitalisation of internal work processes throughout the value chain so as to optimise employee efficiency and productivity. By basing our work processes on new technologies we optimise time dedicated and work quality while narrowing the window for human error.

4. Data.

Development of processes for data acquisition, processing and application to generate business intelligence and support decision-making. Data management and governance is a long-term ambition that may enable Lar España to make decisions based on technology-enhanced business intelligence and data analytics.

5. Open innovation.

Involvement in the industry's global innovation ecosystem by partnering with emerging talent and technology through programmes such as LarTech, Retail Innovation Lab and Wonderful. By keeping in touch with the ecosystem, our innovation process will be in line with the latest practices that are best suited to Lar España's business model.



Lar España, innovation in the retail sector

The Company's innovation actions focus on **three key categories** that address the specific features of the Company's assets.



Customer orientation

In this area, our initiatives focus mainly on assessing visitors' experience and optimising property management and customer relations. The aim is to offer a **unique and distinctive value proposition** by transforming our shopping centres and retail

parks into experience-driven destinations that meet consumers' present needs.

The tools we have developed to create value for the Company in this respect are described below:



'Disfrutones' customer loyalty club

| Description | |
|---|--|
| This customer loyalty club provides members with discounts on their purchases at the shopping centre, prize draws, special services and the latest news in real time over their mobile phone. Membership is free and available via a number of channels. | |
| Objectives | Achievements |
| › To enhance customer loyalty, thereby increasing footfall that, in turn, leads to higher sales for tenants at the property, while gaining a better understanding of consumers' profiles and preferences, ultimately improving the offering at our properties . As a further communication channel, the app provides a key element for creating digital community . | The app is currently available for the El Rosal, Lagoh, Portal de la Marina, Ánec Blau, Albacenter, Gran Vía de Vigo and As Termas shopping centres. |

New digital channels

We have implemented a range of initiatives to create new services with the aim of **maximising our tenants’ sales through digitalisation**.



› Click & Shop

| Description | Objectives |
|---|---|
| Omni-channel sales platform available for the El Rosal, Lagoh, Portal de la Marina, Ánec Blau, Albacenter, Gran Vía de Vigo and As Termas shopping centres. | To promote products and discounts offered by retail brands operating at our properties in order to attract traffic to the brick-and-mortar stores and offer an auxiliary service that boosts digital sales . The omni-channel functionality enables customers to purchase goods using a wide range of options. |

Achievements

| | | |
|--------------|-------------------|---------------------------------|
| 107,517 | 39 | 1,345 |
| Total visits | Affiliated brands | Products posted to the platform |

This effort by the Company to adapt the retail market to the digital transformation **expands the property's offering beyond its physical scope**. This **new communication channel** made available to tenants positions the asset as a powerful driver of traffic and sales.

› Lar Conecta

| Description | Objectives |
|--|---|
| Lar Conecta provides retailers with digital communication channels specific to the shopping centre where they are hosted and the online traffic that this involves so that they can promote their brands and boost sales. This facility acts as a visibility multiplier for shopping centre tenants to reach a wider audience for their goods and services. | › To raise the visibility of retailers operating at properties within the Lar España portfolio. |
| Achievements | |

The initial test will be launched on one of the assets in 2023 and the service will help retailers boost sales, raise their visibility and reinforce brand recognition through this membership scheme.

› WhatsApp messages

| Description | Objectives |
|--|---|
| We operate a WhatsApp group as an additional communication channel so that retailers can market their goods in an agile, easy-to-use way, as a forward step towards 360° service . Thanks to this new initiative, customers receive personalised assistance without having to make a previous trip to the brick-and-mortar shop. This boosts the number of transactions with retail brands and opens an opportunity for personalised advice. | › To offer a personalised service that boosts retailers' sales, within the growing trend of convergence between online and brick-and-mortar channels . |
| Achievements | |

Since WhatsApp is already an extremely popular and well-known communication platform, the target audience is very large. The barrier of downloading an unknown app is removed.

The WhatsApp contact facility is available at Albacenter, Ànec Blau, As Termas, El Rosal, Gran Vía de Vigo and Portal de la Marina.

As a further step in this same initiative, at the Lagoh shopping centre **WhatsApp Shopping is available with Shopping Assistant**, which supports purchases on WhatsApp with home delivery.



› SEO positioning

| Description | Objectives | |
|---|--|---------|
| SEO positioning is the visibility of a website in the organic search results of the Internet's leading search engines. Through its SEO positioning project, Lar España continues to work on the design and adaptation of its websites to make them smarter and more effective. | › To improve the search engine optimisation positioning of our propertie's websites. | |
| Achievements | | |
| 1,227,195 | 2,662,373 | 855,401 |
| Total number of sessions | Page views | Users |

› Amazon Lockers

| Description |
|---|
| Amazon Lockers is a self-service package delivery facility offered by Amazon. |
| Lockers are located conveniently close to shops. Customers key in a unique pickup code on the locker touchscreen and pick up their order from the locker. |
| Achievements |

The Amazon Lockers facility is available at Albacenter, Ànec Blau, As Termas, El Rosal, Gran Vía de Vigo, Lagoh, Portal de la Marina, VidaNova Parc, Vistahermosa, Rivas Futura and Parque Abadía.

Business development and innovation

Technological innovation is still critical to the growth of Lar España, so we develop tools to better understand the performance of our properties and enhance our decision-making. The Company successfully kept ahead of the transformation of the industry and today **continues to develop digital initiatives** in two core areas: portfolio data management and asset management.

› Marketing reports

| Description | Objectives |
|--|--|
| We consolidate our marketing reports using a dashboard that displays our business KPIs. This procedure improves our data analytics and decision-making by providing us with consolidated and updated data. | This solution lets us run easy-to-use digital search queries on the performance of each property (data on footfall, sales, average spend and average dwell time) and on the effectiveness of our marketing actions (data on expenditure, participants, acquisition costs, social media community, number of members, consumption, downloaded coupons, bookings, and more). |

Next steps

Next steps include implementing the Salesforce digital solution to collect and retrieve data on marketing and customer relations and thus have available a **single dashboard** combining all business information across the property portfolio.

› Smart Mall

| Description | Objectives |
|---|--|
| The Smart Mall project involves building data collection points, data processing tools and viewing panels that combine all relevant information for customers visiting our shopping centres. The aim is to activate key points that generate and collect relevant information on the quality of each customer’s visit and his or her social and demographic features and consumption habits, e.g.: interactive kiosks, mobile phone charging stations, car park entry points, visit counters, Wi-Fi connections and coupon downloads from the <i>Disfrutones</i> app. | <div>› To leverage a hyper-connected shopping centre in order to study customers’ interactions with the various points of contact during their stay at the asset.</div> <div>› We can use the resulting insights to configure a more consistent shopping centre, improve our offering and meet the customer’s expectations more accurately, thus creating a higher quality relationship.</div> |

Achievements

Pilot tests are underway at Ànec Blau and Lagoh.

› Mallcomm

Description

Mallcomm is a 360° platform that creates a **communication channel between tenants and the various management and service levels of the shopping centre**: shop assistants, shop managers, and so on. The system handles tenants’ sales indicators and postings on discounts offered to employees, vacancies, events, marketing, security, critical communications, maintenance and cleaning. Postings can be open to comments if desired.

Objectives

- › To **improve asset management** by means of a real-time tool that enhances communication and speeds up administrative tasks.

Achievements

The platform has been implemented at **7 shopping centres** in our portfolio.

› Seeketing

Description

The Seeketing platform **integrates information generated by shopping centre channels** by cross-referencing and analysing data, thus enabling the Company to create additional value for customers. The system uses beacons installed at the shopping centre and powerful marketing intelligence software to gain a better understanding of users’ habits.

Objectives

- › To implement localised marketing actions to enhance foot traffic and improve customer satisfaction.
- › To optimise shopping centre management through advanced analytics.
- › To identify unique visitors to the shopping centre.
- › To measure footfall by individual shop and area and ascertain visit frequency and dwell times.

Achievements

In 2022, we continued with the initiative begun the year before involving localised marketing actions aimed at users identified via Wi-Fi networks. We achieved very strong conversion results for targeted and participant users.

The initiative is active at **5 shopping centres** in our portfolio.

› Dotgis

Description

Dotgis is a multi-user web-based digital dashboard that provides a dynamic map enabling Grupo Lar and Lar España employees to **view all metrics relating to commercial premises within the properties**. This provides higher overall visibility and a better understanding of the portfolio. The app enables us to analyse the way in which different operators are performing at each property or in the aggregate across all properties on the basis of a range of KPIs and highly responsive data capture. This leads to a better understanding of the performance of the various retail segments.

Achievements

- › To analyse own data so as to **optimise resources and generate business intelligence** that enables us to ascertain return on investment for each leasable retail unit of the shopping centres within the scope of the project.

› Tenant Customer Journey

Description

This analysis programme aims to assess **tenants' experience** so as to enhance our relationship with them by strengthening the partnership through an offering of new services and additional value creation.

Project phases

- › *Discover*: One-on-one interviews with tenants and other Company stakeholders to identify the main insights and create a range of archetypes.
- › *Ideate*: Workshop with project leaders to design solutions that can address any detected issues.
- › *Describe*: Creation of an Action Plan to mitigate any shortfall with which tenants might be dissatisfied and create new points of contact and value propositions for each tenant category.
- › The project is now at the 'Describe' stage, and we are working on producing an Action Plan.
- › In 2023, the goal is to prioritize initiatives that focus on offering new services, creating added value for tenants and implementing the best solutions to end problems affecting tenants.

Objectives

- › Improving the tenant's experience in shopping centres and retail parks .
- › To learn about best practices, trends and new business models in the retail sector.
- › Position Lar España as a leader in the retail sector.

› Personalised shopper survey

Description

This project is designed to gain a better understanding of our customers so that we can **optimise our digital communication strategy** by delimiting digital territories and creating relevant digital levers and attractive content.

Objectives

› To **attract consumers** to our properties.

Achievements

During 2022, a **research program** called *Buyer persona digital* ('digital shopper survey') that led to a number of insights: the need to improve the engagement generated by our social media postings, and the fact that visitors are especially interested in events and cuisine as a topic with the potential to draw a wide audience.



Sustainability/ESG

Lar España's innovation initiatives enable us to implement measures at our properties that reduce environmental impacts, support the environment by creating long-term value and **enhance efficient management of resources so as to strengthen the resilience of each property**.

In 2022, the Company continued to design and put into practice **unique projects** that enhance the energy efficiency of our properties, enable us to earn sustainability certificates, improve indoor air quality and support the development of facilities that support sustainable mobility between territories.

› Automated platform for operational data capture

| Description | |
|--|--|
| <p>Since 2019, at Lar España we have worked to develop and implement an automated data capture platform to track use of resources at our shopping centres and retail parks (energy and water consumption) and our steps to mitigate environmental impact (waste management and emissions reduction). The platform allows for regular and dynamic viewing of the data.</p> <p>The platform, which became operational on 1 January 2021, enables us to monitor and analyse emerging data and make comparisons between different periods.</p> <p>In tandem, Lar España is working towards a remote sub-metering system to obtain real-time fine-grained data on the state of each property. At the date of issue of this annual report, the system is on the point of going into operation. This will provide us with a more granular level of analysis of the performance of our properties in terms of consumption and emissions.</p> | |
| Objectives | Achievements |
| <p>› To continue to lead the property sector and provide a benchmark for the wider community in going beyond the purely economic benefits of improved energy management and efficiency.</p> <p>› Our next steps will include an energy efficiency audit and the creation of a specific action plan for each property to enhance performance, which will be trackable over the platform.</p> | <p>Higher data reliability through increased data capture frequency and uniformity. This in turn enabled us to optimise processes and resources. The business units concerned are now equipped with more powerful analytical and response capabilities to take corrective action when needed.</p> |

› Renewable energy

| Description |
|---|
| Working alongside KPMG, the Company completed a comprehensive portfolio-wide study that considers and selects strategies to negotiate, sign and review solar power contracts while monitoring the progress of installation of solar panels at portfolio properties. |
| Next steps |
| › We will finalise the details of the solar panel installation agreements over the coming months. |

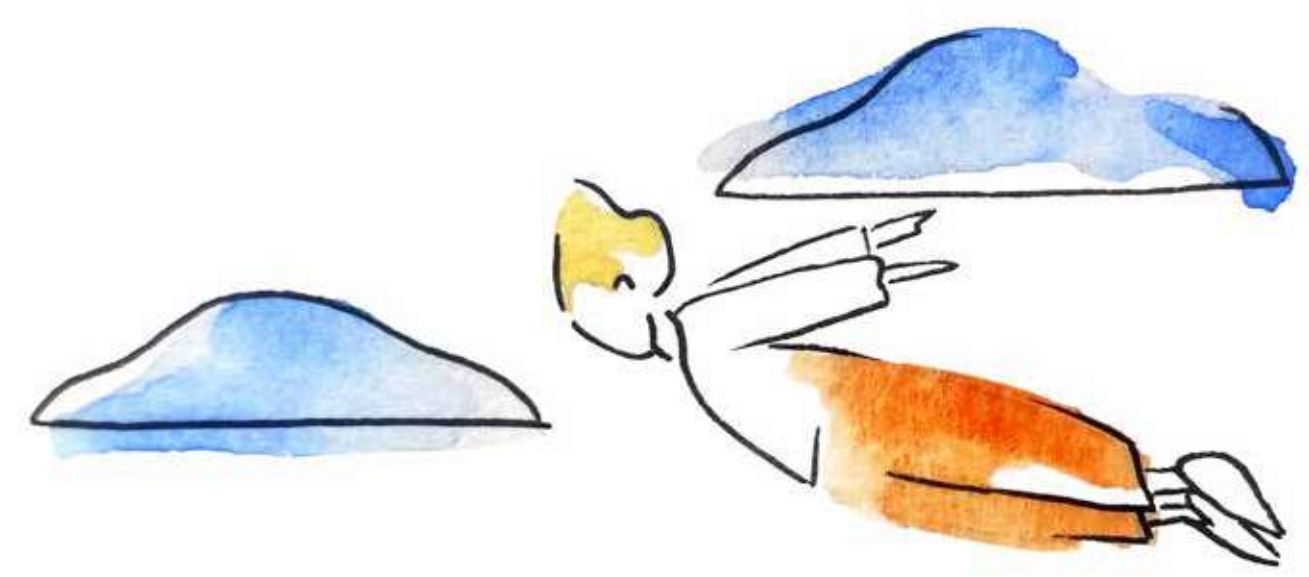


› Sustainable mobility

| Description |
|---|
| Sustainable mobility is a concept designed to counteract the environmental and social harms arising from the regular urban mobility of the general public. At Lar España, we focus on this area as a source of added value for the properties in our portfolio. We are considering a range of alternatives at each property to implement suitable sustainable mobility solutions. |
| Key projects |
| › Electric vehicle charging stations. |
| › Pooled transport. |
| › Walkways and other improvements to pedestrian access. |
| › Awareness campaign to encourage use of public transport, bus stops and taxis. |
| › Parking space and access points for bicycles, scooters and motorbikes. |
| Achievements |

At 31 December 2022, **100% of the properties in our portfolio were equipped with electric vehicle charging stations**, with 200 facilities available across our assets.

In 2022, **we conducted a mobility study at our Megapark asset**, involving a poll of retail employees working at the retail park, on-asset visits and analysis of available solutions. The study led to a range of findings that will enable us to put measures in place to enhance the means of transport connecting to the property.



› Air quality

Description

Our visitors' health and safety is a central concern of the Company's business model. Accordingly, at Lar España we partnered with Ambisalud, an air quality consultant, in a project to **install devices** that track a range of data on indoor air quality, outdoor climate conditions, air-conditioning power usage and footfall. The data captured are available on our automated data collection platform and on displays visible to customers at our properties.

Achievements

› Following our actions in 2021 – implementation of new data processing software and integration of performance tracking with the data automation platform – in 2022 we started work on **optimising the way we operate climate control equipment in an effort to enhance the energy efficiency of our buildings.**

› Regular reports received so far show that indoor **air quality at the Company's properties is optimal.**

Shopping Centre Ànec Blau



Shopping Centres
Portal de la Marina



› Return and reward schemes

| Description | |
|---|---|
| <p>In 2022, we worked alongside Ecoembes to conduct a sustainability and recycling action at a range of properties within our portfolio. The initiative involved installing a return and reward scheme that encourages environmentally responsible behaviour through an innovative system called RECICLOS.</p> <p>Innovation in this field has led to the development of a scheme of rewards to consumers every time they deposit used cans and bottles in the designated yellow container. Returns are recorded on the RECICLOS system, and consumers and the environment both benefit.</p> | <p>Scheme devices have so far been installed at Gran Vía de Vigo, Lagoh, Portal de la Marina and Parque Abadía.</p> <p>The initiative has a twofold beneficial outcome. Points earned via the scheme can be donated to the Spanish cancer research institution in support of specialised counselling for patients and their family members, or to a project to plant the first RECICLOS to revive the ecosystem of an environmentally deteriorated area.</p> |

› Employee training at Aula Lar

| Description | Achievements |
|--|--|
| <p>All Lar España and Grupo Lar employees can take part in monthly webinars on disruptive technology-driven topics that are relevant to the industry's digital ecosystem. The webinars help our experts keep abreast of digital innovation trends and discover new opportunities offered by the industry's best speakers and content providers. These sessions often lead to lasting business partnerships.</p> | <p>› In 2022, <i>Aula Lar</i> provided 7 webinars to all Company employees to support their ongoing training in innovation and topics affecting their career development.</p> |

ESG

(Environmental, Social
and Governance)

2

2.1

Responsible
Business (G)

95

2.1.1 Corporate
governance

95

2.1.2 Governing bodies

97

2.1.3 Internal rules
on governance

118

2.1.4 Corporate policies

120

2.1.5 Risk and opportunity
management

125

2.1.6 Business ethics
and compliance

136

2.1.7 Code of conduct

137

2.1.8 Whistleblowing
channel

138

2.1.9 Money Laundering
and Crime prevention

139

2.2

Contribution to
social development (S)

141

2.2.1 Stakeholders

141

2.2.2 Customer
orientation

146

2.2.3 Supplier
relations

154

2.2.4 Investor
relations

156

2.2.5 Contribution
to local development

160

2.2.6 Accessibility

161

2.2.7 Social action

162

2.2.8 List of projects
and social initiatives

165

2.3

Environmental
management(E)

168

2.3.1 Lines of action

168

2.3.2 Asset quality

174

2.3.3 Performance
assessment

180

2.3.4 Energy efficiency

185

2.3.5 Response to
climate change and
decarbonisation

192

2.3.6 Circular economy

194

2.3.7 Responsible
water use

196

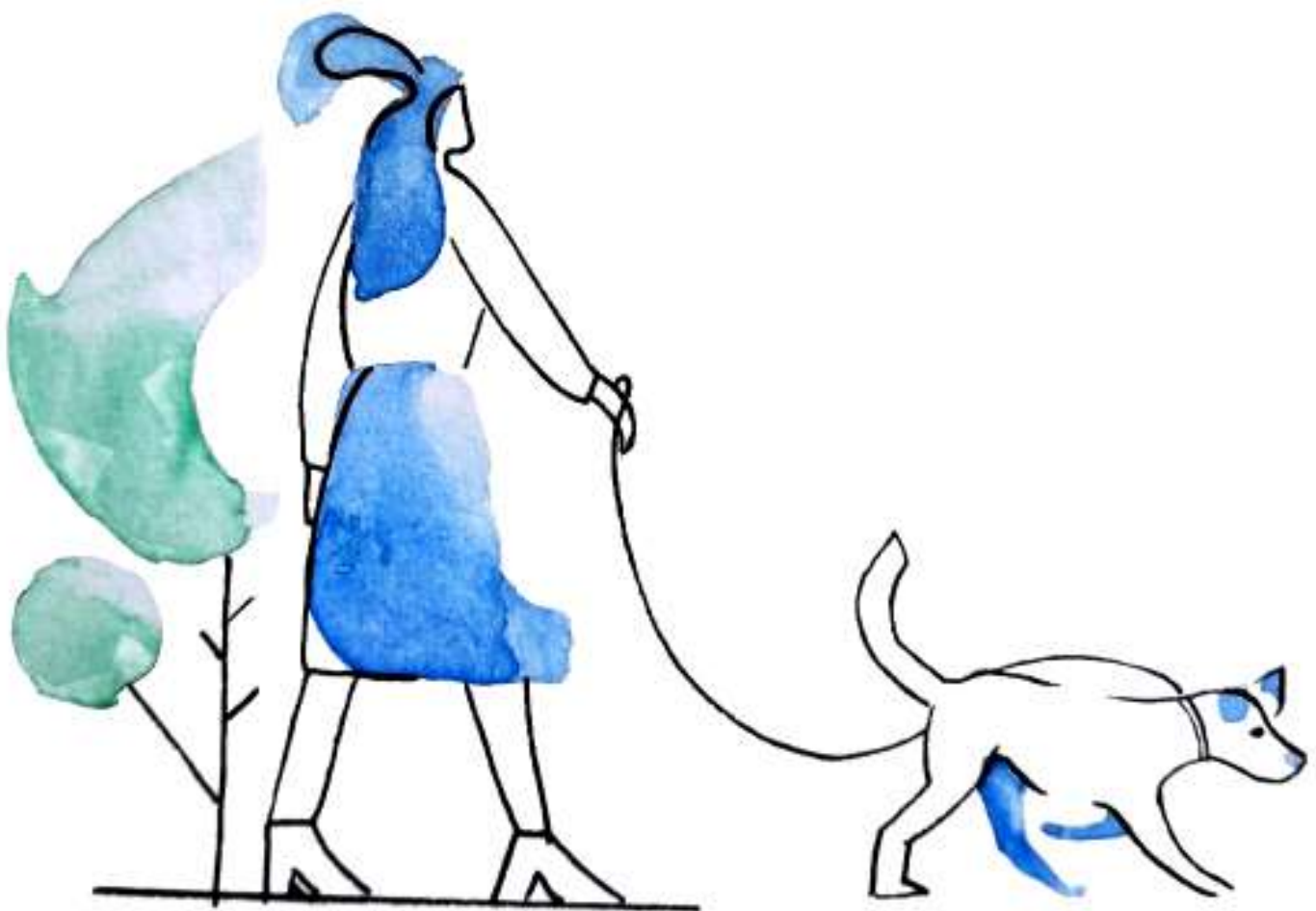
2.3.8 Analysis of results

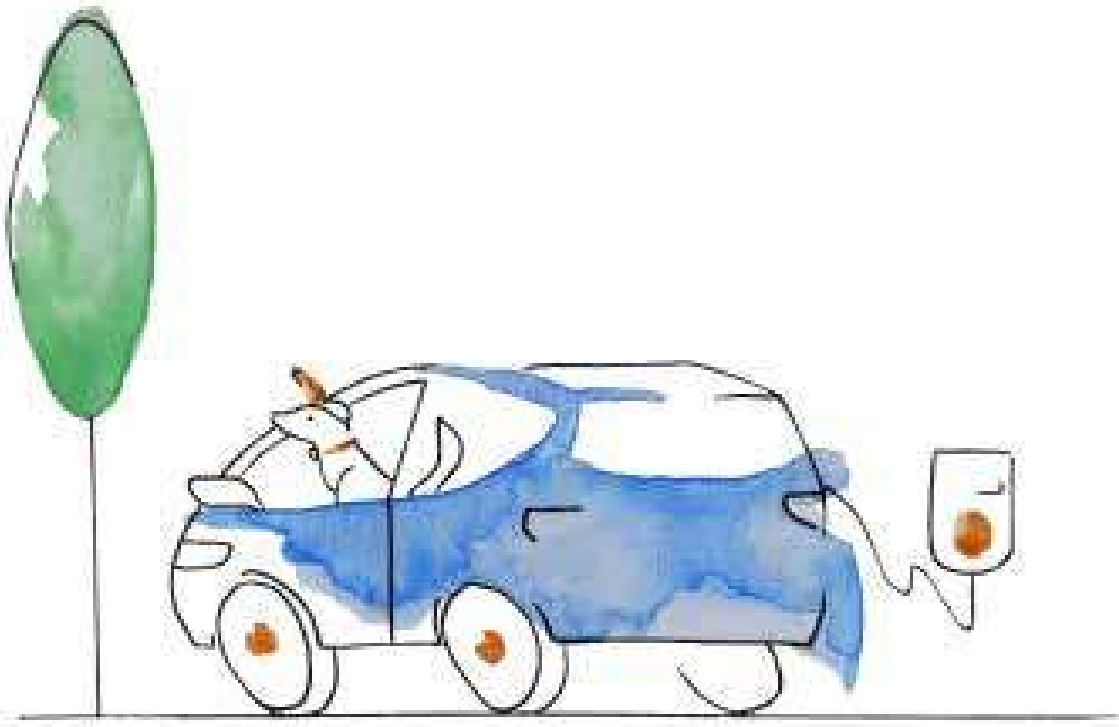
197

2.3.9 Protection
of biodiversity

206

Lar España **undertakes sustainable projects** and focuses its strategy on enhancing energy efficiency with the aim of reducing the environmental impacts of its business. It conducts environmental assessments that comply with the most stringent standards.





A business model founded in the integration of ESG criteria and shared value creation

With a business model predicated on embedding **ESG criteria** and creating shared value, Lar España knows how important ESG issues if it wants to lead the retail business. Accordingly, the Company extends its ESG strategy and actions to its different operations and decision-making levels with the aim of generating a positive impact, while producing a financial return for investors.

The Company also undertakes to ensure that its activity contributes **ethically, responsibly and sustainably**. It assesses different alternatives for doing business so it can seize opportunities that arise from major innovations made on this front over the past few years, such as using new digital tools to enhance the performance of its assets.



By doing so, the demands of the stakeholders identified (regulators, investors, tenants and customers, in addition to stakeholders inherent to Lar España on a standalone basis) dictate corporate investment and steer actual business performance towards environmental value creation.

Lar España’s sustainability vision is articulated in its **ESG Master Plan** so as to set out the corporate-wide courses of actions determined to achieve the overall ESG objective. This plan rests on **4 core pillars**:



As the main tool for expressing the Company's commitments, the **Sustainability/ESG Policy** outlines the main areas and courses of action with an impact for their activity. They are grouped below according to the ESG Master Plan pillars to which they contribute:

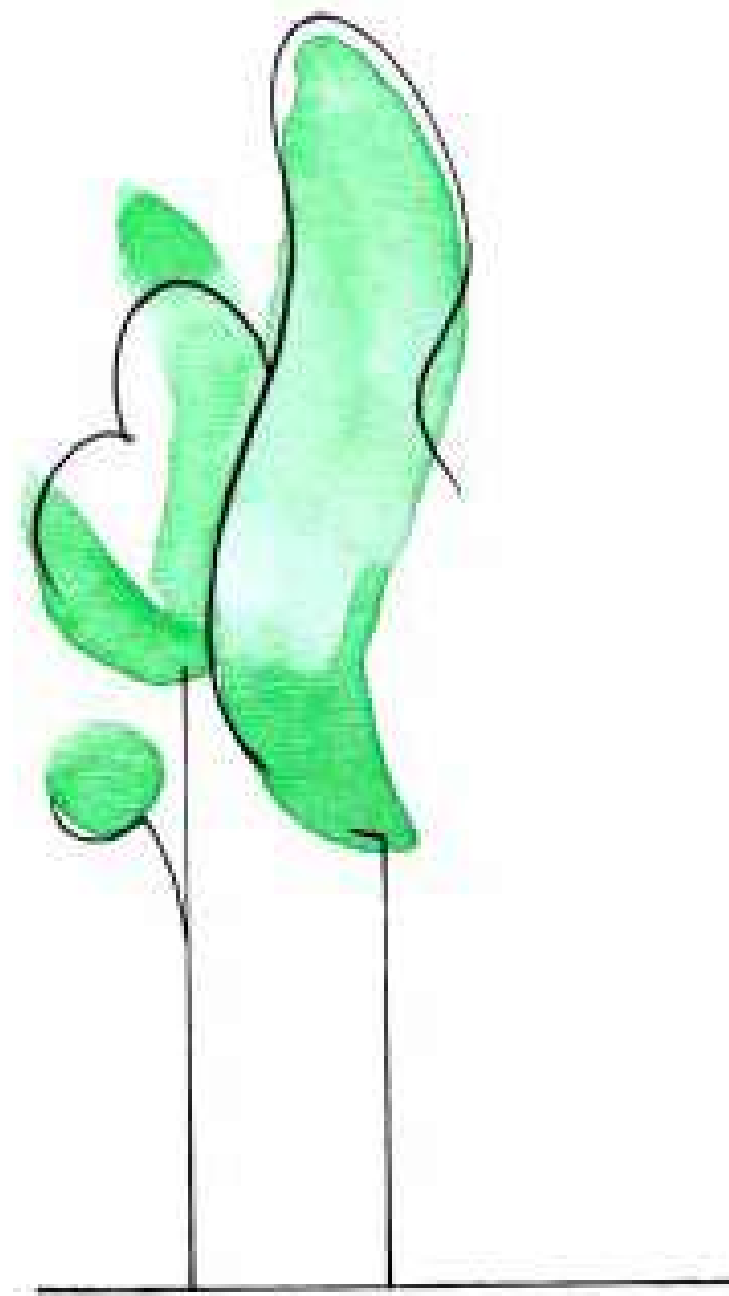


ENVIRONMENT

Environment, understood as the physical environment, which directly impacts financial returns and shared value creation in the community where the Company operates.

Courses of action

- Guarantee continuous improvement by **optimising environmental management**, minimising environmental risks and raising awareness, training and sensitising stakeholders linked to Lar España.
- Ensure **urban biodiversity** for tomorrow's cities.
- Encourage **measures that impact climate action** by using renewable energies, promoting saving and energy efficiency, applying the most suitable technologies and anticipating adaptation to paradigm shifts caused by climate change.
- Incorporate **energy efficiency criteria, responsible water consumption, rational use of natural resources, waste management and certification according to sustainability criteria**, minimising environmental impact and promoting innovation and the use of the best technologies.
- Incorporate operational efficiency and excellence in managing the waste generated in areas within Lar España's control in accordance with the principles enshrined in the **Circular Economy**.
- **Help to improve the well-being** of customers, users, partners and employees, ensuring optimal air quality inside its facilities.





CORPORATE GOVERNANCE

The business model’s corporate governance structure for determining and implementing courses of action with a positive impact.

Courses of action

- Comply with **prevailing law** and all of Lar España’s internal codes of conduct.
- Promote acceptance of Lar España’s **sustainability commitments** in its business relationships.
- Exercise **tax responsibility**.
- Adopt responsible **communication and transparency practices**.
- Take a zero-tolerance stance on **any type of discrimination** or behaviour that intimidates or offends others’ human rights.

- **Avoid market abuse**, corruption and any form of illegal or fraudulent practice by means of preventative and corrective measures and responsible communication channels.
- Conduct product selection and procurement processes that are free of any type of bias and based on **transparency, objectivity and equity**.
- **Embed ESG criteria** permanently in principles guiding the operation of the Board of Directors.
- Champion the promotion of and compliance with the **SDGs and the 2030 Agenda**.



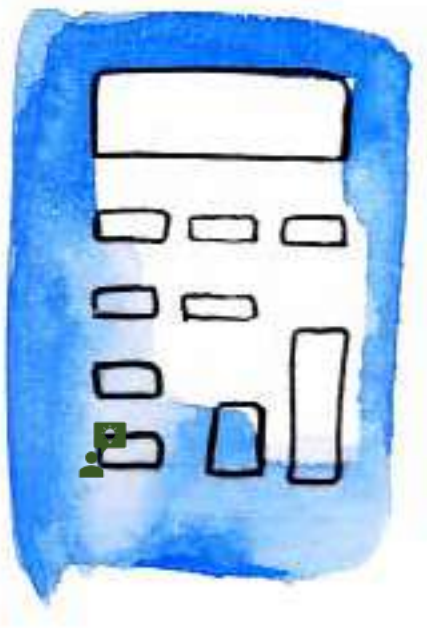


SOCIAL CAPITAL

The **Company's and its suppliers' social capital**, based on talent and enterprise value.

Courses of action

- Create value for shareholders and investors to **ensure Lar España's financial soundness and sustainability** over the long term.
- Contribute to **human, economic and environmental development** that drives sustainable development and social progress **within Lar España's host communities**.
- Foster relationships based on **mutual benefits** and reinforcement of Lar España's sustainability.
- Recruit, select, train, assess and **retain talent** in a framework of equal opportunities, non-discrimination and diversity, in addition to a fair remuneration policy.
- Ensure a **safe and healthy working environment** for employees and third parties.
- Foster *communication and engagement* of shareholders, employees, customers, suppliers, tenants and, in general, all stakeholders.
- Incorporate **Universal Accessibility** criteria.
- Encourage and lend support to Lar España employees' charity efforts through **corporate volunteering** and specific social action initiatives.
- Work alongside institutions, non-profits, private enterprises and other parties in order to effectively **implement social actions**.



ASSET

Positive environmental performance of shopping centres and retail parks within their urban ecosystem that have a positive impact on the urban environment and produce high returns for shareholders and investors.

Courses of action

- Analyse **trends and national and international best practices**.
- Determine and monitor **specific targets and actions** through specific indicators to deliver the desired objectives.
- Monitor **compliance with sustainability policies**, and the related risks and risk management, especially non-financial risks.

ESG Committee

The ESG Committee drives management of ESG skills in the Company's various departments. It comprises a **cross-functional upper management team** with the heads of the various departments involved in managing assets who work to lay down a common strategy in all of them.

It takes responsibility for the following issues:

- Undertaking environmental initiatives with a direct positive impact.
- Promoting asset health and safety.

- Implementing social responsibility measures.
- Addressing other matters of public order.

The ESG Committee held **3 meetings** in 2022, all based on open dialogue among members and clear guidelines for overseeing and monitoring the ESG strategies and practices followed during the year, in addition to proposing the launch of new initiatives.

Other actions to ensure compliance with ESG criteria



Active engagement with **local communities** through outreach and events that drive they social and economic development.

An example was the creation of **more than 16,000 jobs** in 2022.



Development of **innovation solutions**.



Awareness-raising and communication of the values underpinning Lar España's **business culture** among **employees, customers, partners and suppliers**.



Complementary oversight by the **Integrated Risk Management System** to shore up a high level of safety so the Company can attain its strategic and operational targets.



General recognitions, e.g., the **FTSE4Good index** and sector indices, such as **GRESB and EPRA Gold Award**.



Implementation of sustainability and evaluation actions based on **leading environmental standards: BREEAM, ISO14001 and ISO45001 certification**.

100% of the Company's debt is 'Green'.

Commitment to sustainable finance options

Sustainable finance is finance that **considers environmental and social issues** by assessing companies against different criteria related to Good Governance, Environmental Impact and Contribution to Social Development.

As part of the development and implementation of the **ESG Master Plan**, the Company has spent the past few years carrying out the following **actions related to the purposes of its activity**:

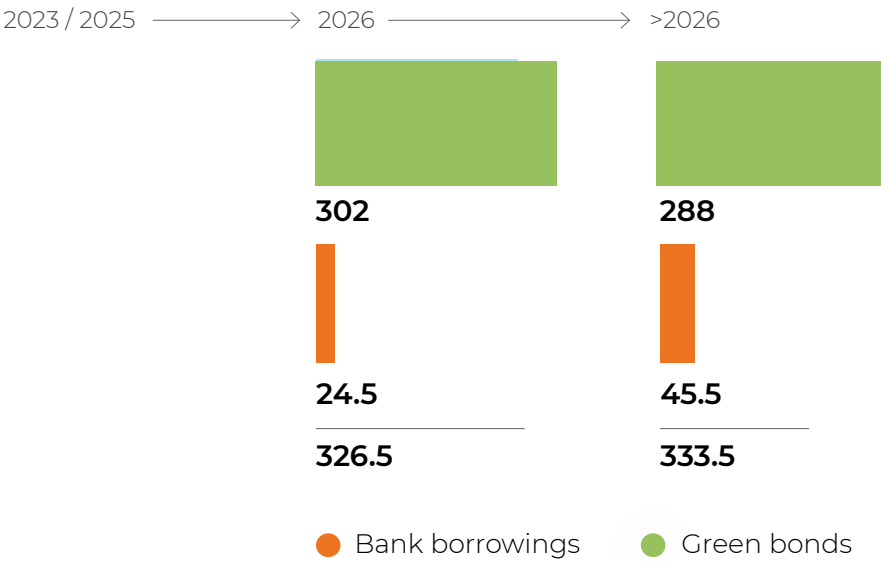
| | | |
|---|---|--|
| <div>1</div> <div>Environment and Asset</div> <div><div>› Promotion of sustainable certificates.</div><div>› Economic and financial viability of all its investments.</div><div>› Responsible management of assets and mitigation of environmental impacts.</div></div> | <div>2</div> <div>Corporate Governance</div> <div><div>› Transparency, ethics and regulatory compliance.</div><div>› Guarantees of good governance within the Company and by its internal bodies.</div></div> | <div>3</div> <div>Social Capital</div> <div><div>› Implementation of measures that promote assets' accessibility.</div><div>› Commitment to local organisations.</div></div> |
|---|---|--|

Through these efforts, Lar España has promoted mainstreaming sustainability/ESG issues throughout its operations, enabling it to not only obtain recognition from national and international organisations, but also to enhance the efficiency of its assets and open the door to **new types of financing linked to assets and companies that incorporate environmental and social concerns in their long-term decision making**.

For instance, 100% of the Company's debt is considered sustainable as it comprises exclusively a facility from the **European Investment Bank** in 2018, which was drawn down in 2020, and **two Green Bond issues in 2021**.

Debt repayment profile

(Millions of euros)



European Investment Bank

In 2018, the Company took out **a seven-year facility for 70 million Euros with the European Investment Bank (EIB)** backed by the Investment Plan for Europe. This financing was granted thanks to the Lagoh shopping centre development project’s contribution and sustainable impact on the city of Seville.

This made Lar España the first entity to conclude a facility for this amount and characteristics. Because of the type of financing, it will help the Company execute its business plan, which has sustainability as one of its core pillars.

Green bond issues

Lar España issued two senior unsecured green bonds, one in July and one in November 2021, for a combined **700 million Euros**. Both issues were five times oversubscribed. The proceeds enabled the Company to **refinance almost its entire debt, eliminating the guarantees provided on assets and extending maturity**, while also reducing cost of debt to a fixed 1.8%.

Fitch assigned an investment-grade or BBB credit rating, outlook stable, for Lar España itself and both of its green bond issues.





Since they were issues of green bonds, **ISS Corporate Solutions conducted an independent review of Lar España’s sustainability strategy** based on the 2021 Green Bond Principles issued by the ICMA (International Capital Markets Association). As part of the issues, Lar España developed a Green Bond Framework outlining:

| | |
|----------------------------------|--|
| 1 | |
| Use of proceeds | Lar España allocated an amount equivalent to net proceeds from Green Bonds issued to finance or refinance a selected pool of assets that promote the transition to a low-carbon and climate resilient activity and economy, taking into account specific criteria such as Green Asset Pool. |
| 2 | |
| Process evaluation and selection | The Company has a Green Bond Committee to oversee the project evaluation and selection process and ensure that selected projects comply with the eligibility criteria defined in the Use of proceeds section in accordance with Lar España’s corporate strategy. |
| 3 | |
| Management of proceeds | Lar España’s finance team is tasked with setting up a Green Bond Register to record the assets and projects in the Green Asset Pool. |
| 4 | |
| Reporting | Within a year of any Green Bond issuance and annually until full allocation, Lar España must prepare and disclose the information on the allocation of the net proceeds to the Green Asset Pool and the associated impact and metrics. This information must be available at all times on the corporate website (at the following link: https://www.larespana.com/wp-content/uploads/2018/09/green-bond-allocation-report-2022.pdf). |



Lar España refinanced its issues with proceeds from the **Green Bond issue** aligned with the criteria of the 2021 Green Bond Principles issued by ICMA (International Capital Markets Association).



100% of Lar España’s assets are BREEAM-certified.

The Company must monitor compliance with the requirements of the green bond issues through a Committee so it can assess and select

projects that are both aligned with its corporate social responsibility strategy and meet the eligibility criteria:

| Eligible project category | Criteria and project type | Related SDG |
|---------------------------|---|---|
| Green buildings | BREEAM certifications. Other types of nationally or internationally recognised certifications. |  |
| Renewable energies | Development and installation of solar PV (photovoltaic) and wind power technology. |  |

In 2022, a year after the issues, Lar España published on its corporate website a [follow-up report](#) on use of the proceeds in accordance with the related requirements.

The report affirmed that the Company complied with the issuance criteria by allocating the proceeds to refinance a portfolio of **100% BREEAM-certified assets**, of which **98%** (in terms of GAV) have an **“Excellent”** or **“Very good”** rating.

2.1 Responsible Business (G)

EPRA: Gov-Board, Gov-Select and Gov-Col

2.1.1 Corporate governance

Lar España's corporate governance model is organised around its Corporate Governance Policy, which covers the main aspects and commitments of the Company in matters of corporate governance and is part of Lar España's internal standards. This policy sets the **basis for the operation of the Company's governing bodies** and for transmitting the confidence and transparency of its business to national and international shareholders and investors.

Similarly, the Corporate Governance Policy's objectives include improving Lar España's internal control and establishing a framework for best ESG practices, with a commitment to disclosing relevant information on their implementation and trends, and ensuring appropriate segregation of functions, duties and responsibility, all from the standpoint of maximum professionalism and rigour.

The policy was drawn up taking into account applicable laws and the recommendations of the **Good Governance Code of Listed Companies of the Spanish Securities Market Commission (CNMV)**, as well as **international best practices**. It is guided by general principles that are applicable across the entire organisation.

Throughout 2022, the Company continued to make strides on the corporate governance front in a bid to further **improve the functioning and effectiveness of its governing bodies**. It has expressly undertaken a similar commitment for 2023.



By carrying out these actions, the Company has complied with prevailing regulations and **become**

a national and international corporate governance benchmark. This performance was underpinned by:



Ensuring corporate governance through transparency, ethics, corporate social responsibility and regulatory compliance.



Enhancing management and transparency regarding the operation, selection, remuneration and training of directors.



Making progress on the Board of Director's evaluation process and improving its performance.

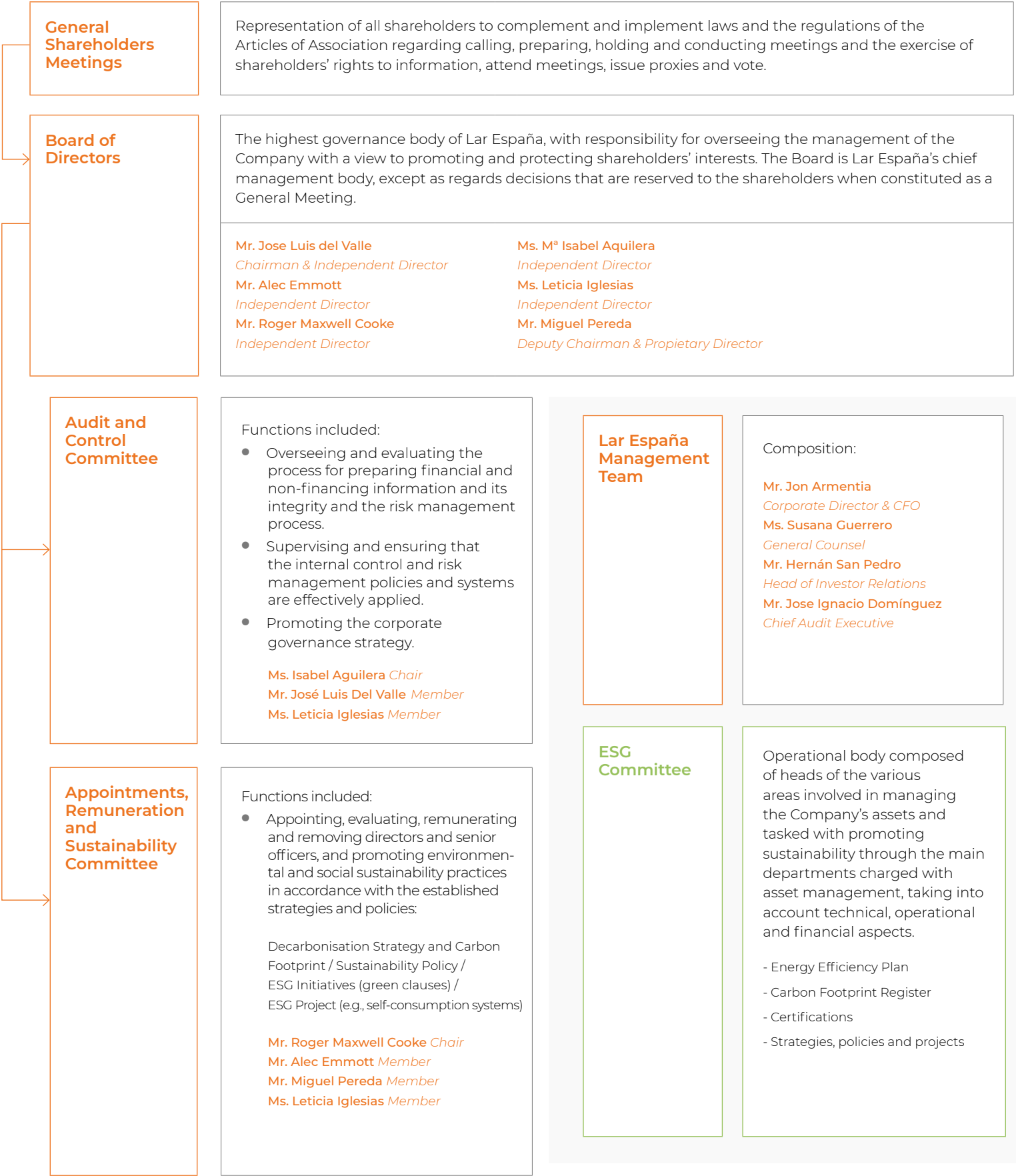
As for Lar España's commitment to the **recommendations of the CNMV's Good Governance Code**, Lar España complies with practically all the recommendations of the CNMV. This ranks it among the top companies in terms of good corporate governance practices. Lar España's Annual Corporate Governance Report (ACGR), which is posted on the corporate website, includes detailed information on the structure and functioning of its governing bodies and on the oversight of corporate governance best practices and recommendations.

Oversight of ESG matters

Lar España's Board of Directors watches ESG matters closely within the Company and how external trends in related matters could affect the business. It pays special attention to **adapting the Company and its assets to climate change, energy efficiency, the circular economy, the creation of shared value** in its host communities, environmental sustainability and the existence of an effective corporate governance (ESG) system.

In 2022, as in previous years, the Board reviewed Lar España's progress with respect to ESG and oversaw each step taken on this front, the achievements made and the projects under way. Meanwhile, the Appointments, Remuneration and Sustainability Committee oversees and encourages compliance with the Sustainability/ESG Policy, monitoring the sustainability strategy and practices and assessing the degree of compliance before reporting to the Board of Directors.

2.1.2 Governing bodies





Retail Park
Vistahermosa (Alicante)

General Shareholders’ Meeting

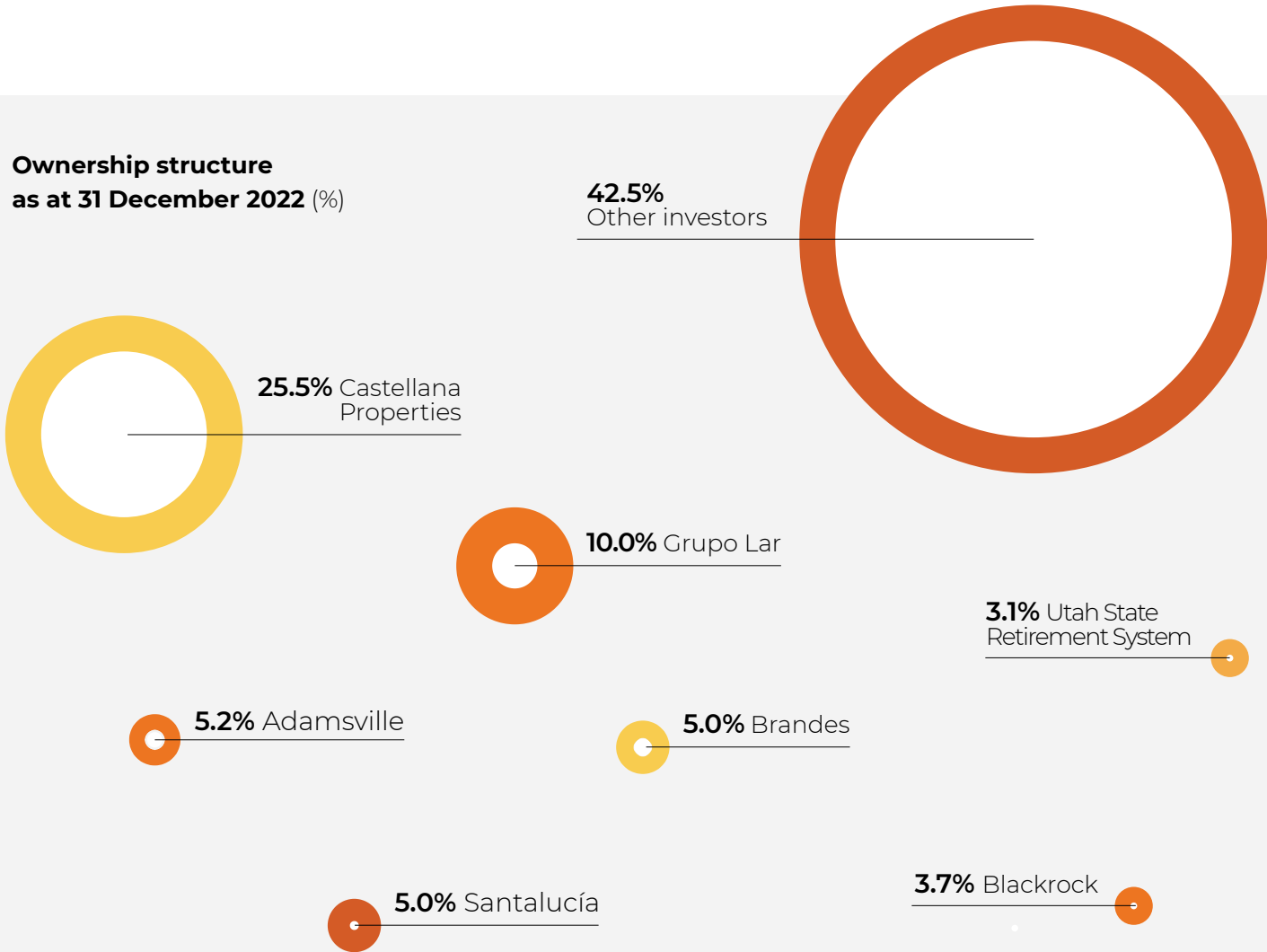
The General Shareholders’ Meeting is Lar España’s **highest decision-making and control body**, articulating shareholders’ right to be involved in the Company’s main decisions that fall within its purview.

Functioning and activity

The General Shareholders’ Meeting represents all Company shareholders. Its functions include:

- Approving the financial statements and corporate performance and deciding on the allocation of profit or loss.
- Setting the number of seats on the Board of Directors within the minimum and maximum range stipulated in the Articles of Association and appointing and removing directors.
- Approving the Director Remuneration Policy.
- Approving share capital increases and decreases, issuances of bonds and other marketable securities, transformations, spin-offs, global assignments of the assets and liabilities of the Company and appointing the Company’s liquidators, among others.

Ownership structure
as at 31 December 2022 (%)



Share capital as at 31 December 2022

In 2022, Lar España's share capital stood at:

| | | |
|--|---|--|
| <div>Share capital</div> <div>167,385,938</div> <div>euros</div> | <div>Number of shares</div> <div>83,692,969</div> | <div>Free float</div> <div>64.3%</div> |
|--|---|--|

The [General Shareholders' Meeting Regulations](#), approved for the first time in 2016, outline how the meetings are run and sets down shareholders' powers. At the 2022 General Shareholders' Meeting, approval was given to adapt to certain amendments of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) on the promotion of the long-term shareholder engagement in listed companies. The amendment also resulted in a proposal to make certain technical and coordination improvements of certain articles in the General Shareholders' Meeting Regulations (for further information, see [resolution proposal of the GSM](#) under item 14 of the agenda).

On 27 April 2022, the shareholders of Lar España held a General Shareholders' Meeting, at which the main agenda items addressed included.

- Approval of the **separate financial statements of the Company and the consolidated financial statements** of the Company and subsidiaries for 2021.
 - Approval of the separate **management report** of the Company and the consolidated management report of the Company and subsidiaries for 2021.
 - Approval of the **Board of Directors' management** and activities in 2021.
- Approval of the proposed allocation of profit and **dividend distribution** for 2021.
 - Re-election of the Company's auditor.**
 - Reduction of the number of members of the Board of Directors.**
 - Re-election of Ms. Leticia Iglesias Herraiz** as independent director of the Company for the three-year term of office stipulated in the Articles of Association.
 - Delegation to the Board of Directors of the power to **increase share capital** as provided for in article 297.1.b) of the Corporate Enterprises Act by up to one-half of the share capital on the date of the delegation.
 - Authorisation of the Board of Directors to **issue standard debt** instruments up to a maximum limit of 500 million Euros.
 - Delegation to the Board of Directors the power to **issue debentures** or bonds exchangeable for and/or convertible into shares of the Company or of other companies within or outside the Group, or warrants on newly-issued our outstanding shares of the Company or other companies within or outside the Group, up to a maximum limit of EUR 500 million.

Lar España has the right tools and resources to foster **confidence and transparency** with stakeholders. It has a policy in place for regulating all form of contact with them.

- Authorisation to the Board of Directors for the derivative **acquisition of own shares** in accordance with the limits and requirements established in the Corporate Enterprises Act.
- Approval of a **new Director Remuneration policy**.
- Amendments to the **Articles of Association**.
- Amendments to the **General Shareholders' Meeting Regulations**.
- Consultative vote regarding the **Annual Report on Director Remuneration**.
- Acknowledgement of the **amendments to the Regulations** of the Board of Directors, the Audit and Control Committee Regulations and the Appointments, Remuneration and Sustainability Committee Regulations.

All proposal 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 define, analyse and implement the **main information tools, channels and mechanisms** used by the Company in its engagement with its shareholders, investors, proxy advisors and other stakeholders. This gives Lar España the right tools and resources to foster confidence and transparency with stakeholders, with the policy regulating all contact with them.

Approved in 2017, and updated in 2018 and 2020, the policy is based on the following principles:

- Veracity, transparency and equality the information communicated.
- Equal treatment in the recognition and exercise of the rights of all shareholders.
- Continuous dialogue, with information being rapidly accesible.
- Protection of the lawful rights and interests of all shareholders.
- Strict compliance, in due time and form with the lawfully established communication and information obligations.
- Commitment and promotion of participation informed as well as the exercise of the rights of the Shareholders at the General Meeting.

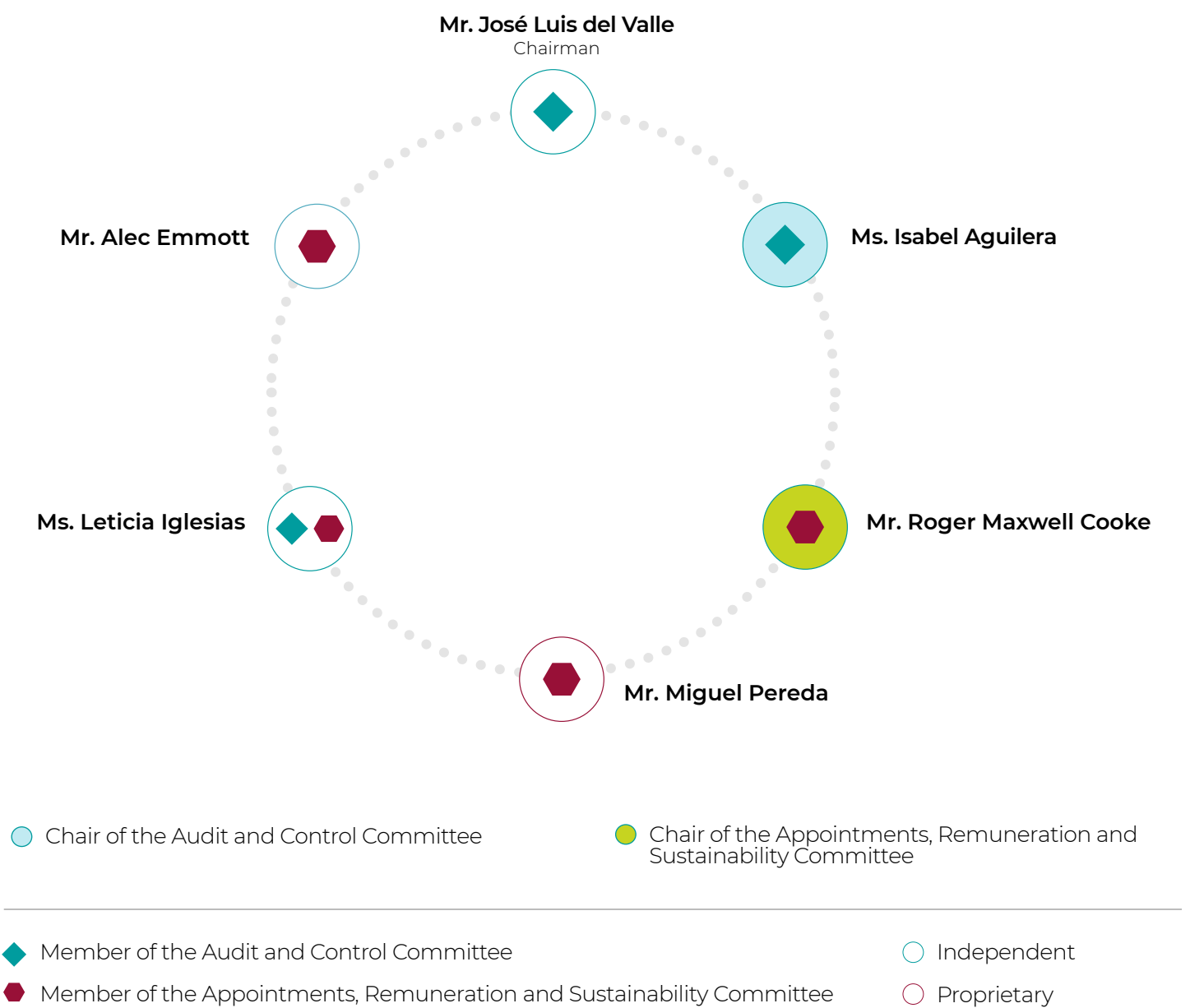
The policy also defines a **communication strategy for economic-financial, non-financial and corporate information** that contributes to maximising the dissemination and quality of the information available to the market and stakeholders, respecting applicable regulations on inside information.

Board of Directors

The Board of Directors' composition changed in 2022 after Mr. Laurent Luccioni, Proprietary Director of Lar España appointed in representation of PIMCO, resigned following the sale of that Company's stakes. As a result, at the 2022 General Shareholders' Meeting, approval was given to reduce the size of the Board and to re-elect Ms. Leticia Iglesias as Independent Director.

Therefore, as at 31 December 2022, the Board of Directors comprised **6 directors, 5 independent and 1 proprietary, with no executive director.**

The Board is balanced, cohesive and diverse in all respects (age, nationality, skills, gender, etc.). As for gender, following the reduction in seats on the Board from seven to six in 2022, **the percentage of women directors increased to 33.3%**, marking considerable progress at the Company in terms of gender diversity.



The Board is **balanced, cohesive and diverse in all respects** (age, nationality, skills, gender, etc.). As for gender, the percentage of women directors increased to 33.3%, marking considerable progress at the Company in terms of gender diversity.

Competences and activity

The Board of Directors is responsible for **overseeing and running the Company** with the aim of promoting the corporate interest. To do so, **it has two committees**, 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, lead, run and represent the Company**, except on matters reserved for the General Shareholders' Meeting. However, day-to-day management is delegated to Grupo Lar and the management team under the supervision of the Committees and the Board.



The Board met **13 times** in 2022. All directors attended all meetings except one, when the director issued a proxy with specific voting instructions to the Chairman.

Percentage director attendance in person was **100%** in all cases except for Mr. Alec Emmott, whose attendance in person was 92.31%.

Set out below is the attendance of each director to Board and Committee meetings during the year:



| DIRECTORS | Board of Directors | Board Committees | |
|-------------------------|----------------------|-----------------------------|---|
| | | Audit and Control Committee | Appointments, Remuneration and Sustainability Committee |
| Mr. Jose Luis del Valle | 13/13 | 10/10 | NA |
| Mr. Alec Emmott | 12/13 ⁽¹⁾ | NA | 8/8 |
| Mr. Roger Maxwell Cooke | 13/13 | NA | 8/8 |
| Ms. Isabel Aguilera | 13/13 | 9/10 ⁽²⁾ | NA |
| Ms. Leticia Iglesias | 13/13 | 10/10 | 5/5 ⁽³⁾ |
| Mr. Miguel Pereda | 13/13 | NA | 8/8 |

(1) Mr. Alec Emmot attended the Board of Directors meeting held on 18 May 2022 via a special proxy issued to Chairman Mr. José Luis del Valle with specific voting instructions.

(2) Ms. Isabel Aguilera attended the Audit and Control Committee's meeting held on 27 July 2022 via a special proxy issued to Ms. Leticia Iglesias with specific voting instructions.

(3) Ms. Leticia Iglesias was appointed member of the Appointments, Remuneration and Sustainability Committee on 22 March 2022. It was agreed that she would take up her membership in May 2022 after the General Shareholders' Meeting. This committee met five times since May, with Ms. Leticia Iglesias attending all of them.



Training

Lar España recognises how important **continuous learning is for the Company’s employees and directors**. As a result, the following training sessions was held for the Board of Directors in 2022:

- Specific training on topics related to **Carbon Footprint** and drawing up decarbonisation strategies.
- Information about the **market landscape**: “Real estate and retail market context”.
- Joint workshop held on 24 June 2022 with the following **training sessions**:

 “Retail Innovation”

 “ESG today”

 “Macro Outlook”
- Training session on **key aspects of sustainability** in the current context for boards of directors: “Key aspects of sustainability for the board of directors”.
- Professional workshop “Best Practices for the Audit Committee”.

The Company intends to **continue working** in 2023 towards its objective of keeping members of the Board of Directors and the rest of its employees informed about market trends and demands in relation to both financial and non-financial matters.

Director selection

In 2022, **the plans for the Selection policy, appointment, re-election and evaluation and removal of directors, and diversity of the Board of Directors were carried out as intended**.

The Appointments, Remuneration and Sustainability Committee **reviewed the director categories of each member of the Board of Directors**, determining that their current categories were appropriate for their circumstances and that non-executive directors were able to dedicate sufficient time to discharge their duties.

As for director appointments, the Appointments, Remuneration and Sustainability Committee, in conjunction with the Board of Directors and based on consensus among all its members, agreed in 2022 on the plan for the **orderly and staggered renewal of the Board of Directors over the coming years**. Specifically, the aim is to have **women occupy 40% of seats** on the Board by 2024

The Board of Directors has revised the **Competence Matrix several times** and, to verify its alignment with market practice, it decided to complement its analysis with the view and experience of the independent expert engaged to evaluate the Board.

and seek an orderly and staggered renewal of its members so as to not compromise its appropriate balance of diversity of expertise and knowledge or its efficient operation.

The Committee also considered whether to have a succession plan for senior managers and what its main lines could be.

Lar España will continue to work on the following in 2023:

- Assessing the general size, structure and composition of the Board of Directors and its current and future needs.
- Adapting to new governance recommendations and trends, especially as regards matters of gender diversity.
- Analysing and drafting the succession plan.
- Improving directors' knowledge on ESG (Environmental, Social and Governance) matters.
- Continuously improving and mainstreaming ESG issues.

Bearing in mind the actions described, the Board of Directors, assisted by the Appointments, Remuneration and Sustainability Committee, has reviewed the **Competence Matrix** of Lar España's Board of Directors. Moreover, to verify alignment with market practice before final approval, the Company decided to complement its analysis with the view and experience of the independent expert engaged to evaluate the Board. Based on the results of the review, the skills matrix was redefined relative to some of the competences included, e.g., Cybersecurity, Digital, People and talent management, and Remuneration.



The following table is the updated version approved by Lar España's Board of Directors at its meeting of January 2023:

Competence Matrix

| | Mr. José Luis del Valle | Mr. Alec Emmott | Mr. Roger Maxwell Cooke | Ms. Isabel Aguilera | Ms. Leticia Iglesias | Mr. Miguel Pereda |
|--|--|--|--|--|--|--|
| Offices / Committees | Non-executive chairman / ACC Member ^(*) | Director / ARSC Member ^(**) | Director / ARSC chairman ^(**) | Director / Chair of the ACC ^(*) | Director / ACC Member ^(*) / ARSC Member ^(**) | Director / ARSC Member ^(**) |
| Category | Independent | Independent | Independent | Independent | Independent | Proprietary |
| DIVERSITY | | | | | | |
| Gender (Women 33.3%) | | | | ● | ● | |
| Nationality Spanish (66.7%) | ● | | | ● | ● | ● |
| Nationality British (33.3%) | | ● | ● | | | |
| SENIORITY OF THE BOARD (First appointment) | 05/02/2014 | 05/02/2014 | 05/02/2014 | 29/05/2017 | 16/10/2018 | 05/02/2014 |
| < 5 years (33.3%) | | | | ● | ● | |
| 6-9 years (66.7%) | ● | ● | ● | | | ● |
| 10-12 years (0%) | | | | | | |
| > 12 years (0%) | | | | | | |
| ACADEMIC BACKGROUND | | | | | | |
| Engineering | ● | | | | | |
| Real Estate | | ● | ● | | | |
| Architecture and Urban Planning | | | | ● | | |
| Economics and Business Administration | | | | | ● | ● |
| Legal / Tax | | | | | | ● |
| General Management Programs/ Senior Management / MBA / Specialisation Programmes | ● | ● | ● | ● | ● | ● |
| COMPETENCES AND EXPERIENCE | | | | | | |
| Sectoral: Real Estate / Retail / Appraisals | | ● | ● | | | ● |
| Sectoral - Technical: Architecture / Urban Planning / Engineering | ● | | | ● | | |
| IT / Digital / Cybersecurity | | | | ● | ● | |
| Finance | ● | | | ● | ● | ● |
| Audit / Accounting / Internal control / Risk management | ● | | ● | ● | ● | ● |
| International market | ● | ● | ● | ● | ● | ● |
| Governance | ● | ● | ● | ● | ● | ● |
| Sustainability | | ● | ● | | ● | |
| MANAGEMENT EXPERIENCE | | | | | | |
| Member of boards of other listed companies | ● | ● | | ● | ● | |
| Investment knowledge / Other stakeholders | ● | ● | ● | | ● | ● |
| People and talent management / Remuneration | ● | ● | ● | ● | ● | ● |
| First executive duties / CEO duties | ● | ● | ● | ● | ● | ● |

(*) ACC: Audit and Control Committee. (**) ARSC: Appointments, Remuneration and Sustainability Committee.



Shopping Centre
Gran Vía (Vigo)



Promotion of board diversity

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

Although the target for 2022 to have women occupy 40% of seats was not met, the Company did make progress and expects to reach this level in 2024. The plan for the staggered renewal will be implemented balancing representation with diversity and independence to ensure stability in the Board’s composition. Notable in this respect is that all directors are willing to deliver this target and expressed their commitment to facilitate compliance by taking any steps deemed necessary.

After Mr. Laurent Luccioni resigned as board member in January 2022, **female board representation increased**. It currently stands at **33.3%**, marking a significant step forward in gender diversity.

Criteria used to establish the Remuneration Policy

In 2022, the Appointments, Remuneration and Sustainability Committee submitted a report to the Board of Directors with its positive opinion on the proposal for a **new Remuneration Policy** for 2022 after the General Shareholders’ Meeting and for 2023 and 2024. The proposal was submitted for approval at the Ordinary General Shareholders’ Meeting on 27 April 2022 and approved with 95.432% of votes in favour by share capital present or represented.

The current Remuneration Policy is guided by the following principles:

- Independent judgement.
- Attraction and retention of the best professionals.
- Long-term sustainability.
- Transparency.
- Simplicity and individualisation.
- Fairness and proportionality of compensation.
- Involvement of the Appointments, Remuneration and Sustainability Committee.
- Approval of the maximum amount by the General Shareholders’ Meeting and delegation to the Board of Directors.



Director remuneration^(*)

Under the **new Remuneration Policy** approved at the Ordinary General Shareholders' Meeting held in 2022, the following amounts of remuneration were established for the members of the Board of Directors^(**):

- **Chairman of the Board:** 150,000€ per annum.
- **Independent Directors:** 70,000€ per annum.
- **Proprietary Directors:** Not remunerated.
- **Directors who sit on the boards of investees:** 15,000€/per annum.
- **Board members who sit on any of the committees:** 15,000€ to 22,500€ per annum^(***).

The Remuneration Policy sets out the criteria underlying the remuneration system, as follows: position, functions and competencies, professional worth and level of responsibility. This shows that the difference between the remuneration of women and men is 0% on the Board of Directors, Committees and employees of Lar España.

The **Annual Report on Director Remuneration** includes a breakdown of the remuneration accrued in 2022 and provides additional disclosures on the Company's remuneration policy and its application.

() The remuneration shown became effective after approval by the Ordinary General Shareholders' Meeting held in April 2022 of Lar España's new Remuneration Policy. For further information, see the Annual Report on Director Remuneration available on Lar España's website. **(**)** All directors' remuneration is fixed. There is no variable remuneration or additional compensation and the cap on total remuneration is 650,000€ per annum. **(***)** The Chairman of the Audit and Control Committee will receive an additional 7,500€ per annum (i.e., a total of 22,500€ per annum) and the Chairman of the Appointments, Remuneration and Sustainability Committee an additional 2,000€ per annum (i.e., a total of 17,000€ per annum).*

Evaluation of the Board and areas evaluated

After two years of self-assessment by the Board, the Appointments, Remuneration and Sustainability Committee promoted, following Recommendation 36 of the Good Governance Code, the engagement of an external facilitator to aid in the evaluation of the performance of the Board of Directors, its members and its Committees.

In 2022, the Board was assisted by Georgeson in the evaluation of 2021 and part of 2022, after verification of its independence by the Appointments, Remuneration and Sustainability Committee, as explained in greater detail in section C1.17 of the Annual Corporate Governance Report published by the Company.

In November 2022, an evaluation was carried out on 2021, focusing on the following **11 areas**: (i) the structure of the corporate governance model, (ii) the functioning of the Board of Directors, (iii) Board effectiveness, (iv) corporate governance practices, (v) performance of the Board of Directors, (vi) performance of the Chair of the Board of Directors, (vii) performance of the Audit and Control Committee, (viii) performance of the Appointments, Remuneration and Sustainability Committee, (ix) the performance of the Board Secretary, (x) relations with shareholders and investors, and (xi) challenges and areas for improvement of Lar España's governing bodies.

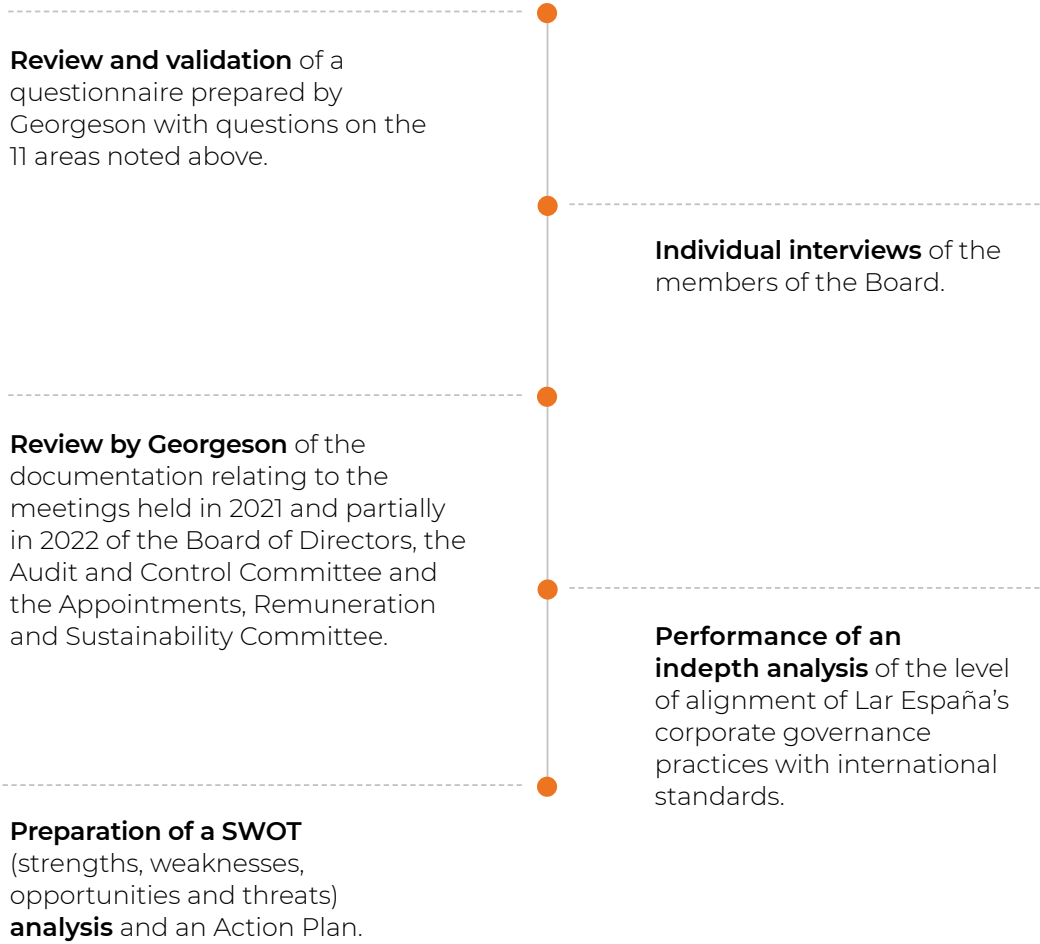
The **results of the evaluation were extremely positive** and better than those of the 2018 evaluation. They showed that the Board of Directors was balanced, cohesive and has all the required abilities to **perform well and function properly**. Accordingly, Lar España complies with the **highest governance standards**.

The **areas evaluated** were:

- The quality and efficiency of the Board's operation.
- The performance and member ship of its Committees.
- The diversity of Board membership and competences.
- The performance of the Chairman of the Board of Directors.
- The performance and contribution of individual directors and the Secretary of the Board.



The **steps followed** to perform the evaluation were as follows:



Lar España has approved an **Action Plan**, which is already being implemented, with the aim of improving on the issues identified in the evaluation process and remaining a benchmark in compliance and good governance.

Evaluation of officers

In keeping with best practices, Lar España’s corporate governance system includes **evaluation of officers** following a specific procedure approved in 2016.

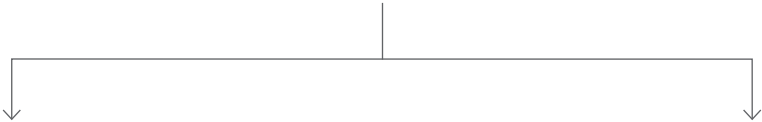
Officer evaluations help enhance both **individual and collective performance** and determine the basis for the remuneration system, which is a key factor that largely influences their behaviour. A formal process was carried out to determine the criteria for measuring **internal efficiency of officers 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 findings and verifying the degree of achievement of the targets for 2022. During 2022, the evaluation of **100% of the Company’s Directors** has been carried out, which constitutes all Lar España’s employees.

Board Committees

The Company has **two committees** created by the Board of Directors to help it discharge its duties and **enhance efficiency and transparency**.

Board of Directors



Audit and Control Committee

- Overseeing and evaluating the process for preparing financial and non-financial information and its integrity and the risk management process.
- Supervising and ensuring that the internal control and risk management policies and systems are effectively applied.
- Promoting the corporate governance strategy.

Members:
Ms. Isabel Aguilera – Chair
Mr. José Luis Del Valle – Member
Ms. Leticia Iglesias – Member

Appointments, Remuneration and Sustainability Committee

- Appointing, evaluating, remunerating and removing directors and senior officers, and promoting environmental and social sustainability practices in accordance with the established strategies and policies:
- Decarbonisation strategy and Carbon footprint.
 - ESG/Sustainability Policy.
 - ESG initiatives (green clauses).
 - ESG projects (self-consumption systems).

Members:
Mr. Roger Maxwell Cooke – Chair
Mr. Alec Emmott – Member
Mr. Miguel Pereda – Member
Ms. Leticia Iglesias – Member

Audit and Control Committee

Composition

The Audit and Control Committee comprises **three members, all independent**. In compliance with the Corporate Enterprises Act and the Articles of Association regarding the maximum tenure of the Chairman, a proposal was made for Ms. Isabel Aguilera to become the Chair of this Committee in place of Ms. Leticia Iglesias.

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

All of them boast vast professional expertise, having held positions of senior responsibility outside the Company related to the functions entrusted to the Committee. They are noted for their **knowledge and experience** in accounting and audit which, in line with best practices, were taken into consideration in their appointment. The Board of Directors approved a specific training plan to help Ms. Aguilera in her new position as Chair of the Committee to ensure an orderly succession.

The Board of Directors approved the Audit and Control Committee Regulations of Lar España, thereby implementing article 14 of the Regulations of the Board of Directors and incorporating the basic aspects regarding the Audit Committee's composition, duties and operation stipulated in CNMV Technical Guide 3/2017. These regulations are **reviewed and updated periodically**. They were last updated on 17 November 2022 to incorporate certain technical improvements and adapt the maximum tenure of the Chair of the Audit and Control Committee to the term stipulated in article 42 of the Company's Articles of Association.

Competences

The Audit and Control Committee's main competences include **overseeing the process of preparing economic-financial and non-financial information**, supervising the **internal audit** and the relationship with external auditors, compliance with legal requirements and internal corporate governance regulations (including internal codes of conduct) and the **effectiveness of risk management systems** and, in particular, reviewing them so that the main risks are properly identified, managed and disclosed. Other functions include appointing external appraisers in relation to the appraisal of assets.

They also include promoting the **corporate governance strategy** and regularly evaluating and reviewing the Company's corporate governance system to ensure it is fulfilling its mission to promote the corporate interest, taking account, where appropriate, of the remaining stakeholders' legitimate interests.

Activity

The Audit and Control Committee met **10 times** in 2022 and prepared [a full report on its activities in 2022](#).

At the meetings held during the year, the Committee **supervised financial and non-financial reporting**, reviewed the proper application of accounting principles and received information from the external auditor and the Chief Audit Executive. Based on this information, it reported favourably to the Board of Directors on the financial statements and management report for the year ended 31 December 2021 and the quarterly financial information.

It also **supervised the internal control and reporting systems**, updating the ICFR Manual and the Accounting Policy Manual, among others, and **evaluating the performance of the Internal Audit function**.

In the area of **risk management**, the Committee reviewed and approved a new risk map, of financial and non-financial risks, monitored the update of the crime prevention and anti-money laundering models and the work done to update the Whistleblowing Channel. It also analysed execution of the **Third-party Cybersecurity Model**.

At the end of the year, the Committee also reviewed the activities report issued by the Operating Group on the correct application of the **Related Party Transactions Protocol**.

Appointments, Remuneration and Sustainability Committee

Composition

In 2022, the Appointments, Remuneration and Sustainability Committee was composed of four people:

- › Mr. Roger Maxwell Cooke – Chair
- › Mr. Alec Emmott
- › Mr. Miguel Pereda Espeso
- › Ms. Leticia Iglesias

The Company’s Appointments, Remuneration and Sustainability Committee and Audit and Control Committee are made up of different members to ensure their **independence from each other and to increase the number of external directors** sitting on the committees.

In 2022, notwithstanding the fact that the composition of the Appointments, Remuneration and Sustainability Committee was adequate, the Committee analysed the convenience of **incorporating Ms. Leticia Iglesias Herraiz**, who already was a member of the Audit and Control Committee, considering that her membership of both Committees offered advantages in terms of **better coordination between them**, especially with respect to issues of ESG risks, particularly sustainability. Therefore, after the appropriate debate and assessment, the Committee reported favourably to the Board of Directors at its meeting of 22 March 2022 on the proposed addition of Ms. Leticia Iglesias Herraiz to the Appointments, Remuneration and Sustainability Committee. The Board voted, unanimously, in favour of her inclusion in the Appointments, Remuneration and Sustainability Committee after the 2022 General Shareholders’ Meeting.

Therefore, in accordance with the Appointments, Remuneration and Sustainability Committee Regulations, the Regulations of the Board of Directors and the Articles of Association, **the majority of the Committee’s members are independent directors**.

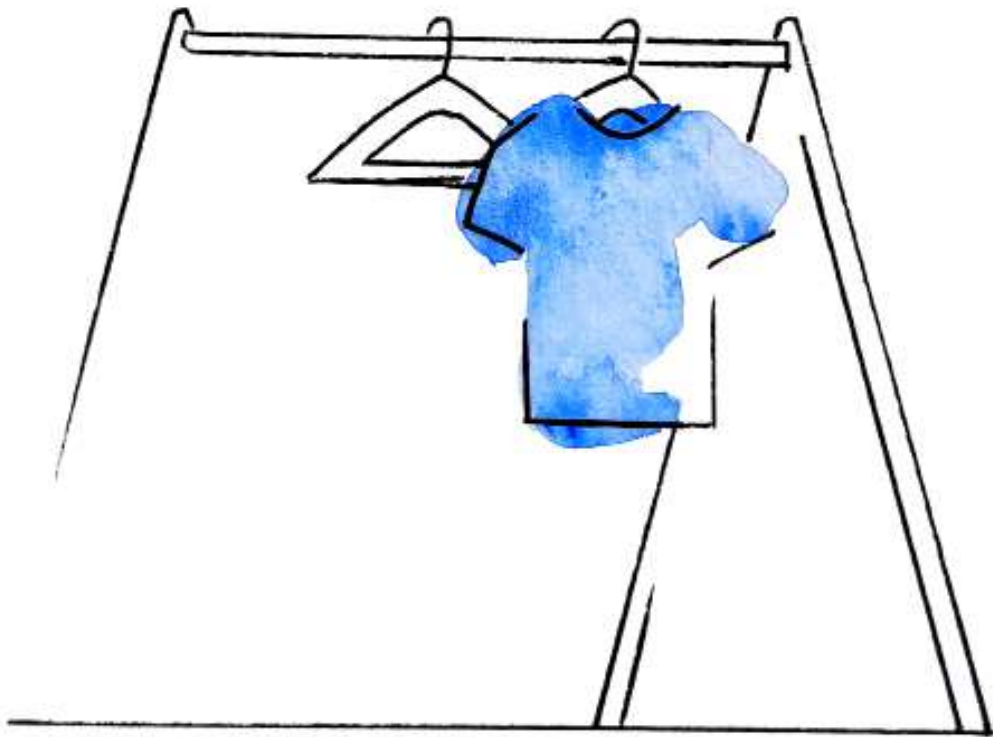
The Appointments, Remuneration and Sustainability Committee Regulations were approved by the Board of Directors, thereby implementing article 15 of the Regulations of the Board of Directors and incorporating the basic aspects regarding the Committee’s composition, duties and operation stipulated in CNMV Technical Guide 1/2019. These regulations are **reviewed and updated** regularly, with the latest update made on 11 November 2021.

Competences

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**.

Other powers of the Appointments, Remuneration and Sustainability Committee, notwithstanding those that could be vested in it by the Board of Directors, include determining the composition of the Board of Directors and its Committees, appointing the internal positions on the Board and senior management, evaluating the performance of directors and dismissing or removing directors.

It endeavours to ensure that 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 an 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.



Appointments, Remuneration and Sustainability Committee

Activity

The Appointments, Remuneration and Sustainability Committee confirmed that in 2022 all the duties attributed to it by law, its regulations and the corporate governance recommendations issued by the CNMV were accomplished. It also approved an **Action Plan for the Committee** for 2023 and reviewed and approved the Committee's 2021 activity report.

The Committee **supervised all ESG projects** carried out by the Company in 2022 and reviewed and promoted constant improvement on these matters, discussing the following topics:

- The Company's **decarbonisation strategy and carbon footprint**, evaluating potential decarbonisation strategies (Carbon Neutral, Climate Neutral and Net Zero) to implement the asset portfolio, concluding that, following technical and market analyses, emission reduction measures in assets should be prioritised over investing in other alternatives (offsetting, absorption), with the aim of achieving carbon neutrality. However, no specific date was agreed.
- Comparison of the Company's **ESG policies** with industry best practices.
- Assessment of **several initiatives** related to green leases and green clauses with the aim of aligning tenants with the Company's ESG strategy.
- Promotion of the **renewable energies project** with which the Company intends to encourage self-consumption systems in all its assets, with the self-consumption measures expected to be operational in all of the Company's assets by the end of 2023.

The Appointments, Remuneration and Sustainability Committee met **8 times** in 2022.



Shopping Centre
Gran Vía (Vigo)

2.1.3
Internal Rules on governance

The **good governance system**, understood as the set of rules, principles and procedures that regulate the structure and functioning of a company's governing bodies, outlines the relationships between the various members and determines the rules

for decision-making in the Company. Lar España's Internal Governance Rules make up **the Company's backbone** and articulate the commitments undertaken by management and the organisation's overall culture.

Regulatory framework at Lar España

Articles of Association

The Articles of Association set out essential information governing **Lar España's running and decision-making** and regulate the functioning of the Board of Directors and its Committees.

In 2022, a resolution was passed at the Ordinary General Shareholders' Meeting **to amend the Articles of Associates** in order to adapt them to the changes made to the Corporate Enterprises Act by Law 5/2021 on the promotion of long-term shareholder engagement in listed companies and to make certain technical improvements.

General Shareholders' Meeting Regulations

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 in accordance with prevailing laws and the Company's Articles of Association.

Regulations of the Board of Directors

Approved by Lar España's Board of Directors, these regulations set out the principles governing the conduct of the Board of Directors, and the basic rules regarding **its organisation and operation, as well as the rules on the selection, appointment, re-election, removal and conduct of its members.**

The basic rules of conduct outlined in these Regulations for the Company's directors also apply to the Company's senior management, to the extent that they are compatible with the specific nature and the activities performed.

The latest review was carried out in **November 2022**, with amendment of article 14 ("Audit and Control Committee. Composition, competences, and functioning") regarding the maximum term of office of the Chairman of the Committee, which was increased from three to four years in accordance with the law and the Articles of Association.

Audit and Control Committee Regulations

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.

The latest amendment was made in **November 2022**, amending the maximum term of office of the Chairman of the Committee, which was increased from three to four years in accordance with the law and the Articles of Association.

Appointments, Remuneration and Sustainability Committee Regulations

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 the Regulations of the Board of Directors based on criteria established by the CNMV as may be appropriate with a view to better fulfilment of their functions.

Their most recent amendment was made in November 2021, considering all of the aspects that were to be incorporated into the regulations as a result of the amendment to the Spanish Corporate Enterprises Act introduced by Law 5/2021 and other technical improvements. Moreover, the name of the committee changed in light of its responsibility for reviewing ESG information, performance and strategy.



Internal Code of Conduct in the Securities Markets

The code governs 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 under the law.

Its latest modification was made in **November 2022** to adapt it to recent regulatory reforms, to the application of criteria issued by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores* or “CNMV”) on various matters, as well as to incorporate certain technical clarifications of a complementary nature in relation to the application of the criteria in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and its implementing standards.



2.1.4
Corporate policies

Main corporate policies at Lar España

Following is a summary of the policies implemented by Lar España in recent years.

Corporate Governance Policy

The aim of the Corporate Governance Policy is to transmit the basis for the **organisation and functioning of the Company's governing bodies** to shareholders and markets. The Policy also helps to maximise Lar España's competitiveness, build trust and foster transparency, improve internal control and sustainability practices.

The policy was drawn up taking into account applicable laws and the recommendations of the Good Governance Code of Listed Companies of the Spanish Securities Market Commission (CNMV), as well as international best practices. It is guided by general principles that are applicable throughout the entire organisation. The latest update was made in December 2022 in accordance with the recommendations of the Good Governance Code of the CNMV.

The Policy also outlines **good governance principles** with all Lar España stakeholders and includes the following commitments:

- Shareholder protection.
- Equal treatment, transparency and rights of representation at the General Meeting.
- The appropriate composition of the Board of Directors, the responsibilities of the directors, the functioning of the Board, and the appointment, removal and remuneration of directors.
- The composition, organisation and functioning of Board Committees.
- Sustainability management in environmental and social matters.
- General director duties of diligence and loyalty and the related responsibilities with the Company.
- Guarantee the existence and operation of the Whistleblowing Channel for lodging grievances and reporting breaches.

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 following **principles of action** are enshrined in the policy:

- Ethics and integrity
- Creation of shared value
- Environmental management
- Property accessibility
- Suppliers
- Employees
- Responsible tax policy
- Transparency

Lar España **monitors compliance** with these principles and all related commitments, objectives and strategies through various courses of action. This may include running a diagnosis based on national and international trends and best practices, setting objectives and specific actions to achieve them, relying on indicators to gauge compliance with objectives and, lastly, monitoring

the **implementation of sustainability policies and related risks**, while paying close attention to policies relating to non-financial risks.

The policy was drawn up in 2015, and has since been amended in 2018 and 2020. It is approved by the Board of Directors, thus demonstrating the Company's firm commitment to sustainability/ ESG.

Director Remuneration Policy

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

It adapts the corporate governance rules and best practices to the Company's specific circumstances and was prepared in light of the features inherent to an externally managed SOCIMI (Spanish-registered REIT), while also taking into account national and international market standards and the directors' specific commitment to the Company.

A new Remuneration Policy was approved in 2022 as part of a review process into director remuneration entrusted to Willis Towers Watson (WTW), as external consultant, to ensure that the Company's remuneration is suitably aligned with the market.



Selection and Diversity Policy
of the Board of Directors of Lar España

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 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.

It seeks to **ensure a suitable composition** of the Board of Directors, with the primary aim of fostering and maintaining a **diversity of experience and knowledge, education, age, disability and gender among the Board members**.

The policy 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 make efforts to ensure that at least 40% of all members of the Board of Directors are female by 2024. For further information, see the section “Promoting diversity on the Board”.

The policy undergoes regular reviews.

Although it was reviewed in 2022, no changes were considered necessary with respect to the previous review carried out in February 2021.

The Company **fosters dialogue, trust and transparency** with shareholders and investors, both domestic and foreign.

Policy for Information, Communication, Contacts and Involvement

This particular policy describes and analyses the main instruments, channels and mechanisms for reporting information on the Company with shareholders, investors and other stakeholders. It also fosters **dialogue and builds trust and transparency** with 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 reporting obligations.

For 2022, the Committee found that it was not necessary to amend or update the policy following its periodic review.

Auditor Selection Policy

Approved by the Audit and Control Committee in May 2021, the policy governs the procedure for the selection, appointment and, as the case may be, re-election of the external auditor of Lar España and its corporate group.

In 2022, the Company re-elected Deloitte as external auditor for the 2022 financial year, as per the resolution carried at the General Shareholders' Meeting.

Information Security Policy

Lar España processes various types of data and information in order to run the business and all related processes. Given the importance of the systems, programmes, communications infrastructure, files, databases, archives and other items that are the main assets of Lar España, any loss or damage to these could threaten Lar España's business continuity.

Therefore, the policy lays the foundation for defining and delimiting the objectives, responsibilities and technical and organisational actions needed to **ensure information security**, in compliance with applicable law and the directives, specific policies and procedures in place.

The main purpose of this Policy, which was **updated in 2022**, is to ensure adequate protection for Lar España's data, while upholding the following principles with respect to security:

- **Confidentiality**
- **Integrity**
- **Availability**

Accounting Policy Manual

Lar España's Accounting Policy Manual was **reviewed in 2022** in order to include certain minor rewordings that had been approved by the Audit and Control Committee in May 2022. It sets out, in a structured manner, the accounting standards, policies and criteria applied, in general, by all Group companies.



Crime Prevention Policy

Lar España’s main aim in promoting this type of policy is to **define management guidelines, functions and responsibilities** relating to the adoption, execution, updating, reporting and verification of the organisational and management model in place to **prevent crime within the Company**.

The purpose is to provide reasonable assurance regarding the integrity and representativeness of criminal risks by confirming the suitability and operational effectiveness of internal controls in mitigating such risks.

The Crime Prevention Model (CPM) for Spain applies to all employees, managers and Board members and encompasses various policies, procedures and compliance manuals to detect, identify and react to potential crimes.

As with all the other policies, Lar España has designated an officer, in this case the CPM

Supervisor, a role shared by Legal Affairs and Internal Audit. Its main function is to duly report to the management bodies of Lar España and each of its subsidiaries on the results and findings of the supervision and verification of the CPM, especially if significant non-compliances with internal control measures are detected.

Lastly, and as a further show of the importance that Lar España attaches to transparency and ethical control over its activities, any employee, supplier, customer or person related to the Group may report on its Whistleblowing channel any breach or infringement that comes to their attention.

Risk Management and Control Policy

The policy is described in the **following section**, along with the changes made in 2022.

2.1.5
Risk and opportunity management

Lar España has an Integrated Risk Management System to ensure that **risks are reliably and systematically identified, assessed, managed and controlled, thus contributing to the fulfilment of the Company's strategies and objectives.** The system spans the entire Group and is run continuously by each business unit, subsidiary and support area at corporate level.

Lar España has an Integrated Risk Management System to ensure that **risks are reliably and systematically identified, evaluated, managed and controlled.**

Risk Management and Control Policy

Lar España has a **Risk Control and Management Policy** in place that sets out the various components of the risk management process and the activities involved. The policy is reviewed periodically by the Audit Committee and describes the organisational approach and the model of responsibilities required as part of an integrated risk management system. It also explains the **methodology for identifying, assessing, prioritising and managing risks** effectively, in view of the Company's circumstances and the economic and regulatory environment in which it operates.



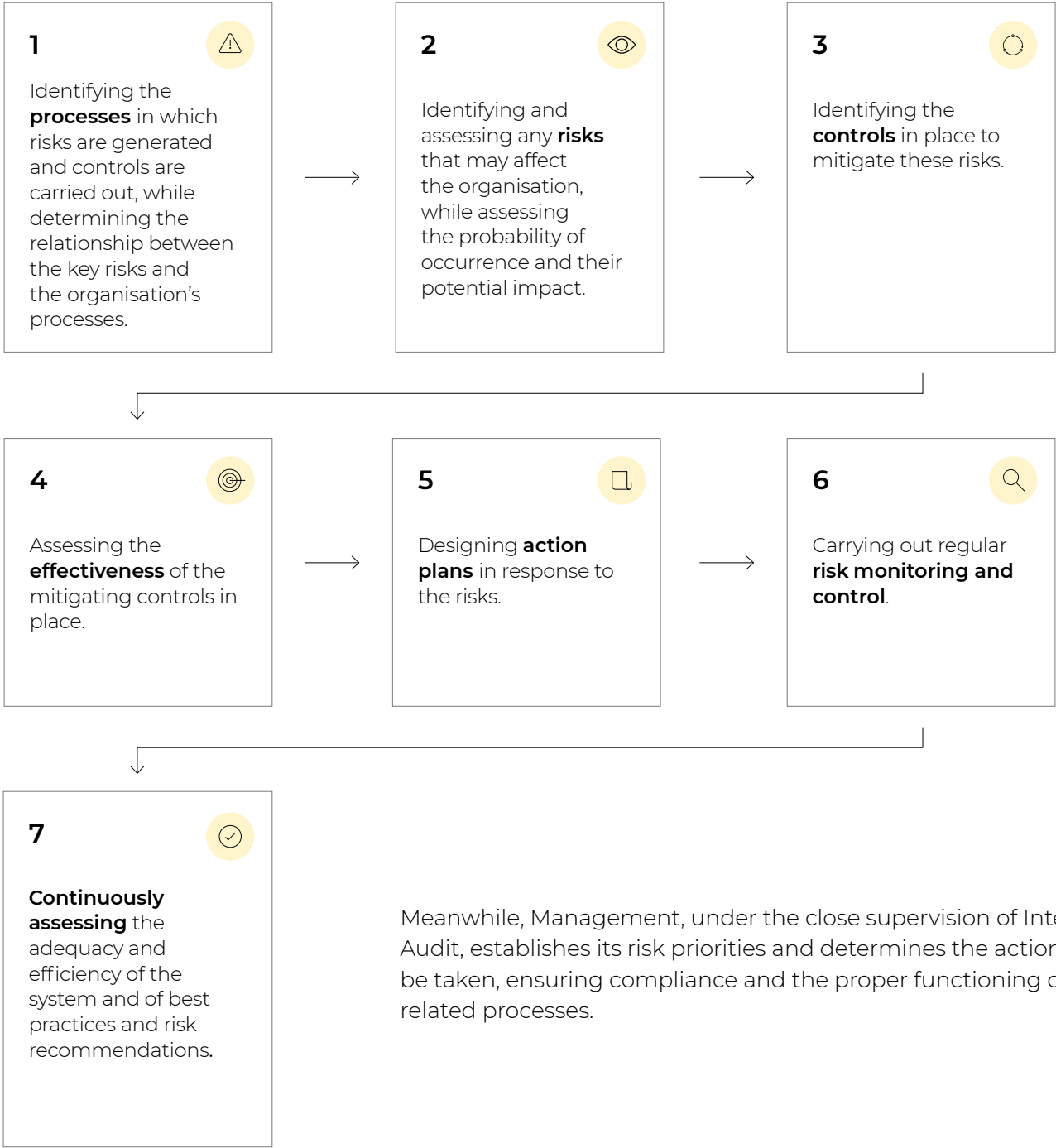
Integrated Risk Management System (IRMS)


Due to Lar España's business activity, the Company had designed, developed and implemented its Integrated Risk Management System at corporate level in order to **mitigate the risks** to which the Company is exposed, including tax risks.

The IRMS is there to provide a reasonable degree of certainty so as to **enable the Company to meet**

its strategic and operational objectives, and reduce any uncertainty that the different scenarios may cause. The system is aligned with the main risk management standards set out in the report "Enterprise Risk Management—Integrating with Strategy and Performance (ERM 2017)" published by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

Lar España treats risk management as an **ongoing and dynamic** process that encompasses the following stages:





The aim of the IRMS is to provide a reasonable degree of certainty so as to **enable the Company to meet its strategic and operational objectives**, and reduce any uncertainty that the different scenarios may cause.

Bodies responsible for risk management

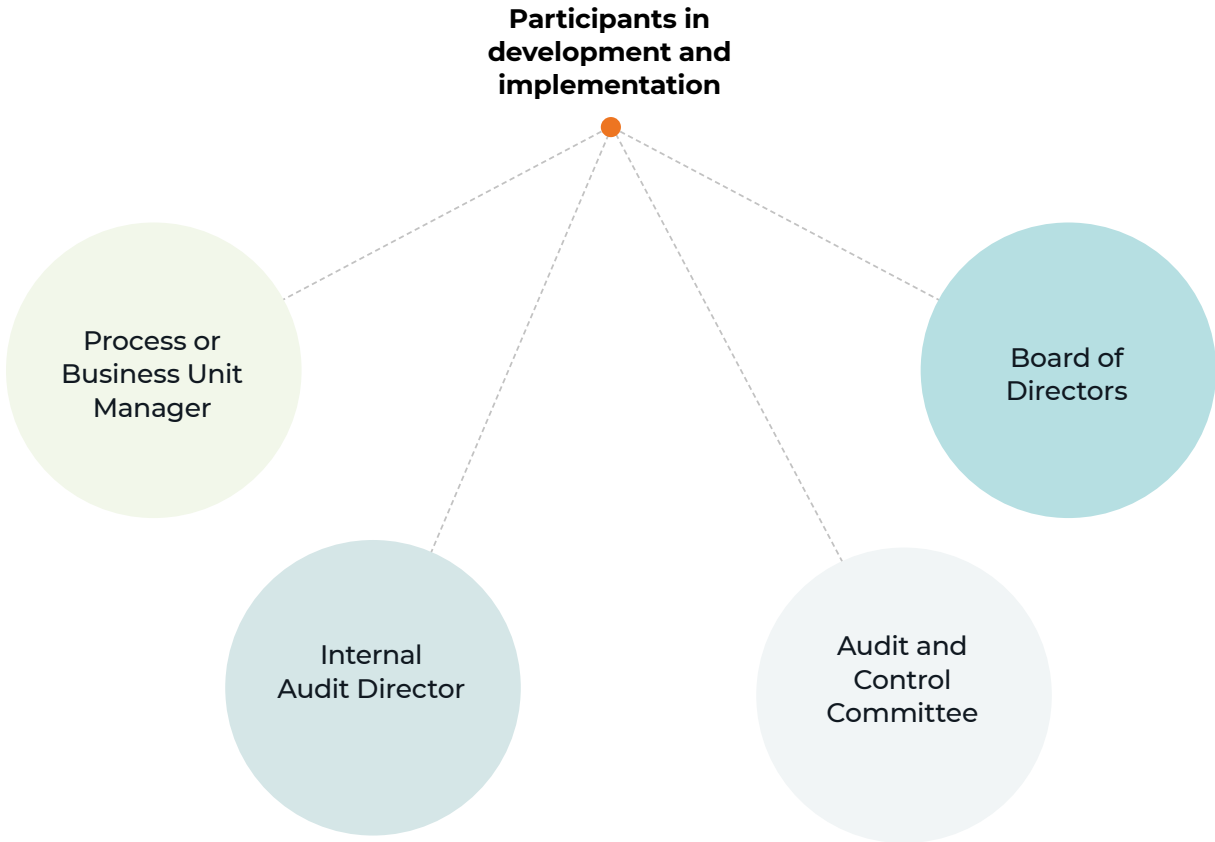
The IRMS affects and involves all staff members within the organisation. Due to the Lar España’s structure, some of the activities are carried out by specialised suppliers that provide support on significant processes such as:

- Investment and asset management, which is mainly carried out by Grupo Lar.
- Preparation of financial, accounting and tax information.

- Half-yearly asset valuation.
- Cybersecurity and information security.

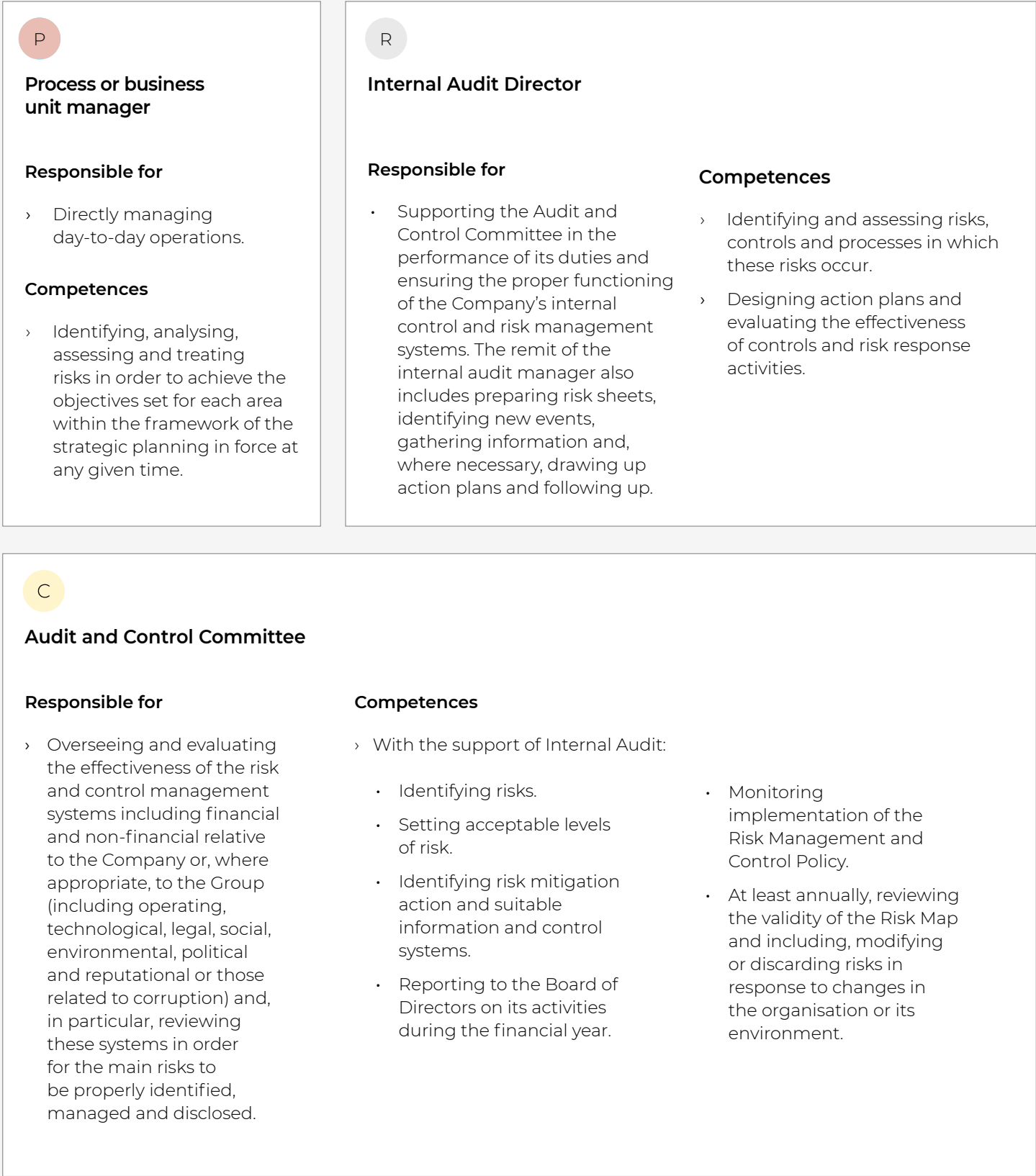
As certain relevant activities of the Company are outsourced to third-party suppliers, the Company carries out **in-depth monitoring of the companies concerned**, so as to ensure that they carry out the activities envisaged in the Risk Management System.

Integrated Risk Management System



The **main participants in the risk management model** are:

→ **Risk control**



The **Board of Directors is responsible for approving the Risk Management and Control Policy** and for identifying the main risks of the Company and supervising the internal control systems.

Risk map

Lar España's Risk Map shows the risks that could potentially affect the Company. As these risks come in different forms, they need to be **updated each year**. As part of this updating process, Lar España has reviewed the Risk Universe of the Company as a whole.

Among the **strategic risks analysed**, close attention was paid to those arising from relations with investors and analysts, including their perception of the Company in particular and of the sector in general, as well as an analysis of the amount of the Company's capitalisation. Among the financial risks analysed are the perception of market instability, rising interest rates and general uncertainty regarding customer solvency.

Meanwhile, the analysis of socio-economic and geopolitical events includes the war in Ukraine, the need to make assets more environmentally sustainable and climate change in general, and regulatory changes that could affect Lar España's operations.

Other relevant factors include the uncertainty regarding the ability to identify and prevent legal and tax risks due to non-compliance with regulatory requirements or cybersecurity and information security and safety risks, as identified in the 2023 risk map.

The top priority risks for Lar España are those listed below, based on the latest annual update of the Risk Map. These risks will be managed and monitored accordingly throughout 2023 and subsequent years.

Main Strategic Risks:

- Political, social and macroeconomic situation.
- Regulatory changes, legal uncertainty.
- Adaptation to the effects of climate change and environmental sustainability.
- Emerging epidemics and pandemics.

Main Operational Risks:

- Value of buildings.
- Cybersecurity and information security.
- Loss of internal talent.

Main Financial Risks:

- Market risk.

Main Regulatory Risks:

- Requirements imposed on the SOCIMI regime.

These risks have been defined by Lar España in accordance with the risk tolerance criterion and based on the criticality for the business, i.e. Impact by Probability. The ultimate objective of identifying these risks is none other than to monitor internal and external variables that can help anticipate the likelihood of the risks materialising.

The following risk monitoring actions were carried out in 2022:

- **Update of the Anti-money Laundering and Counter Terrorist Financing (AML/CTF) Manual** (March 2022): the AML/CTF model has been scrutinised and an external expert report has been issued, analysing the internal control measures put in place to prevent money laundering and the financing of terrorism.
- **Review of Data Protection action plans** (detailed below).
- **Review of Cybersecurity action plans** (detailed below).

Data Protection and Cybersecurity

Throughout 2022, Lar España carried out the following actions related to data protection and cybersecurity at the Company:

- The **Data Protection action plans were reviewed** in a bid to mitigate the risks identified in the Risk Analysis Report and the DPIA (Data Protection Impact Assessment) on corporate marketing. The Company also reviewed all of the legal documents posted on the Lar España website and the documents relating to the RoPA (Record of Processing Activities of Lar España and its subsidiaries, as well as those activities that have an impact on processing activity at Lar España). Meanwhile, contracts and annexes of data protection clauses with third parties were revised, **the Data Protection Manual and its annexes were updated and a new information security policy was drawn up**.

In 2022 Lar España looked to consolidate its **action plans in the realm of Cybersecurity**, due to the importance it holds for the Company's business.

Among the best practices carried out by Lar España in 2022 was the development of a **third-party cybersecurity risk management model** that includes:

- Development objective: **to manage and reduce a reasonable level of information security risks**. This model aims to review the processes to which the preparation of financial information is subject in order to maintain at all times the principles of integrity, confidentiality and availability of this information.
- **Evaluation of information security controls** on third parties that provide services, as well as on-site audits of the main suppliers that manage its data so as to ensure sound management of their information infrastructure.
- Revision of contracts to **include cybersecurity clauses** to provide cover and assurance regarding these risks. In 2022, clauses were sent to the 19 suppliers analysed.
- Issuance of a set of recommendations translated into an action plan.

The **Cybersecurity Committee** submitted quarterly reports on this process to the Audit and Control Committee throughout 2022 and flagged the top 10 risks in this area, as set out in Lar España's current Risk Map, together with the preventive and corrective approaches for managing cybersecurity risk.

The response and mitigation Plan seeks to ensure the proper **monitoring and updating** of the various risks to which the Company is exposed, including tax risks.

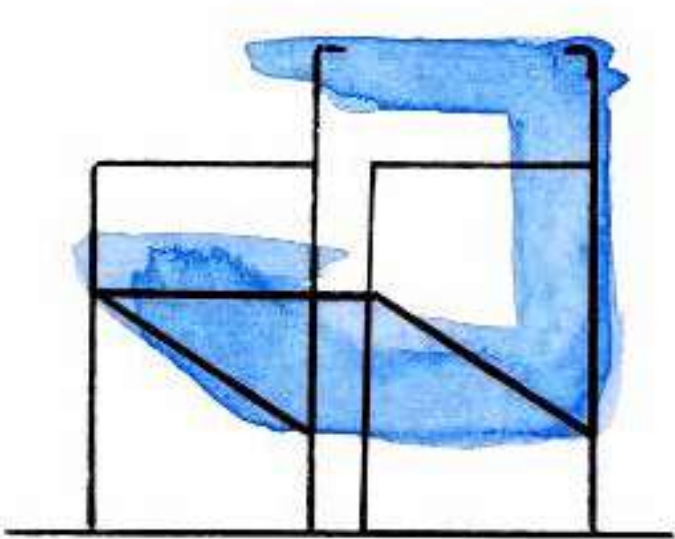
Response and mitigation plan

Due to the specific traits of Lar España and the sector in which it operates, the main aim of the response and mitigation Plan is to ensure the **proper monitoring and updating** of the various risks to which the Company is exposed, including tax risks.

The Company's Risk Management and Control Policy governs the level and frequency of monitoring of identified risks, which may vary depending on their criticality and the level of effectiveness of the controls currently in place.

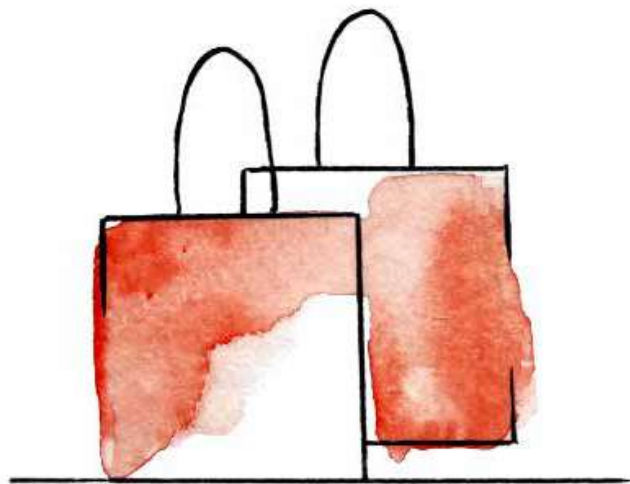
Lar España thus provides various alternatives when it comes to managing risks:

- Exhaustive analysis of high criticality risks, in order to pursue an adequate level of control.
- Assessment and monitoring of moderate criticality risks to maintain proper control based on the actual level of risk.
- Streamlining and optimisation of applicable controls for low criticality risks.



Based on the above levels and the risk management model implemented, Lar España has established response and monitoring plans for the main risks, as well as **four types of strategies** to be considered in relation to the level of risk assumed in each case:

- **Reduction:** carrying out response activities to reduce the probability of occurrence or impact of the risk, or both aspects simultaneously. This may involve implementing new controls or improving existing ones.
- **Sharing:** the probability of occurrence or impact of the risk can be adjusted by transferring or sharing a portion of the risk, such as by taking out insurance.
- **Avoidance:** not engaging or otherwise walking away from activities that generate unacceptable level of risks. In this case, the risk response may be to dispense with a business unit or activity and/or decide not to pursue new activities related to those risks.
- **Acceptance:** in this case no action is taken that affects the probability of occurrence or impact of the risk. The risk is assumed at its inherent level because it is considered commensurate to the established activity and objectives.



When identifying the most representative risks, the Company takes into account the action plans to be deployed, depending on the criticality of the risks, the cost/benefit ratio of the type of action to be undertaken and the resources available. Once these risks have been identified, individual risk sheets are drawn up so as to ensure sound risk monitoring. These sheets reflect the existing controls and the key indicators that make it possible to anticipate or monitor the associated risks. The Company plans to continue with this ongoing process of risk management and monitoring in the years to come.

Moreover, the **tolerance level** must be reviewed at least annually and validated by the Audit and Control Committee. Once the tolerance level has been approved, it is communicated to the Risk Manager/Officer and, through him or her, to the Process Managers and to Internal Audit. The owners of each of the risks, together with the support of internal audit, are responsible for drawing up the corresponding risk sheets, with the aim of reporting the treatment established to mitigate and/or maintain the level of risk below the tolerance threshold accepted by Lar España.

It should be noted that, at least once per year, and in accordance with its internal regulations, Lar España's Audit and Control Committee, which reports to the Board of Directors, analyses the validity of the Organisation's Risk Map and proceeds to incorporate, modify or discard any risks that may prove necessary in response to changes in strategic objectives, organisational structure, new risks, current regulations, etc.

Based on the review of the annual risk map, and in view of the prevailing market, geopolitical, social and macroeconomic conditions and the lingering effects of the global pandemic, Lar España still has the following concrete plans in place in order to respond to any possible materialisation of the main related risks:

- Making specific amendments to the contracts signed with each of the tenants to cater to their special needs.
- Updating cash forecasts, performing sensitivity analyses, generating scenarios, and developing liquidity protection measures for the Company.
- Updating the Business Plan to the new economic and market landscapes.
- Performing specific analyses of the creditworthiness and credit risk of each new tenant.
- Seeking stable arrangements for better energy prices on our assets for future years.

In addition, based on the criticality for its business and with reference to the other priority risks identified in previous sections, Lar España has implemented the following **response plans** for other risks:

- In relation to **building value risk**, Lar España has the following controls and action plans in place: existence of a Property Asset Valuation Policy; at least two external valuers engaged to value the Company's property portfolio; a selection process for valuers supervised and approved by the Audit and Control Committee; the review of valuations by the Investment/Asset Manager and by the Audit and Control Committee.
- In relation to **cybersecurity and information security risk**, the Company developed and implemented a third-party cybersecurity management model in 2022. Lar España has an active Cybersecurity Committee comprising several expert officers with key responsibilities in this area. The Committee meets regularly and monitors the action plans targeting the recommendations proposed in relation to cybersecurity and information security.
- Lar España continuously monitors **tax risks** by regularly procuring the advice of tax experts to help the Company draw up and lodge any claims, arguments or appeals that may be necessary to respond to any requirement or settlement received from the tax authorities.
- Lar España also pays close attention to the adaptation of the Company and its assets to climate change. The Company has earned various certifications and works to improve energy efficiency and incorporate the circular economy, thus showing its clear commitment to

environmental sustainability and an effective corporate governance system (ESG). When it comes to ESG matters, and more precisely the environment, Lar España invests in innovative solutions that enable it to manage its assets responsibly and reduce their impact on the environment⁽¹⁾.

- In addition, since November 2022, Lar España has been working to assess risks and opportunities arising from climate change, in accordance with the international standards of the **Task Force on Climate-related Financial Disclosures (TCFD)**. The aim is to make stakeholders and the Company aware of the potential impacts of climate change on the asset portfolio and make adaptation plans accordingly so as to mitigate those effects. The results of this initiative will also be released in our reporting to stakeholders in accordance with the guidelines set out in the TCFD standard itself.
- Lar España maintains the **highest standards in terms of transparency, ethics and regulatory compliance**, thus guaranteeing good governance at the hands of its governing bodies. The Company has an **ESG Committee** set up to reinforce this commitment and ensure compliance with ESG targets. Lar España is also a member of the European Public Real Estate Association (EPRA) and was awarded, once again in 2022, the EPRA Gold Award for quality of financial reporting and ESG disclosures.

Lar España's Internal Audit Director is entrusted with the regular oversight of the response plans described above.

(1) The [report on the functioning of the Appointments, Remuneration and Sustainability Committee](#) and section C.2. on the most important actions carried out by the committee provide a detailed overview of the ESG actions carried out in 2022. Relevant information on this matter can be found in the CSR/ESG section of the Company's website, which can be viewed by clicking here: [CSR/ESG | Lar España](#)

Risks materialised

The current socio-economic and geopolitical landscape (most notably the war in Ukraine), as well as the energy crisis, were the main events in 2022, and while the uncertainty surrounding the COVID-19 pandemic diminished considerably, this risk still lingers due to the impact it has had and will continue to have on the world.

The following risk factors inherent to Lar España’s business model were flagged as being the most likely to materialise during the year:

- A perceived sense of market instability.
- A widespread rise in interest rates.
- High energy costs for the Company’s assets.
- Uncertainty surrounding customer creditworthiness.
- A potential loss of consumer confidence.

Therefore, market, political and macroeconomic risks and changes in the consumption model (e-commerce) would be among the **main risks to have materialised** in 2022.

These risks affected the normal business of the Company and its tenants in 2022, during which Lar España chose to **moderate its bargaining position and lower its margins on an individual and extraordinary basis** by adapting each contract to the needs of the tenants concerned, in response to factors such as the high cost of energy and the impact of this on the value of the Company’s real estate assets.

Certain other risks related to Lar España’s activity also materialised during the period, albeit with a negligible effect on the business, and the **Company’s internal control systems did a good job in responding to these risks.**





2.1.6
Business ethics
and compliance

Lar España considers it essential to **guarantee the transparency and integrity** of all the actions it carries out. To succeed, the Company has a compliance framework in place to deliver on its commitments.

The Company establishes the **control systems needed** to ensure regulatory compliance and provide an internal framework for action. Key mechanisms include:

- Code of Conduct
- Crime Prevention Model
- Anti-Money Laundering Model
- Whistleblowing Channel Regulations
- Internal Code of Conduct in the Securities Markets.

In 2022, all Lar España employees completed training in these areas and **earned certificates** for having completed the following courses:

- Training in data protection.
- Training in crime prevention and Code of Ethics.
- Training in anti-money laundering procedures.
- Key concepts of equality and harassment prevention.

Lar España also has risk control mechanisms in place, as described in the previous section of this report.

2.1.7
Code of Conduct

The Code of Conduct, approved by the Board of Directors, **applies to and is binding on all members** of the Board of Directors, senior officers, the management team of Grupo Lar, executives and employees of both the Company and its investees and any related parties of Lar España, even where they are not employees. The Audit and Control Committee sees to it that the Code is disseminated, observed and updated accordingly.

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 sanctions or disciplinary measures in accordance with current regulations, without prejudice to any further administrative or criminal liability that may be incurred.

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.
- Avoiding conflicts 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 opportunities and non-discrimination.
- Corporate Social Responsibility.
- Stakeholder relations.

Internal Code of Conduct in the Securities Markets

Approved by the Board of Directors in December 2017, and last amended in December 2022, the purpose of this Code is to set forth the rules of conduct that must be observed by the Company, its management bodies, employees and other covered persons in their activities in relation to the securities market.

—> [Click here for more information on the Code of Conduct.](#)

—> [Click here for more information on the Internal Code of Conduct in the Securities Markets.](#)

2.1.8 Whistleblowing channel

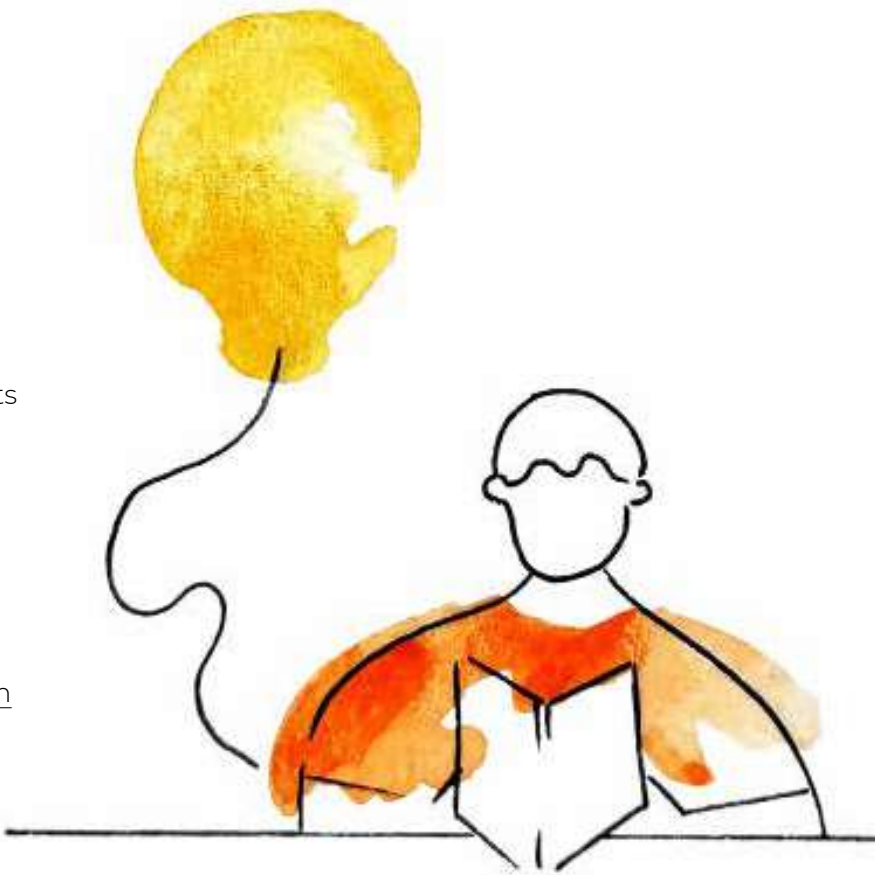
Lar España **provides all its internal and external stakeholders with a Whistleblowing Channel**, through which they may make complaints/ claim if they consider that any internal rule has been breached and so that Lar España can respond to any queries or complaints raised. The channel has its own set of regulations so as to ensure that it works properly and is governed by the principles of **good faith, confidentiality and protection**.

Lar España has the following channels for lodging complaints/claims:

- The corporate website: <http://www.larespana.com>
- Email: canaldenuncias@larespana.com
- An explanatory and confidential letter

The **Ethics Committee**, which comprises the Internal Audit Director, 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:

- Receiving and classifying the complaints received.
- Overseeing the inquiry process into each complaint.
- Imposing the corresponding disciplinary measures.
- Preparing regular reports on how the channel is performing.



Prior to 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. **The Company received no complaints through the channel in 2022.**

During the year, the Company monitored the work being done to bring the Whistleblowing Channel, the Committee's regulations and the Code of Conduct in line with ISO 37002 and the new Spanish law on the protection of persons who report breaches of regulations and suspected incidents of corruption (transposition of Directive (EU) 2019/1937).

In 2022, **no material issues were detected** in connection with anti-money laundering and counter terrorist financing.

2.1.9
Money Laundering and Crime prevention

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.

In March 2022, **the AML/CFT Manual was updated** and the prevention model was submitted, as required, to the scrutiny and report of the external report on the internal control measures in place at the Company to prevent money laundering and the financing of terrorism. This report was subsequently submitted for approval by the governing body in July 2022.

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 an essential document within the Company. It 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 regularly given to all related parties of Lar España and its management unit (Grupo Lar), so as to ensure compliance with all related legislation. Further information on the hours of training delivered and number of employees trained in this area can be found in section [1.5 Corporate strategy and positioning](#) in the training sub-section.

Following a proper analysis of all issues related to the operation of the Whistleblowing Channel, **no material issues were detected in 2022 in connection with anti-money laundering and counter terrorist financing**.



Shopping Centre
Las Huertas (Palencia)

2.2
Contribution to
social development (S)



2.2.1
Stakeholders

Identifying stakeholders

The Company remains constantly in touch with all its stakeholders to be aware of their views and expectations at any given moment. Lar España has accordingly developed a management model that embraces a **wide range of tools** to engage and have dialogue with each stakeholder. This management model comprises the following stages:



We thus ensure **regular monitoring** of the expectations of each of our 15 key stakeholders. This enables us to align Lar España’s strategic and sustainability goals with our stakeholders’

individual and collective expectations. Our analysis identified the following **stakeholders as most relevant** to the Company:

External environment:



Social

- › Universities and research institutions
- › Local community
- › Users
- › Tenants



Economic

- › Investment managers
- › Suppliers
- › Investors
- › Peers
- › Co-owners



Environmental

- › Specifiers
- › Social and environmental organisations
- › Media
- › Regulators
- › Industry associations

Internal environment: employees

To help us manage our stakeholders’ expectations, at Lar España we have created a **materiality matrix**. This tool identifies the five key actors with the highest

impact on our business, and thus enables us to prioritise our goals and meet our stakeholders’ needs.

| Key stakeholders | Importance |
|------------------|--|
| Investors | Investors and shareholders analyse the Company’s financial position and assess its creditworthiness facing financial institutions. |
| Employees | Lar España’s employees work towards making the Company a leading player in the Spanish and international property markets. |
| Suppliers | It is thanks to our suppliers that at Lar España we are able to offer a wide range of services to our customers and users. Customer satisfaction, which we evaluate using polls and surveys, is extremely important to the Company’s success, and suppliers play a key role in this respect. |
| Tenants | The Company’s core activity is leasing retail floor space. Our tenants play a critical role in the achievement of our goals and in creating value for the community. |
| Users | Lar España’s business directly benefits the local community by offering users contemporary public spaces and state-of-the-art leisure options for a widely diverse audience. |

Stakeholder engagement

Lar España uses a number of different channels to keep in touch with customers, users and other stakeholders. We examine all data points and opinions and use them as input to our corporate goals and decision-making, where we aim to strike

a **balance between various sectors of society and the environment.**

Communication channels, expectations, goals and actions for each stakeholder are described below:

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

Response to economic affairs

| 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 shopping centres › Technological innovation | › Long-term contracts with suppliers › Selection of offers based on transparent criteria |
| Operators (lessees, 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 |

Knowing the social, economic and environmental environment is essential for Lar España. In this way, **integrate these issues** It is synonymous with being aware according to the needs and expectations of its stakeholders.

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) | <ul style="list-style-type: none">› Holding events at shopping centres for the participation of social groups› Surveys and requests for information› Contact details on the website | <ul style="list-style-type: none">› Projects with low environmental impact› Standardised ESG reporting› Impact management and damage remediation› Cooperation with other companies to promote knowledge sharing | <ul style="list-style-type: none">› Best practices in environmental design› Standardised information reporting (GRI/EPRA) | <ul style="list-style-type: none">› Obtaining independent certificates› Verification of information by independent third parties› Annual report integrated with sustainability |
| Regulators (control bodies) | <ul style="list-style-type: none">› Requests for information in early stages of compliance projects› Mandatory documentation in the drafting and approval of projects | <ul style="list-style-type: none">› Good governance and transparency› Standardised ESG reporting | <ul style="list-style-type: none">› Regulatory compliance› Compliance with procedures | <ul style="list-style-type: none">› Analysis of environmental legislation and strict compliance› Internal environmental information gathering systems |
| Authorities (European Union, State, Autonomous Regions, Municipalities) | <ul style="list-style-type: none">› Meeting with authorities through sector forums› Two-way discussion regarding sector expectations and possible collaborations | <ul style="list-style-type: none">› Urban resilience› Rehabilitation and conservation of buildings› Environmental impact assessment› Climate change mitigation› Biodiversity and natural environment impact management | <ul style="list-style-type: none">› Improving the local environment› Meeting local needs› Projects aligned with international and national plans on climate change and other environmental issues | <ul style="list-style-type: none">› Assessment of the environmental impact of our projects through internationally recognised methodologies› Sustainability strategy that improves on existing regulations |

2.2.2 Customer orientation

At Lar España, we focus our efforts on the core tenet of our business model: full **satisfaction at all times of our customers’ and users’ needs**.



As described earlier in section *1.3 Business model*, within the Company’s core activity of retail property lettings we distinguish between **two types of customer**:

| Customer type | Description | Communication channel |
|------------------------|--|--|
| Tenants and operators | Retailers who rent floor space at Lar España properties to sell their goods and services | <ul style="list-style-type: none">› Protocol for communications with the Property Manager› Lar España whistleblower channel› Service audits and satisfaction surveys for tenants and their employees› Complaint processing systems put in place with Property and Asset Managers› Satisfaction and/or complaint procedures for own employees |
| Visitors and consumers | Users visiting the shopping centre | <ul style="list-style-type: none">› Satisfaction surveys at shopping centres and retail parks› Lar España whistleblower channel› Contact via shopping centres’ and retail parks’ websites, apps and social media› Complaint forms available at information points› ‘Disfrutones’ customer loyalty club |

We engage in **active listening and a two-way dialogue** that enables us to offer a high-quality service that meets customer expectations. This is proof of our keen interest in our customers’ views, habits and preferences.

By adapting our communications to new technologies and opening up multiple contact channels we can react appropriately to customers’ increasingly demanding expectations. These tools also enable us to spot market trends and conduct a **more detailed analysis of consumer behaviour**,

which we can apply to providing the best possible experience. At Lar España, we have accordingly secured the information we need to extensively transform our properties as efficiently as possible.

In 2022, Lar España continued to provide uniquely attractive experiences by encouraging users to take part in a range of events hosted at its properties. We implemented actions to **meet customers’ identified needs** and to **enhance their overall experience** during their visit.



Shopping Centre
Gran Vía (Vigo)

Hola Familia

Hola Familia, a **cross-cutting project first implemented in 2016**, is designed **to create a comfortable, welcoming, cosy and fun space** where parents can take a break on their visit to the shopping centre to feed the youngest members of the family.

Services within *Hola Familia* include:

- Breastfeeding room.
- Special family parking spaces.
- Highchair lending service, nappy delivery and birthday party reservations in collaboration with restaurants at site.
- Special store discounts.
- Fun Play Area for kids.



Shopping Centre As Termas

Health and safety culture

In 2022, at Lar España we continued to ensure that our spaces are safe and comfortable for our customers and visitors by implementing solutions at our shopping centres and retail parks that attain **stringent standards of safety**.

We focused on **compliance with core health and safety laws and regulations** by coordinating our efforts with tenants' employees and workplaces, advising them on existing risks and effectively raising awareness of emergency procedures.

All properties that are under our operational control are **certified to the ISO 45001 occupational health and safety standard**. With the assistance of a firm of independent experts, we designed, implemented and verified procedures and regulations that ensure that our occupational health and safety management systems are compliant with the standard.



ISO 45001 certification

In 2022, in our drive to take **forward steps in assuring compliance with occupational health and safety standards** at our properties, at Lar España **we successfully earned ISO 45001 certification for 100% of properties under our operational control**. The certificate is designed to protect employees and visitors against occupational accidents and diseases.

Air quality improvement

As mentioned earlier, the health and safety of visitors, employees and operators lies at the heart of Lar España’s business model. Indeed, we have had **indoor air quality measurement** devices installed since January 2022. Since then, our property management teams receive scheduled monthly air quality indicator reports. So far, the data show that **indoor air quality at the Company’s properties is consistently excellent**.

In addition, all Lar España assets are **compliant with the new temperature rules** under the recently enacted regulation on heating and air-conditioning installations at buildings (Spanish ‘RITE’), while indoor air quality at our properties is further assured by independent audits.



Lar España’s assets **adjust to health and safety demands** both as a workplace and as a place of leisure and enjoyment.



Shopping Centre ÁnecBlau

—> For further information about air quality, see section 2.3 Environmental management (E).

In any extreme situation, the assets contain specific **guidelines for its detection and action**.

Crisis management systems and procedure

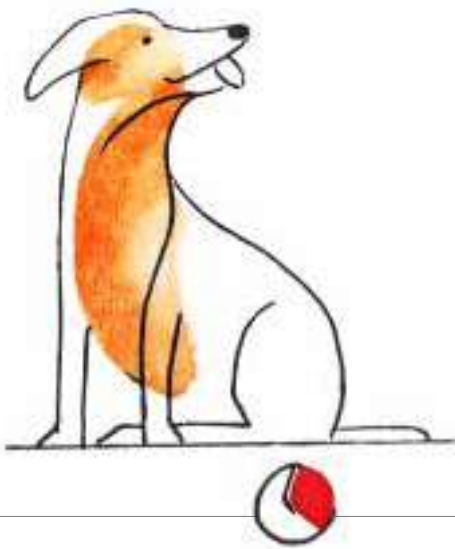
To protect against terrorist attacks at our shopping centres and retail parks, at Lar España we have in place an **Anti-terrorist prevention and Protection Plan** designed to detect, monitor, analyse and assess terrorist risks. Prevention mechanisms under the plan include measures to enhance surveillance and inspections, with a special focus on the presence of suspicious individuals or items. These actions are supplemented by cooperation with the authorities in the form of regular meetings with national and regional police forces.

At Lar España, we also have in place a procedure to **trigger a range of enhanced vigilance measures** to be conducted by security staff at our assets to identify suspicious behaviour. If any danger is detected, at Lar España we are able to rely on a range of **operational equipment and electronic systems** assisted by auxiliary devices to promptly place users and employees at the asset in a secure situation.



Finally, at Lar España we have introduced an **Operating Manual** that provides property management teams with an in-depth awareness of emergency procedures. We conduct communication and presentation actions to raise awareness of the required safety and prevention measures even beyond management teams.

For Lar España, **improving the customer satisfaction** is a fundamental question in the development of its activity.

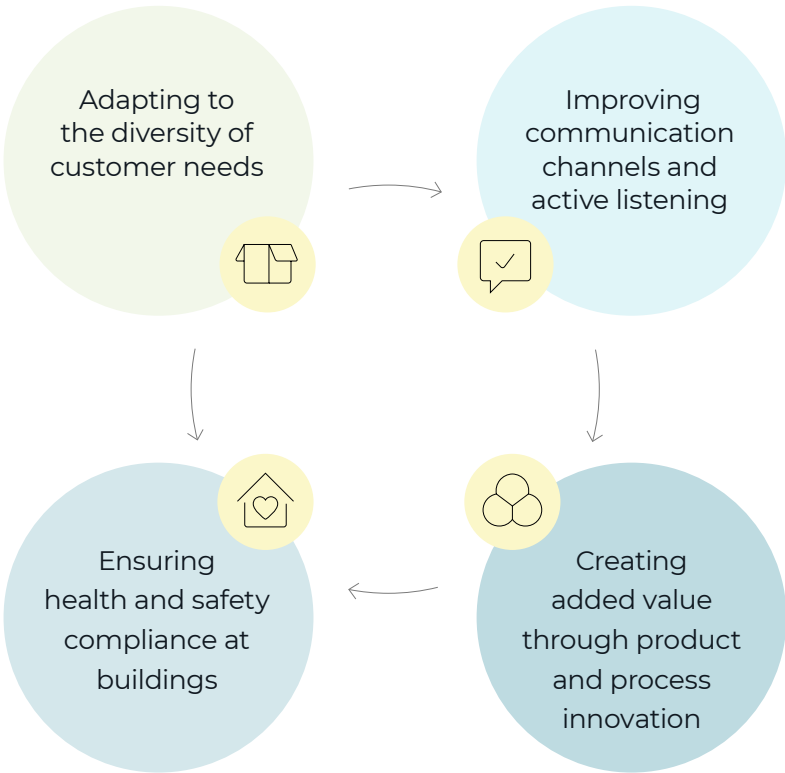


Customer satisfaction

At Lar España, we use a **range of tools** at our retail properties to **support a stable relationship of trust with all our customers**. The tools enable us to respond promptly and effectively to our users and apply the resulting information to satisfy their requirements and expectations.

One of the Company's preferred methods to improve its performance is to run **satisfaction surveys** aimed at users and employees to elicit their views and perceptions.

Lar España's customer satisfaction vision is thus based on:



In 2022, survey responses showed that **satisfaction** with the services provided by Lar España at its properties **remains generally high**. Some of the points covered by our surveys are:

- Noise, lighting, temperature and humidity
- Odours
- Availability of waste-sorting bins
- Drinking-water quality
- Indoor and outdoor environments
- Ancillary areas

- Communication system, safety and security, and information on emergency procedures
- Accessibility for people with disabilities
- Access to the asset on foot, by bicycle or using public transport
- Overall score for the asset's environmental, health and wellbeing performance

In 2022, surveys conducted at several of our properties elicited an average score of 3.74 on a scale of 1 to 5. This shows that surveyed customers, employees and users are **generally satisfied**.





Actions in support of customer satisfaction

‘Disfrutones’ customer loyalty club

Available at seven Lar España shopping centres, the free ‘Disfrutones’ app provides members with exclusive discounts and promotions and the latest news from the retail brands at our assets.

→ *For further information about the app, see section 1.10 Transformation: digital culture and innovatio*

Sports and healthy lifestyle

As part of our efforts to encourage a healthy diet and lifestyle habits, in 2021 and 2022 we ran sports and healthy living events for our users.

Complaints processing and resolution

At Lar España, we are committed to addressing customer and consumer complaints effectively with a prompt, clear and concise response over a range of communication channels, including social media, our website and paper forms. Complaints are **logged and processed by our staff** with a view to prompt resolution.

During the year 2022 Lar España has attended and resolved 236 complaints from its customers, having responded to all of them, in line with the aforementioned procedures and resolving most of them.

2.2.3 Supplier relations

Our suppliers are critical to Lar España’s business. One of our core procedures is **retaining services from suppliers and providers** as explained in the Lar España principles of transparency and confidentiality.

In all its competitive tender term sheets, Lar España requires a financial risk assessment report to ensure that the Company’s standards are met.

All key points and values are **comprehensively specified in their proper form and all relevant service roles** are regulated accordingly.

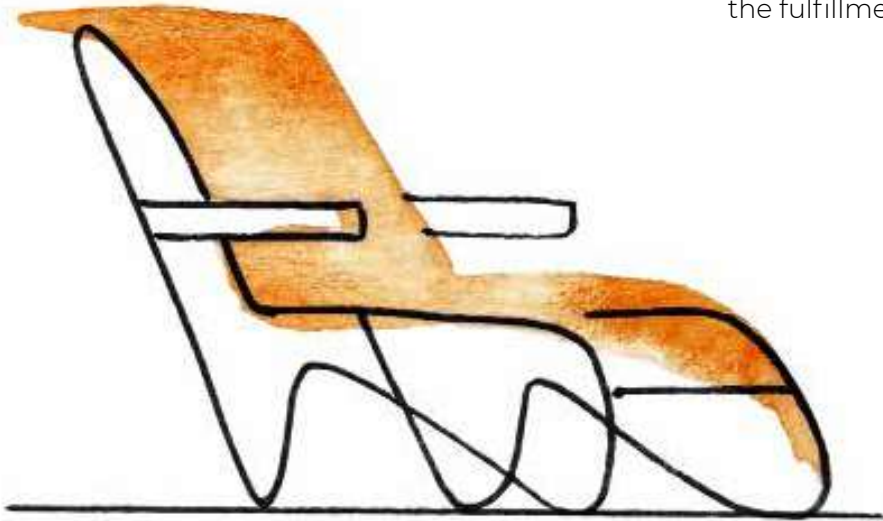


Supplier approval mechanisms

Under our **Sustainability/ESG policy**, at Lar España we apply environmental, social and governance criteria throughout our supply chain. The policy is a key tool to ensure that our suppliers follow corporate social responsibility and transparency principles when working for Lar España.

For the Lagoh shopping centre, moreover, we have widened the scope of commitment to the environment by appending a **BREEAM clause** to leases that requires a measurement of environmental sustainability compliance at retail premises. This measurement examines energy efficiency and monitors water consumption, among other matters.

The Company also includes **contracts with suppliers** related stipulations with the social, environmental and good government, according to the fulfillment of its commitments.



Lar España acquired products and services from its suppliers **for more than €57M, generating wealth in the communities where it operates.**



Commitment to local development

To support local development, at Lar España we prioritise local suppliers within our host communities.

In 2022, Lar España has contracted products and services with 441 suppliers, of which **429 have been national suppliers**, close to 100%, thus **contributing to generate wealth in the communities where it operates, with an expenditure that has amounted to more than 57 million Euros.**

The fact that the activity of Lar España is distributed throughout the national territory makes it a generator of economic wealth, dynamizing of the local economy and job creator of quality, in addition to providing confidence and becoming the option of clear preference.

→ For further information, see section 2.2.5.

Other actions

We undertook a range of actions to **encourage donations to charitable foundations and non-profits** concerned with healthcare, awareness of rare diseases and social inclusion of people with Down’s syndrome, among others.

→ For further quantitative information, see section 5.3 List of projects & social initiatives.

Cybersecurity and information security

Lar España’s business involves the processing of a wide range of data and confidential information. Furthermore, given the special features of our organisational model, many of our activities are outsourced.

To address and mitigate information security risks, in 2021 we developed and specified a **Third-party Cybersecurity Risk Management Model**. The model is designed to review the Company’s key procedures so as to preserve integrity, confidentiality and availability at all times in accordance with generally accepted cybersecurity standards and best practices.

In addition, the Company operates a **Supplier Cybersecurity Risk Management Procedure** for suitable data processing. The procedure puts in place and manages controls in aid of corporate security purposes and compliance with regulations.

Assessment of third-party service provision

Lar España has in place an **exhaustive supplier selection procedure** to ensure that appointed suppliers have the required skills, independence and technical and legal capabilities to provide the desired services.

We regularly assess provided services to check that performance is up to standard. Cybersecurity and information security risk management assessment is viewed as part of our financial reporting system and is therefore examined by the Company’s highest management bodies.



Cybersecurity actions and measures

In the wake of creating a third-party cybersecurity risk management model, with the assistance of an outside consultant, at Lar España we have started to run a **supplier self-assessment survey** to evaluate their information security risks. In addition, we now append cybersecurity clauses to service provision contracts.

Furthermore, the Company's **Cybersecurity Committee** meets regularly to monitor the related risks and help safeguard information security. Committee members include:

- The Deputy Chair of Lar España.
- The CFO of Grupo Lar, as a provider of information security services to Lar España.
- The Corporate Director and CFO of Lar España.
- El Internal Audit Director of Lar España.

→ For further information, see section 2.1.5 Risk and opportunity management.

2.2.4 Investor relations

For Lar España, it is critical to keep up to date with the expectations and priorities of key investors, so a fluid ongoing relationship is indispensable. To sustain this continuous dialogue, the Company's investor relations department hosts roadshows and other communication events throughout the year. Our activities help us **arouse interest among potential new investors, strengthen ties with existing investors** and keep abreast of best practices in the industry.

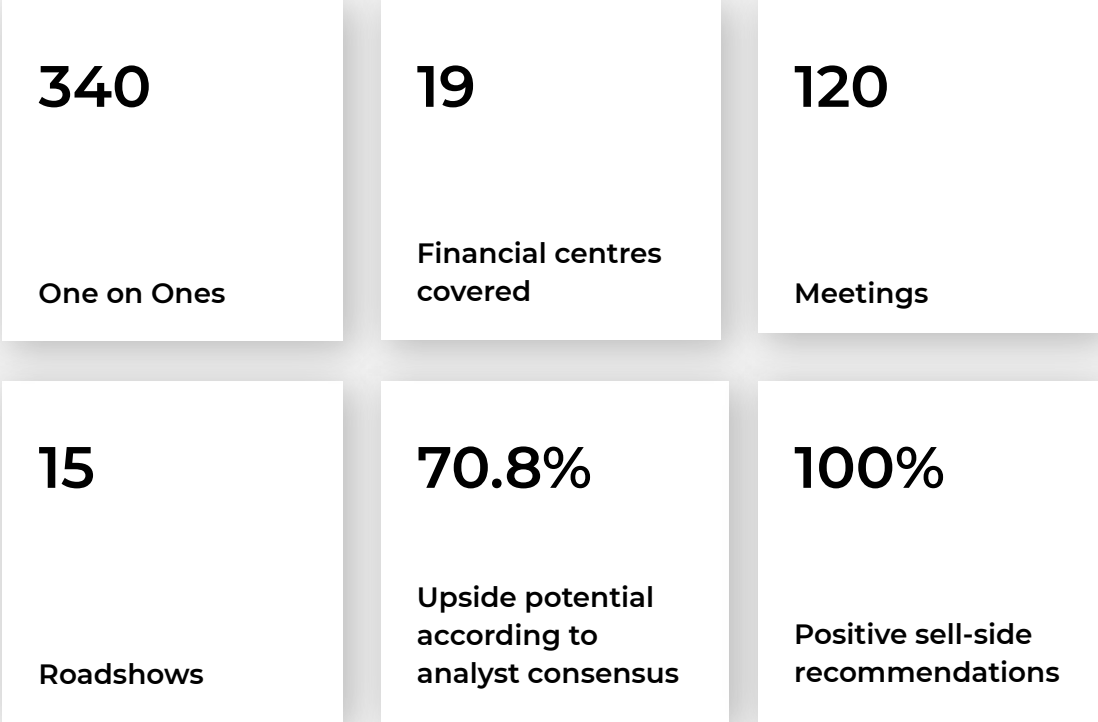
Lar España combines these activities with news and alerts over social media, e-mail and the Company website, which provides an **Investor Diary** and progress reports on the Company's performance to provide **shareholders and investors with further information.**

In addition to the above, **Lar España's Information, communication, contact and engagement Policy** is designed to encourage dialogue and transparency while fostering trust among Spanish and international shareholders and investors.

→ For further information, see section 2.1.4 Corporate Policies.

Interactions with shareholders and investors in 2022

Investor relations activities



Media



€14.5 Mn

Our mainstream media and social media appearances were the equivalent of 14.5 million Euros worth of press and digital advertising.



Financial and non-financial reporting

In addition to our direct and online dialogue with shareholders and investors, at Lar España we promote suitable financial and ESG reporting to enhance transparency and the spread of good practices. This helps us inform our stakeholders and investors about issues related to our business performance and returns as well as about our **global pledge to sustainability** and meet their expectations while supporting social and economic progress in Spain through a **responsible business approach**.

This is all part of Lar España’s commitment to the principles of **transparency and communication**, which are included in, among other documents, its Sustainability/ESG Policy.

We hold regular meetings with our investors to share ESG developments and, on half-yearly basis, publish data on the performance of our portfolio in terms of:

- Water and energy consumption management efficiency at our properties.
- Greenhouse gas emissions.
- State of progress of relevant projects underway within the portfolio.
- State of progress of environmental certification processes.

Likewise, Lar España adheres to various initiatives that **facilitate the reporting of financial and non-financial information** and establish a common framework for dialogue within business activity.

Information on Lar España’s involvement in these forums is available on our [website](#) in the CSR/ESG section:

Annual reports based on international reporting frameworks, such as:



- **Global Reporting Initiative (GRI)** standards. An external third party has performed a limited review of the information related to sustainability using the GRI Sustainability Reporting Standards (GRI Standards) guide as a reference.



- **The European Public Real Estate Association (EPRA)**, for both financial and non-financial reporting:

[\(EPRA BRP\).EPRA Best Practices Recommendations Guidelines.](#)

[\(EPRA sBRP\).EPRA Sustainability Best Practices Recommendations Guidelines.](#)



Content on Lar España’s annual participation in the **Global Real Estate Sustainability Benchmark (GRESB)** assessment, a leading framework for assessment of environmental, social and governance performance in the property sector.



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.



Actions towards fulfilment and promotion of the **Sustainable Development Goals (SDGs) and the 2030 Agenda**. From 2021 onwards, following the approach proposed by the UN Global Compact for enterprises to make progress in fulfilling the SDGs, Lar España examines and works on its priority goals in accordance with the nature of its business.



Regular reporting on involvement in the **Spanish network of the UN Global Compact**, with information on actions to implement the Ten Principles in the fields of human rights, labour, the environment and anti-corruption.

More than 6% of the jobs created indirectly at Lar España properties are covered by **people with a disability assessment of more than 33%**.

2.2.5 Contribution to local development

At Lar España, we focus our efforts on **creating value for the communities** where our properties are present. To deliver on our commitment, we undertake social actions in support of human, economic and environmental development and address major social challenges such as unemployment and the economic crisis.

Lar España’s mission is to **promote social progress** in the communities where we operate by leveraging the fact that our business has a considerable impact on job creation and other facets of the local economy. The Company benefits the local economy and community, including local enterprise, by undertaking inclusion actions and a wide range of social initiatives in support of education, culture and the arts.

Lar España’s impact on job creation

We estimate that in 2022 **more than 16,000 jobs** were created across the Lar España portfolio of properties.

In our concern to have a positive impact on the host community, we pay special attention to the **occupational and social inclusion** of people with disabilities. We are therefore adapting our shopping centres and retail parks in accordance with the stringent standards of **universal accessibility** for



the full range of disabilities. One of the benefits is that jobs at our sites can be filled by a widely diverse range of profiles and people with different abilities and disabilities.

As a result, **more than 6% jobs created indirectly** at Lar España properties are covered by **people with a disability assessment of more than 33%**. Spain’s statute on the rights of people with disabilities and their social inclusion does not in fact apply to Lar España. However, at present the Company would comfortably fulfil the statutory requirement that an enterprise employing more than 50 employees have at least 2% of positions covered by people with disabilities.

Lar España will continue to be proactive in its occupational and social inclusion projects so as to **contribute to its host communities**.



43% of our portfolio is in the process of certifying to UNE-170001.



2.2.6 Accessibility

In our **firm commitment to social integration and cohesion**, Lar España works to uphold high standards of accessibility by ensuring that design choices are people-friendly. Our Lagoh, El Rosal, As Termas, Vistahermosa, VidaNova Parc and Rivas Futura sites have earned the **Universal Accessibility** seal from the certifier AENOR.

We are now working towards certifying 4 out of our 14 portfolio properties over the coming years. In 2022, we **invested more than 312,000€** in accessibility improvements.

In 2023, we intend to make further progress, chiefly at the following assets:

- Megapark and Parque Abadía, where we hope to earn Universal Accessibility certificates in the next few months.
- Albacenter and Portal de la Marina, where we are adapting the restrooms for disabled access and carrying out other work to earn accessibility certificates in 2023.

All this demonstrates the commitment of Lar España in terms of accessibility, oriented to facilitate adequate and convenient access to their shopping centres and retail parks, taking into account existing problems. In this way, it searches ensure equal opportunities for all persons, irrespective of their abilities, in accessing and enjoying all the assets.

During 2022, Lar España **has continued to carry out actions** on its assets in matters related to accessibility.





2.2.7 Social action

The Lar España Board of Directors has approved a sustainability/ESG policy that sets out the following **commitments**:

- To work alongside institutions, non-profits, private enterprises and other parties in order **to effectively implement social actions** relating to property development and construction, with a special focus on education, so as to support **economic and social wellbeing over the medium and long term**.
- To encourage and lend support to Lar España employees' charity efforts through **corporate volunteering** and specific social action initiatives.

Local communities

Given the nature of its business, Lar España directly and indirectly creates a wide range of **economic, business-related and social benefits for many market actors and stakeholders** and generates a large number of direct and indirect jobs. In this respect, our business:

- Helps create new business opportunities.
- Promotes health and wellbeing.
- Aids the transformation of the community climate.
- Promotes an accessible and inclusive social environment.
- Helps strengthen community values.
- Encourages engagement by members of the public.

Furthermore, we conduct **social impact assessments for 100% of our property transactions and developments** to ensure that we can eliminate or, on a timely basis, mitigate any adverse impact there might be on local communities.



Sustainable Mobility

At Lar España, we understand that our role entails providing spaces that ensure a socially responsible environment. As part of our commitment to have a positive impact on local communities, we have accordingly implemented **sustainable mobility projects at all our properties**, as described in the following chapter, on the Company's environmental performance (See 2.3 Environmental management (E)).

Social action initiatives

In 2022, in line with our pledge to create value for the community, we undertook several **cross-cutting social action initiatives at our sites**. We conducted some initiatives independently, while for others we partnered with locally respected non-profits.

We support a range of **priority SDGs** that are set out in the action plan referred to in Chapter 1 of this report and also contribute to other SDGs that we have not listed as our own priorities but nonetheless are within the scope of the 2030 Agenda.

—> For further information on the sustainability policy, see section 2.1.4 Corporate Policies.

—> For further information on Sustainable Mobility, see section 2.3 Environmental Management.

In the Annex to this report, we provide a full list of our actions in 2022. We highlight the following projects:



Recycling campaigns in partnership with ECOEMBES

In partnership with ECOEMBES and its RECICLOS initiative, we installed machines that reward customers for recycling packaging. Visitors are eligible to receive sustainable and social rewards for recycling drinks cans and plastic bottles.

Furthermore, the action has twofold benefits: points earned from recycling can be donated to the Spanish cancer research institution or to the project to plant the first RECICLOS forest to revive the ecosystem of an environmentally deteriorated area. This contributes value to SDGs 3, 13 and 15.



Women's Day

As in previous years, Lar España demonstrated its firm commitment to gender equality. In 2022, we ran communication campaigns to fight gender violence, activities to signal appreciation of our women employees, and initiatives support of gender equality.



Earth Hour

Many Lar España assets joined the #Earth Hour initiative: all the lights at the shopping centre are switched off as a gesture to lend visibility to the challenge of climate change. This token act is a reminder that nature lies at the foundation of our planet and it is our duty to protect and defend it.

The **2030 Agenda** and the **SDGs** are the working guide for Lar España in matters related to its impacts, as well as in the **creation of value for its environment**.



Initiatives in support of Ukraine

In partnership with the charity CÁRITAS and the UNHCR (UN High Commissioner for Refugees), Lar España undertook a wide range of actions to lend visibility to the crisis in Ukraine and encourage donations to alleviate the situation of refugees. Through these drives, we collected thousands of euros in donations to provide emergency materials such as water, food and blankets for people who had to flee their homes. At some of our shopping centres, we set up charity boxes with different compartments where users can donate medication, clothes or food for war refugees.



Partnership with NGOs

Lar España set aside designated space at its shopping centres for non-profits to run membership drives and raise the visibility of their activities. Participating non-profits included AECC (the Spanish cancer research institution), the Red Cross, Save the Children and the Josep Carreras Foundation.











In quantitative terms, these initiatives involved:










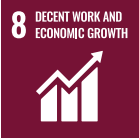


- **More than 2,600** hours dedicated to social and environmental initiatives.
- **Close to 300,000€** allocated to donations and social initiatives.
- **More than 30** non-profit organisations.
- **More than 17,000 kg** of clothes donated.
- **More than 8,000 kg** of food donated in collection drives.





| Impact area | EPRA: Sustainability performance measures (Social) | | | | |
|-------------------------|--|------------------|-----------------|-----------------|-----------------|
| | EPRA sBPR code | Units of measure | Lar España 2020 | Lar España 2021 | Lar España 2022 |
| Local impact assessment | Comty-Eng | % of assets | 100% (15 of 15) | 93% (13 of 14) | 100% (14 of 14) |

2.2.8 List of projects and social initiatives

As part of our **commitment to social action, to a positive impact on local communities**, and to local efforts towards the **SDGs**, Lar España drives forward a wide range of social projects and initiatives, such as:

| SDG targeted | Asset | Initiative |
|---|-----------------------------|---|
|  | Albacenter |  Haz que la vida siga girando (keep life going round) Led by the Red Cross, this assistance drive supports people at risk of poverty and exclusion so that they are offered the opportunities and resources they need to engage with social, economic and cultural life. |
| | Albacenter |  Through the Mercadona & Company event we supported the Albacete food bank. Through the efforts of volunteers, close to 4,500 kg of food were collected. |
|  | El Rosal |  Collection drive for soup kitchen In partnership with the León provincial authority, we provided space for the soup kitchen's food collection drive. |
| | El Rosal & Gran Vía de Vigo |  Donar es de Cine (donate and go to the cinema) Blood drive in conjunction with several non-profits Donors were rewarded with cinema tickets and surprise gifts. |
|  | Ànec Blau |  Canal Olímpic (Olympic Canal) sponsorship In line with our pledge to wellbeing in the community, we sponsored the summer courses provided by Canal Olímpic to over 1,400 children. |
| | |  Mediterrani marathon sponsorship This key action for the shopping centre achieved a high profile through a press conference and the collection of more than 2,000 runners' shirts. |
| | Albacenter |  AMAC The shopping centre pledged its support to breast cancer research by providing donation channels. |

| SDG targeted | Asset | Initiative |
|---|---------------------|--|
|  | Portal de la Marina | <div></div> KM Solidarios In the third consecutive year of involvement of the shopping centre in this charitable challenge, runners amassed 40,000 km for a good cause: providing artwork for the ceilings of the observation unit of the Hospital de Dénia. Portal de la Marina is also sponsored by the Decathlon retail brand. |
|  | Albacenter | <div></div> Red Cross - Activity room The shopping centre sets aside a designated space for the Red Cross to provide workshops to its entrepreneurial employees. |
| | | <div></div> Toys for charity In partnership with Toys 'R' Us, the shopping centre supported the Red Cross in its new drive to collect toys for delivery in early 2023 to the families of 60,000 children undergoing situations of vulnerability. |
|  | Gran Vía de Vigo | <div></div> Charity race against gender violence Organised by the Asociación Mulleres en Igualdade de Vigo gender equality association. This charitable event drew more than 400 participants. |
|  | Portal de la Marina | <div></div> Iberdrola awareness campaign In 2022, on the occasion of the commissioning of a new electric vehicle charging station, the electricity utility Iberdrola ran an awareness campaign on its new rapid charging service at the shopping centre. |
|  | Lagoh | Partnership with Gold Assistance Under the agreement with Gold Assistance, employees and tenants are entitled to discounts on care-giving services. |
| | As Termas | Hacemos Lugo (we make Lugo) The As Termas shopping centre launched a new video series on local entrepreneurs who have chosen the asset to set up their new business. |
|  | Parque Abadía | <div></div> Toledo bike marathon The Abadía asset supported the city's sports event by partnering with local bodies such as the Toledo-based Maratón MTB. |

| SDG targeted | Asset | Initiative |
|---|--------------|--|
|  | Rivas Futura |  Ecozona opening We opened a recycling point in a yard adjacent to both plots of the retail asset. The facility provides containers for textiles, footwear, used cooking oil, and plastic bottle-tops and lids. |
| | Lagoh | Arts and crafts bazaar The shopping centre provides accommodation for an arts and crafts bazaar run by members of the Bermejales neighbours' Association. |
| | Ànec Blau |  Humana clothes recycling containers We implemented an awareness action to remind our customers that 'Humana' recycling points are available at the shopping centre for used clothes that could be given a second lease of life. |
|  | Lagoh | Car Sharing: the happiness car We offered this app to our employees on Earth Day as an aid for car-sharing on their commute to Lagoh. |

Social actions at the corporate level

Norte Joven Association

Collaboration in the project “Scholarships, training and food to the students of the Norte Joven Association” with:

- Celebration of solidarity meals.
- Lar España ´s employee collaboration in the preparation of professionals interviews, together with the students of the Association.
 - Periodic monetary donations.



2.3 Environmental management (E)

2.3.1 Lines of action

Lar España acts in all its assets in accordance with its ESG planning to promote different measures and initiatives that seek to elevate its business within the margins of sustainability.

As a Company that holds itself accountable for the impact of its activities, this goal requires us to be respectful of the environment and health and safety, achieve efficiency in our resource management, and comply with the **precautionary principle**. Relevant actions executed by Lar España in 2022 included:

Lar España bets on the **development of sustainable projects**, focusing its strategy in the improvement of energy efficiency, in reducing impact environmental of its business, and on evaluations based on the highest environmental standards.



SDG Support Plan

In its bid to make progress towards the UN Sustainable Development Goals, the company created an **Action Plan** by identifying material topics and gauging their relevance to the various SDGs. We **mapped our Value Chain** to our materiality matrix to pinpoint positive and negative impacts with a view to reinforcing the former and mitigating the latter.

We then **identified the SDGs that are most relevant to our business** and specified lines of action to **align our strategy and business model to achieving the eight selected SDGs and their related targets**. We selected these Sustainable Development Goals on the basis of the areas where Lar España can take action in a relevant way and to the best effect.

As part of our drive to set ourselves ambitious SDG-related goals, Lar España is one of 69 companies now taking part in the new edition of the **SDG Ambition Accelerator programme**. This will enable us to move forward with strategic prioritisation of our actions in accordance with a baseline that ties business targets and results to SDGs in the context of our sustainable development performance.

To ensure that our SDG-focused efforts are effective, Lar España raises awareness and encourages **adoption of the 2030 Agenda in the company's governance and corporate policies**. We regularly monitor the progress of each of our actions in support of each of the identified SDGs.



Waste Management Plan

Our **Waste Management Plan**, first implemented in January 2021, is designed to provide us with tighter control and more detailed tracking of waste data, help us to prevent pollution, and support us in using our resources sustainably by promoting the **Circular Economy** in accordance with the principles of reduction, recycling and reuse. The goal is to enhance waste management to:

- Achieve tighter control over the entire process.
- Implement improvement projects.
- Refine the traceability of individual classes of waste products.



Decarbonisation strategy

Lar España set down its **Strategic Decarbonisation Plan** in 2021. Throughout 2022, therefore, we analysed the plan and **considered implementation options** to achieve the company’s medium- and long-term climate action targets.

We looked at a range of emission reduction initiatives for all portfolio assets with a view to gaining a better understanding of our emission scopes and carbon footprint. We plan to take further steps in our pledge to fight climate change and are therefore considering carbon offset and sequestration of carbon dioxide projects.

In 2022, we **firmly established our waste sorting and identification procedures**. The data for 2021 and 2022 are now fully comparable under the European Waste Catalogue (EWC) and its Spanish transposition (LER code) through standardised information management and internal reporting methods.

In 2023, by **engaging a single waste manager** for the entire portfolio, at Lar España we intend to identify and document all waste recovery, recycling, reuse and disposal procedures while monitoring all routes from our sites to waste treatment points. The resulting information will improve our measurement of circular economy metrics and of Scope 3 of our carbon footprint.



Energy Efficiency Plan and Solar Power implementation

Lar España has ambitious plans for the coming years, such **as energy efficiency audits** and specific targets based on remote sub-metering that will enable us to see real-time data on the state of each property. As a result of the energy efficiency audits, we will draw up a specific **Action Plan** for each asset that identifies strengths to be reinforced and weaknesses to be corrected. We will take steps in response to the audits and set portfolio-wide quantitative targets on a case-by-case approach.

Moreover, as part of our energy efficiency master plan, we worked alongside KPMG to complete a **comprehensive portfolio-wide study** that considers and selects strategies to negotiate, sign and review solar power contracts while monitoring the progress of installation of solar panels at portfolio properties.

We are currently considering solar power installation options at each Lar España asset. **At 31 December 2022, 100% of Lar España's consumed energy has guarantees of origin.**



Sustainable Mobility

One of Lar España's specific goals for 2022 was to implement a range of **sustainable mobility** solutions at each of its properties. To deliver on this commitment, we continued to look at a range of options, which finally led to the implementation in practice of several sustainable mobility projects.

The main projects are:

- Electric vehicle charging stations.
- Pooled transport.
- Walkways and other improvements to pedestrian access to shopping centres and neighbouring facilities.
- Awareness campaign to encourage use of public transport, bus stops and taxis.
- Parking spaces and entry points for bicycles, scooters, and motorcycles; guided parking devices.



All Lar España assets
are equipped with electric
vehicle charging stations.



Data automation platform

The automated data capture platform is designed to analyse and visualise data in real time on use of resources (water and energy) at our properties, on environmental impact (air quality, waste management and greenhouse gas emissions) and on our activities themselves. The platform enables us to monitor and analyse captured data and compare them to data for earlier periods.

In 2022, the system was updated to enable us to classify consumption data. This provides the company with a **powerful tool to measure energy consumed** by heating, air-conditioning and

ventilation systems, lighting systems and engines, as well as water used in climate control, irrigation, cleaning and other sanitary uses.

The platform provides us with more reliable, more frequent and more standardised data, which supports our efforts to optimise processes and use of resources. By supplying highly valuable and granular information, the platform provides the relevant departments with far higher **analytical power**, which feeds into the effectiveness of any corrective measures that may be required.



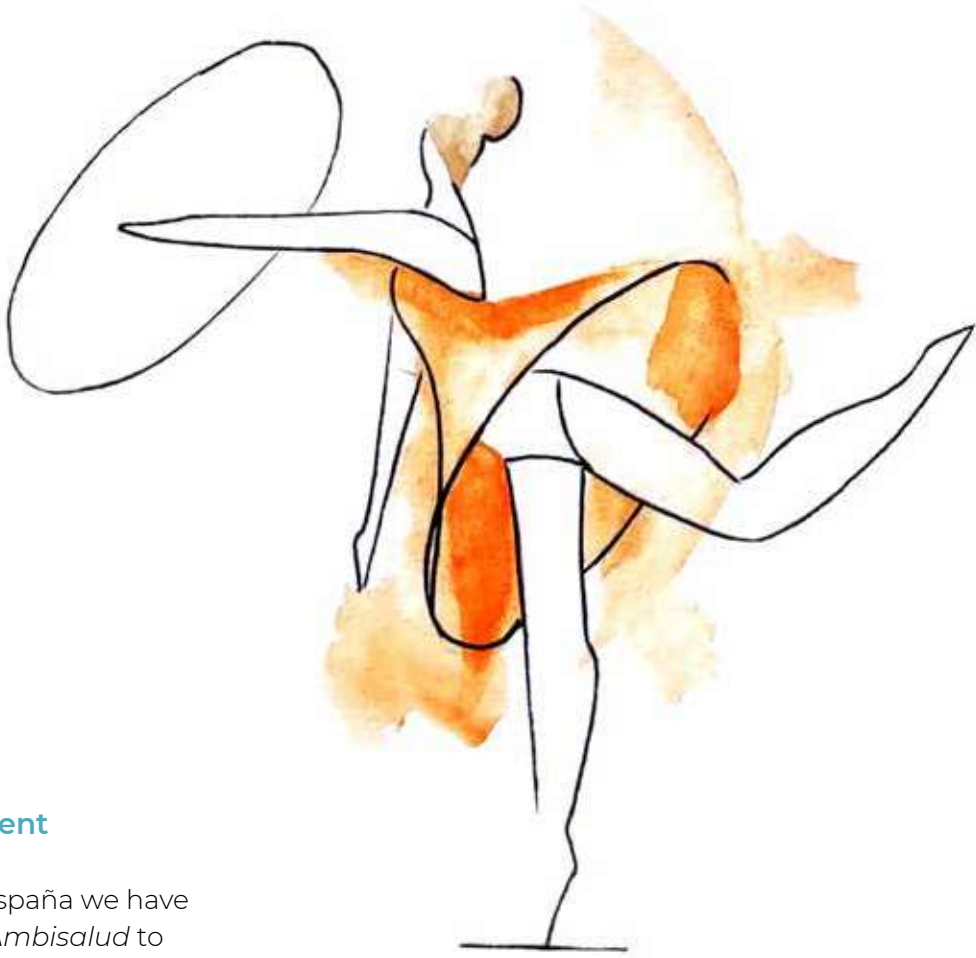


Indoor Air Quality Measurement

As part of our ESG policy, at Lar España we have continued our partnership with *Ambisalud* to monitor indoor air quality at our shopping centres and retail parks.

Our probes integrate detected levels and post the data to visual displays installed in common areas of the properties so that visitors are aware of indoor air quality in real time. In addition, the platform **relates indoor air quality data with outdoor climate conditions, power and fuel consumption for climate control, and occupancy figures.**

Algorithms that examine building performance patterns over complete daily, weekly, monthly and seasonal cycles enable the platform to give instructions to our building management systems (BMSs) to **optimise indoor air quality and energy use and, as a corollary, greenhouse gas emissions (GHG).**



By implementing new software we have improved our monitoring capabilities and optimised the operation of our climate control equipment so as to **enhance the energy efficiency of our buildings.**

In addition, all Lar España assets are **compliant with the new temperature rules** under the recently enacted regulation on heating and air-conditioning installations at buildings (Spanish ‘RITE’) introduced by *Real Decreto-ley 14/2022*, a statutory instrument. Specific audits were conducted to assess indoor air quality at our properties.

2.3.2 Asset quality

Over the year, at Lar España we continued to demonstrate our firm commitment to sustainability and the environment. We undertake **sustainable projects** and focus our strategy on enhancing energy efficiency, with the aim of reducing the environmental impacts of our business. We conduct environmental assessments that comply with the most stringent standards.

These efforts demonstrate Lar España is determined to align our business and market operations with the highest standards of responsibility in pursuit of a key goal: our aim is that **100% of properties within the portfolio are certified as sustainable** as a result of environmental and social sustainability actions in several domains.

The certificates and other sustainability qualifications earned by Lar España properties are listed below.



ISO 14001 and ISO 45001 certifications

In 2022, we earned **ISO 14001 and 45001 certificates for all properties under our operational control**. We were able to standardise our procedures for environmental and occupational health and safety management so as to qualify for certification.

An ISO 14001 certificate confirms that an organisation has put in place an effective **Environmental Management System (EMS)**, where goals and targets are reviewed and approved by the entity's management and properties are covered by environmental procedures that are suited to the business, while incidents and approvals are managed appropriately.

These certifications help us to **fulfil our strategic goals**.

ISO 45001, for its part, is the international standard governing **occupational health and safety management systems**, which are designed to protect workers and visitors alike against occupational accidents and diseases. By earning this certificate, at Lar España we have demonstrated our commitment to our employees' health and safety.

By embedding environmental and social concerns in the management and organisational structure of the company throughout our value chain – from senior management through to employees in each business line – we move forward to fulfilling our strategic goals.

100% of portfolio under operational control is certified to ISO 14001 and 45001



Table of indicators

The following table includes information regarding portfolio certifications:

| EPRA sustainability performance measures | | | TOTAL LAR ESPAÑA ASSETS | | | | | |
|--|-----------------|--|-------------------------|--------------|----------------|---------------------|--------------|----------------|
| EPRA Code | Unit of Measure | Indicator | ABSOLUTE VALUES (Abs) | | | LIKE FOR LIKE (LfL) | | |
| | | | 2021 | 2022 | Change vs 2021 | 2021 | 2022 | Change vs 2021 |
| Cert-Tot | No. | Number of applicable assets | 14 out of 14 | 14 out of 14 | - | 14 out of 14 | 14 out of 14 | - |
| | No. | Number of certified assets | 2 out of 14 | 12 out of 14 | - | 2 out of 14 | 12 out of 14 | - |
| | % | Percentage of our properties that are ISO 14001 and ISO 45001-certified | 14% | 86% | | 14% | 86% | |
| | % | Percentage of ISO 14001 and ISO 45001-certified assets measured in GAV terms | 21% | 97% | | 21% | 97% | |

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





BREEAM Certification

In 2022, at Lar España we continued to pursue our commitment to several performance assessment and certification schemes so as to **ensure that all our assets are operated sustainably in all relevant respects**. Highlights over the year included:

100% of Lar España assets
are BREEAM-certified

- **Completion of the certification Renewal Plan.**
We improved on our previous scores in almost all cases.
- We earned **two new certificates** for Rivas Futura and VidaNova Parc, both with “Very Good” ratings for building design and “Excellent” for asset management.
- Measured in **GAV terms, 98% of assets** are rated “Excellent” or “Very Good”.





Current certificate

| Shopping Centres | Rating ⁽¹⁾ | Certification Type | Satus |
|---------------------|---------------------------------|-------------------------------------|-----------------|
| Lagoh | Very Good | New construction (D) ⁽²⁾ | Certified |
| Gran Vía | P1: Excellent / P2: Excellent | In Use | Certified |
| Portal de la Marina | P1: Very Good / P2: Excellent | In Use | Certified |
| El Rosal | P1: Excellent / P2: Excellent | In Use | Certified |
| Ànec Blau | P1: Very Good / P2: Excellent | In Use | Certified |
| As Termas | P1: Excellent / P2: Exceptional | In Use | Certified |
| Albacenter | P1: Very Good / P2: Excellent | In Use | Certified |
| Txingudi | P1: Good / P2: Good | In Use | Being processed |
| Las Huertas | P1: Very Good / P2: Very Good | In Use | Certified |



Current certificate

| Retail Parks | Rating ⁽¹⁾ | Certification Type | Satus |
|-------------------------|-------------------------------|--------------------|-----------|
| Megapark ⁽³⁾ | P1: Very Good / P2: Excellent | In Use | Certified |
| Parque Abadía | P1: Very Good / P2: Very Good | In Use | Certified |
| Rivas Futura | P1: Very Good / P2: Excellent | In Use | Certified |
| VidaNova Parc | P1: Very Good / P2: Excellent | In Use | Certified |
| Vistahermosa | 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 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. / (3) The certifications correspond to areas of assets over which Lar España has operational control.

Measured in **GAV terms**, **98% of assets** are rated **“Excellent”** or **“Very Good”**.

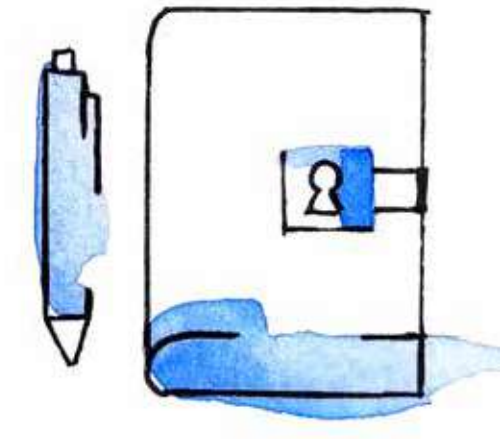


Table of indicators

The following table includes information regarding portfolio BREEAM certifications

| EPRA Sustainability Performance Measures | | | TOTAL LAR ESPAÑA ASSETS | | | | | |
|--|-----------------|---|-------------------------|--------------|----------------|---------------------|--------------|----------------|
| EPRA Code | Unit of Measure | Indicator | ABSOLUTE VALUES (Abs) | | | LIKE FOR LIKE (Lfl) | | |
| | | | 2021 | 2022 | Change vs 2021 | 2021 | 2022 | Change vs 2021 |
| Cert-Tot | No. | Number of applicable assets | 14 out of 14 | 14 out of 14 | - | 14 out of 14 | 14 out of 14 | - |
| | No. | Number of certified assets | 13 out of 14 | 14 out of 14 | - | 13 out of 14 | 14 out of 14 | - |
| | sqm | BREEAM certification | 528,027 | 528,901 | 0.2% | 528,027 | 528,901 | 0.2% |
| | % | Percentage of our properties that are BREEAM-certified | 93% | 100% | | 93% | 100% | |
| | % | Percentage of BREEAM-certified assets measured in GAV terms | 97% | 100% | | 97% | 100% | |

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

According to BREEAM certification score:

| EPRA Sustainability Performance Measures | | | TOTAL LAR ESPAÑA ASSETS | | | | | |
|--|-----------------|---|-------------------------|--------------|--------------|--------------|--------------|--------------|
| EPRA Code | Unit of Measure | Indicator | 2021 | | | 2022 | | |
| | | | Excellent | Very Good | Good | Excellent | Very Good | Good |
| Cert-Tot | No. | Number of applicable assets | 14 out of 14 | 14 out of 14 | 14 out of 14 | 14 out of 14 | 14 out of 14 | 14 out of 14 |
| | No. | Number of certified assets | 3 out of 14 | 8 out of 14 | 2 out of 14 | 3 out of 14 | 10 out of 14 | 1 out of 14 |
| | sqm | BREEAM certification | 36% | 60% | 2% | 36% | 63% | 1% |
| | % | Percentage of our properties that are BREEAM-certified | 21% | 57% | 14% | 21% | 71% | 7% |
| | % | Percentage of BREEAM-certified assets measured in GAV terms | 24% | 70% | 3% | 23% | 75% | 2% |

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



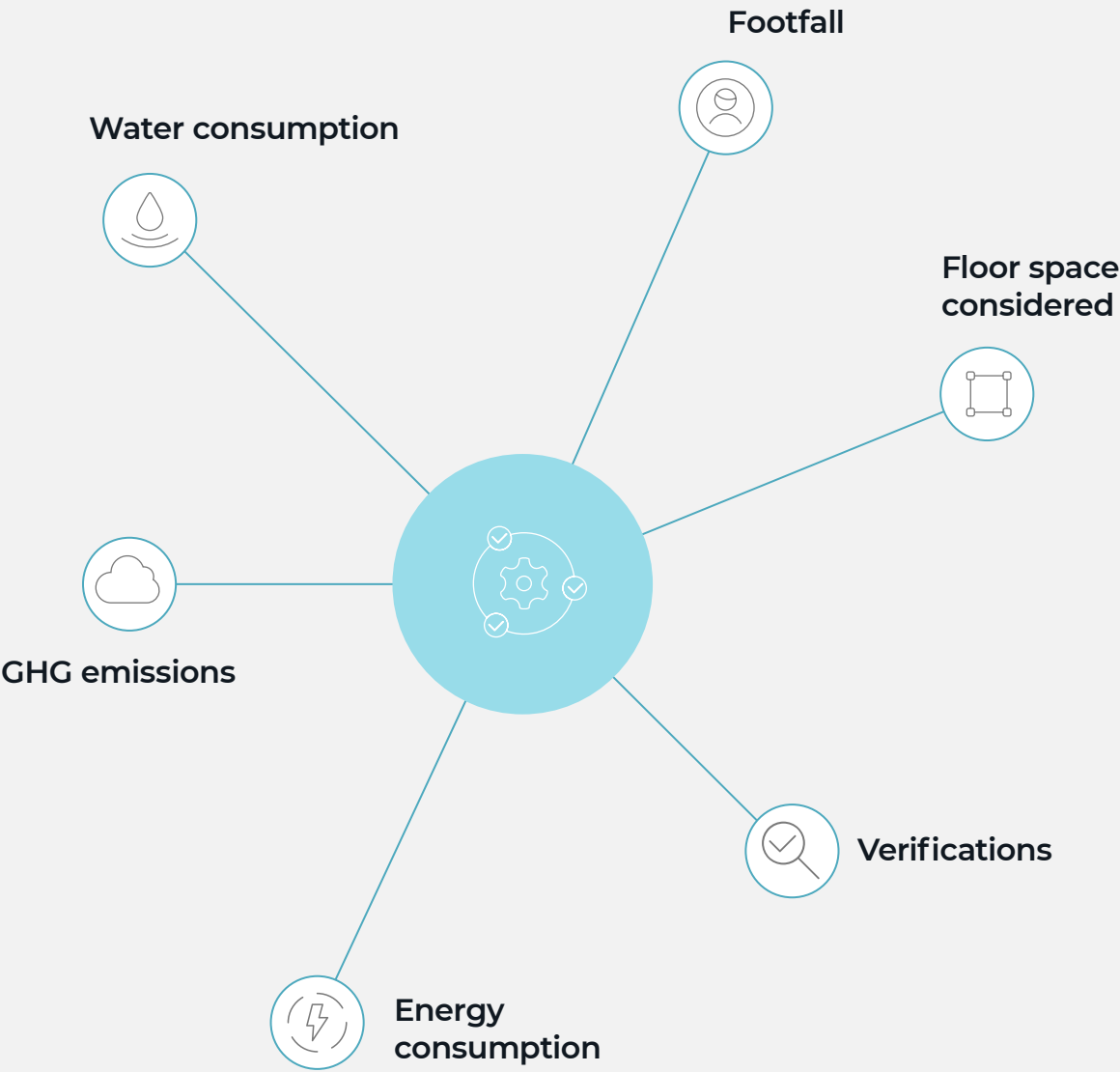
Shopping Centre
Portal de la Marina (Alicante)

2.3.3 Performance assessment

Approach

It is necessary, first of all, to make the consideration that in 2022 no assets acquisitions or divestments have occurred with respect to the year 2021. Therefore, in the current annual report, **absolute values (Abs) coincide with “Like for Like” (LfL) values.**

The following assumptions and hypotheses were used in order to **collect information** to complete the EPRA sustainability indicators and standardise the information as much as practicable:



Due to the type of business of Lar España the data of **footfall** constitutes the key indicator of activity and is the main denominator of calculation of intensities of uses energy, water consumption and GHG emissions.

Footfall:

Given the nature of Lar España's properties - shopping centres and retail parks - **footfall is the key activity indicator** that does most to shape calculations of energy and water intensity and greenhouse gas (GHG) emissions. Data are collected automatically from the ShopperTrak SFTP installed at all sites except the Rivas and Vistahermosa retail parks, which have their own separate automatic counting systems.

Retail parks that operate vehicle counting systems generate footfall counts using conversion factors that range from 2.1 to 2.3 occupants per vehicle, depending on the controls established at the specific site.

Floor space considered:

For internal control purposes, we calculate energy and emissions intensity figures for the **common and shared areas at our sites**. However, we exclude gross leasable area and common outdoor spaces (gardens, rooftops, outdoor car parks), as they do not properly qualify as built area in accordance with the test supplied by *Real Decreto 1020/1993 of 25 June 1993*, the statutory instrument on this matter.

Verifications and checks:

We verify our total energy consumption and certify the source of renewable energy **based on recorded consumption and invoices paid** by Lar España to its power supplies. A similar approach based on the documentary support of invoices from suppliers is used to verify water consumption, while waste management is verified by means of the respective recycling certificates.

Energy consumption:

We report total electricity usage, broken down into renewable and other sources in absolute terms and as percentages. We specifically disclose solar power produced by ourselves and use of non-renewable energy from fossil fuels (natural gas and oil diesel). **None of the Lar España sites uses district heating and cooling (DH&C-Abs indicator)**. All energy consumption data are based on measurements and invoices and have been verified by an independent expert.

All data provided (100%) are based on measurements and **invoices** and have been **verified by an independent expert**.

GHG emissions:

Greenhouse gas emissions are calculated by multiplying **market-based**⁽¹⁾ electricity and fuel consumption (in kWh) by the respective emission factors provided by the Spanish Ministry for the Ecological Transition and the Demographic Challenge, which is the body in charge of proposing and executing central government policy as regards climate action in alignment with the European Union. Lar España used this calculation method and related emission ratios to report its carbon footprint for 2018, 2019, 2020 and 2021.

This year, moreover, with a focus on Scope 2 emissions, our reporting provides disclosures in line with the **location-based**⁽²⁾ approach of the national energy mix emission factor set by *Red Eléctrica Española (REE)*.

Water consumption:

We mostly draw our **water supply from district networks**. From 2022 onwards, we also report our water supply drawn from a well at the Lagoh site, which accounts for less than 1.4% of water supply across our portfolio. Use of this underground water is restricted to irrigation and to offsetting evaporation from the artificial lake at the site.

We report water consumption in accordance with the “landlord-obtained supply” rule, deducting water consumption that is sub- metered and re-billed to tenants, so as to calculate the consumption for common areas.

All data are based on measurements and invoices and have been verified by an independent auditor.

(1) MITERD emission factors (2022): https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factoresemision_tcm30-479095.pdf
(2) EER emission factors (2022): Available in: <https://www.ree.es/en/datos/todote>



Energy, water and GHG emission intensities:

For the purposes of this report, Lar España regards the respective ‘per visitor per year’ ratio as the most significant indicator of energy, water and GHG intensities.

In addition, we disclose energy and emissions intensity data for **common area square metres** to have a constant denominator across annual data series, since the ‘per visitor per year’ figure can distort

EPRA indicators officially reported by Lar España:

Intensity, energy consumption =

Landlord-obtained energy

No. of visitors

Intensity, emissions =

GHG emissions generated by landlord-obtained energy

Per 1000 visitors

Intensity, water consumption =

Litres of landlord-obtained water

No. of visitors

EPRA indicators provided by Lar España as comparative controls:

Intensity, energy consumption =

Energy used in common areas

Common areas (sqm)

Intensity, emissions =

GHG emissions generated in common areas

Common areas (sqm)

like-for-like values from year to year when exceptional circumstances arise, such as the drops in foot traffic seen in 2020 and 2021 owing to the pandemic lockdown measures. The calculation for water intensity cannot use the common area floor space constant denominator in an appropriate way, however.

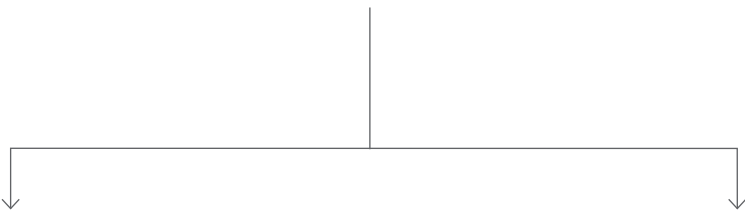
At shopping centres, the landlord usually does not provide a heating, air-conditioning and ventilation service, unlike at office buildings. However, depending on the specific set-up at the facility, the landlord may provide tempered water for the tenant’s climate control systems.

This may constitute a substantial portion of water consumption at the building.

This is not the case, however, at all our shopping centres and retail parks. **A calculation of water intensity pegged to common area square metres could be severely distorted**, therefore, as a substantial portion of consumption could relate to climate control equipment with a scope of action that goes beyond common and shared areas.

Operational boundaries

Our analysis covers all assets that were under the operational management of Lar España in 2022.



Wholly owned assets of Lar España

Lar España reports landlord-obtained energy and water consumption in absolute terms (Abs) for the six shopping centres and two retail parks that were fully operational throughout 2021 and 2022 and wholly owned by Lar España.

We also disclose heat, power and water supplies rebilled to tenants. The rebilled energy figure allows for calculating Scope 3 greenhouse gas emissions.



Assets co-owned by Lar España

We also report environmental performance for co-owned assets – three shopping centres (As Termas, Huertas and Txingudi) and three retail parks (Megapark, Parque Abadía and Rivas Futura) – where Lar España does not have full authority to apply its own sustainability policies because some areas are under shared ownership. However, Lar España has a direct influence on sustainability and energy efficiency decision-making for these properties to the extent of its ownership interest in each asset.

2.3.4 Energy efficiency

An assessment of our energy performance in 2022 must take account of **three key factors** that have affected Lar España’s properties over the period:

Partial recovery of footfall at shopping centres and retail parks.

With the lockdown measures of 2020 and 2021 firmly in the past, 2022 saw major strides in the process of immunisation throughout the country and a **strong recovery in retail business, which returned to normal**.

In 2022, therefore, opening hours and the overall pattern of operation of the properties were mostly similar to the pre-pandemic situation.

The table below shows **changes over time in each property’s opening days**, with the corresponding impacts on energy and water consumption and greenhouse gas emissions. The return to normal activity is evident.

| TOTAL LAR ESPAÑA ASSETS | | | | |
|-------------------------|-------------|-------------------|---------------------|--------------------|
| YEAR | Indicators | Fully open (*) | Partly open (**) | Shut down (***) |
| 2019 | No. of days | 318 | 43 | 4 |
| | % | 87% | 12% | 1% |
| 2020 | No. of days | 227 | 121 | 18 |
| | % | 62% | 33% | 5% |
| 2021 | No. of days | 273 | 88 | 4 |
| | % | 75% | 24% | 1% |
| 2022 | No. of days | 320 | 42 | 4 |
| | % | 88% | 11% | 1% |

(*) **Fully open**: Weekdays and Saturdays with retailers and restaurants in normal operation and Sundays and public holidays when the property opened for business. / (**) **Partly open**: Sundays and public holidays with only restaurants in operation and pandemic lockdown days with only authorised essential activities in operation. All business days subject to time and space restrictions. / (***) **Shut down**: Site completely shut down other than exceptional activities such as petrol stations and pharmacies with direct access from outside the site boundary.



As regards footfall at portfolio properties, despite the sharp inflation over the year, in 2022 we saw a **strong recovery** with respect to 2021. Absolute figures exceeded the 2019 records and came close to pre-pandemic footfall in relative terms.

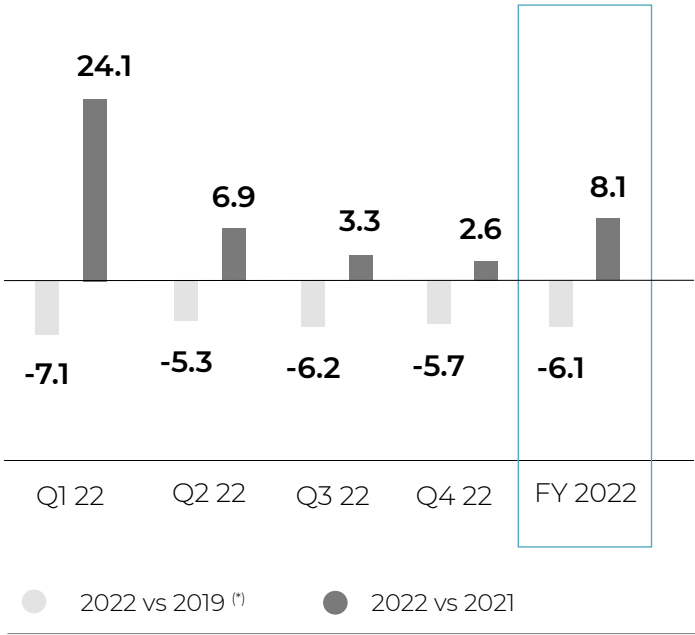
Footfall 2022

80.5 Million of visits

+8.1% vs 2021

-6.1% vs 2019

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



(*) Excluded Lagoh Shopping Centre.

Climate action

Climatic events over the past few years leave no doubt as to the **process of global warming** that is leading us to a worldwide climate emergency. The records for mainland Spain are highly revealing:

Thermal anomalies 2021-2022

| WINTER | SPRING | SUMMER | AUTUMN |
|--------|--------|--------|--------|
| +1.5°C | +0.7°C | +2.2°C | +2.0°C |



WINTER

The **winter of 2021-2022** was **unusually warm**, with a **+1.5 °C anomaly in average temperature** and a marked contrast between daily highs and lows owing to anticyclonic weather. The past **winter was also extremely dry, with only 40% of expected rainfall**. By calendar months, however, March was unusually rainy.



SPRING

The **spring was also unusually warm**, with temperature anomalies in **May and June of +3.0 °C and +2.0 °C**, respectively, which were not offset by the -0.3 °C anomaly in March. From 12 to 18 June 2022, moreover, we saw the **earliest heatwave since records began**, even before the start of astronomical summer. While the spring was rainier than usual, with average precipitation in mainland Spain of 189 mm – 112% of the normal value for the quarter – the following months of May and June were extremely dry.



SUMMER

The **summer of 2022**, defined as the period from 1 June to 31 August 2022, was **extremely warm**, with an average temperature in mainland Spain of 24.0 °C, making for a **temperature anomaly of +2.2 °C** above the average for the season. As the **hottest summer of the 21st century** so far, having surpassed the previous record in the data series (2003) by 0.4 °C. The summer of 2022 was also very dry, with average rainfall across mainland Spain coming to only **65% of the expected figure**.



AUTUMN

The **autumn was the warmest on record** since 1961, and the **warmest of the 21st century** so far, with a **temperature anomaly of +2.0 °C**. It was also a very dry season, with an average rainfall across mainland Spain of 152 mm, only **76% of the normal figure**.



Shopping Centre
Gran Vía (Vigo)

Temperature
anomaly of

+1.7°C

2022 vs 2021

Rainfall

-16% in 2022

In summary, 2022 was an extremely warm year in Spain, with an average temperature of 15.4 °C. This figure made for a temperature anomaly of **+1.7 °C** above the average for the reference period of 1981-2010. In fact, **2022 was the warmest year since records began in 1961**, exceeding 2020, the warmest year so far, by 0.7 °C. It is telling that **8 out of the 10 warmest years in the data series have been in the 21st century**.

Furthermore, 2022 was **very dry**, with an average rainfall across mainland Spain of 536 mm, only **84% of the normal value** for the reference period 1981-2010. This was the sixth driest year since records began in 1961, and the fourth driest year of the 21st century. Across the north Cantabrian coast, the north of the Castilla y León region and the south of the Basque Country, rainfall was barely 75% of the expected volume. By way of contrast, cumulative rainfall across the Mediterranean coast and adjacent inland areas exceeded the normal value by 100%.

The climatic scenario seen in the Iberian Peninsula in 2022 confirms that in the 21st century climate is evolving towards increasingly high temperatures (**+1.7 °C**) and lower rainfall. At **84%** of the expected volume, the decrease in rainfall **significantly affects energy and water consumption**.



Change of temperature setting in climate control systems

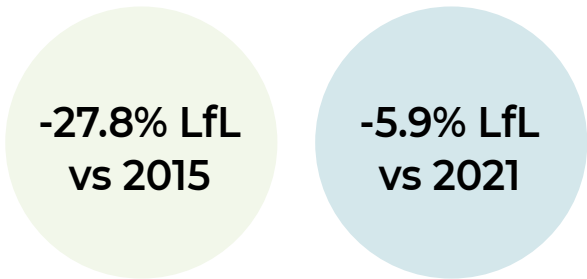
In the first half of 2022, our energy consumption showed static values (kWh per square metre) that were 4% in excess of values for the same period in 2021. This is consistent with the higher demand for air-conditioning in the winter and spring of 2022. Average temperatures in winter and spring prompted a decrease in fuel for heating of almost -18% with respect to the same period in 2021.

An extremely warm summer and autumn drove a significant increase in power usage in absolute terms (kWh) and in intensity (kWh per square metre and kWh per visitor). However, by reason of the war in Ukraine, the European Union encouraged Member States to introduce energy savings measures. In response, the Government of Spain enacted **Real Decreto-ley 14/2022**, of August 1 2022, an emergency primary statute introducing **economic sustainability measures** in a range of fields, alongside measures to support energy efficiency and reduced dependency on natural gas.

This emergency primary statute, which entered into force on 2 August 2022, amended the Spanish regulation on heating and air-conditioning installations at buildings ('RITE'). The former rules provided that department stores and shopping centres were barred from using conventional energy to heat their premises above 21 °C or cool them below 26 °C. The new rules widened the range of temperature settings to 19 °C and 27 °C, respectively.

Coupled with other measures introduced at Lar España sites, such as use of natural night-time ventilation in the summer and air quality control, this measure **notably lowered cooling-related consumption in the summer and autumn of 2022**.

Electricity consumed in common areas:



Energy use

Energy consumption performance at our properties was fairly uniform despite the distinctive characteristics of each climatic area. In all areas of our footprint, the winter and spring climatic temperature anomalies referred to above led to a considerable decrease in heating fuel use, giving rise to intensity figures that were far lower than in 2021 **(-30.9%)**.

| | 2019 | 2020 | 2021 | 2022 |
|-----------------------|------------|------------|------------|------------|
| Energy (kWh per year) | 24,124,563 | 27,445,308 | 27,397,053 | 25,227,438 |
| Fuel (kWh per year) | 2,355,489 | 2,213,489 | 2,133,704 | 1,444,863 |
| Fuel % | 9.76% | 8.07% | 7.79% | 5.73% |

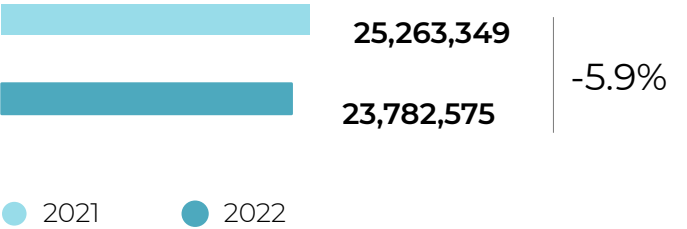
In 2022, we completed the rollout of smart metres within our **Automated Data Capture Project**. The sophisticated system we now have in place will enable us to break down our energy and water consumption by final purpose. The first analytical results became available in 2022.

Electricity consumption

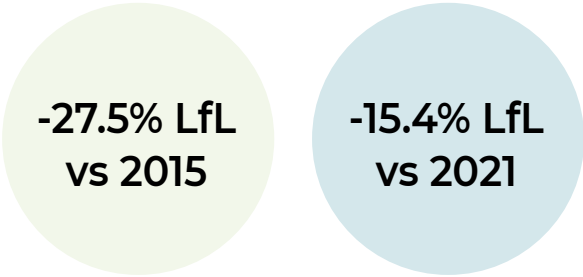
Throughout 2022, at Lar España we continued our **program to buy electricity from renewable sources with guarantees of origin (REGO)**. At present, **98.6% of all electricity** consumed at our properties comes from renewable sources. At one of our properties – Txingudi – energy supply from standard sources continued. However, with the modification of the energy supply contract in the middle of the year, this aspect has already been corrected, so that **100% of the energy contracted** by the Company at the end of 2022 has a Guarantee of Origin certificate.

Since August 2022, the new statutory temperature settings prescribed by RDL 14/2022 have had a positive impact on energy savings. Total **electricity consumed within common areas fell by 5.9%** with respect to 2021. **This was despite the substantial increase in business and foot traffic at almost all portfolio properties.** Despite the anomalies seen in 2020 and 2021, in like-for-like terms there is a clear trend towards decreased electricity consumption. The percentage decrease is shown in the following figure:

Electricity consumption 2021 vs 2022 (kWh)



Intensity of energy per visitor:

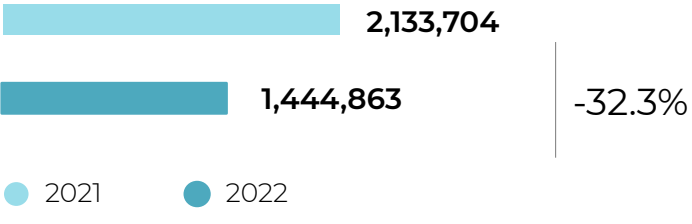


Fuel consumption

In 2022, Lar España purchased 1.53 GWh of power sourced from fossil fuels: chiefly, natural gas for heating. Of that amount, 1.44 GWh of power was consumed by the common areas of the shopping centres and retail parks under our management. This means that **only 5.73% of all energy consumed** by the company in 2022 came from fossil fuels. The following factors have enabled us gradually to reduce our consumption of fossil fuels:

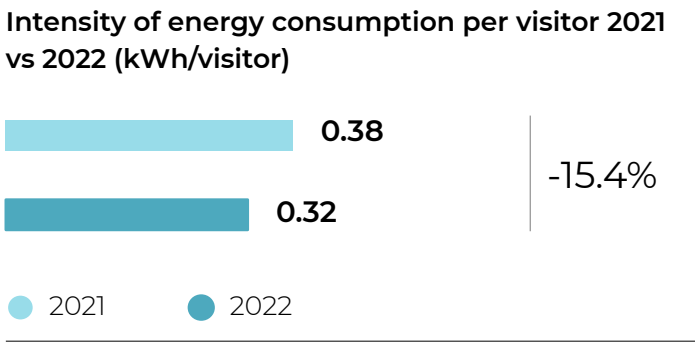
- Lar España’s **operational measures** under the energy efficiency master plan, which we have continued to implement throughout 2022. At our Lagoh site in Seville, having set parameters for climate control systems, we reduced gas consumption over 2022 by -91.7% with respect to the previous year.
- Since climate anomalies are increasingly frequent and intense, even our inland properties – which normally would undergo cold winters and springs – have seen weather that involved decreased demand for heating, with a **considerable decline (-32.3%) in natural gas consumption for the common areas of our buildings.**

Fuel consumption 2021 vs 2022 (kWh)



Energy intensity

Static (kWh/sqm) and dynamic (kWh/visitor) energy intensity values both decreased during 2022. Energy consumed per square metre of common areas decreased by **-7.9%** compared to 2021. The relative value of energy consumption per visitor decreased further, by **-15.4%**, due to the growth of foot traffic in shopping centres and retail parks.



Renewable energy

At Lar España we continued our **program to buy electricity from renewable sources with guarantees of origin (REGO)**. In 2022, **98.6% of all electricity consumed at our properties** came from renewable sources. Following the policy of Lar España, the last property that had a conventional power supply agreement in force modified that agreement in 2022 so as to buy renewable energy exclusively. This enables us to say that, at present, **100% of energy consumed by Lar España has guarantees of origin.**

100% of energy consumed by Lar España has guarantees of renewable origin.

Non-renewable electric energy obtained by the owner: -55.0% vs 2021

Working alongside KPMG, moreover, we completed a comprehensive portfolio-wide study that considers and selects strategies to negotiate, sign and review solar power contracts while monitoring

the progress of installation of solar panels at portfolio properties. We are currently considering solar power installation options at each Lar España property.

EPRA-ENERGY indicator table

In the absence of property acquisitions or disposals in 2022, absolute values match the like-for-like analysis.

Energy performance across our portfolio in 2022 and comparative figures for 2021 are shown below:

| Area of impact | EPRA Sustainability Performance Measures | | | | TOTAL LAR ESPAÑA ASSETS | | | | | |
|----------------|---|-------------------|--|---|--|--------------|----------------|---------------------|--------------|----------------|
| | EPRA Code | Unit of Measure | Indicator | | ABSOLUTE (Abs) | | | LIKE FOR LIKE (LfL) | | |
| | | | | | 2021 | 2022 | Change vs 2021 | 2021 | 2022 | Change vs 2021 |
| Energy | Elec-Abs, Elec-LfL | kWh | Electricity | Landlord-obtained non-renewable energy (A) | 759,900 | 341,656 | -55.0% | 759,900 | 341,656 | -55.0% |
| | | | | Landlord-obtained renewable energy (B) | 25,373,169 | 24,097,458 | -5.0% | 25,373,169 | 24,097,458 | -5.0% |
| | | | | % Landlord-obtained renewable energy | 97.1% | 98.6% | 1.5% | 97.1% | 98.6% | 1.5% |
| | | | | Consumption sub-metered to tenants (C) | 869,720 | 656,539 | -24.5% | 869,720 | 656,539 | -24.5% |
| | | | | Renewable energy delivered to the grid | 329,928 | 299,009 | -9.4% | 329,928 | 299,009 | -9.4% |
| | | | | Landlord's total electricity consumption (D= A+B-C) | 25,263,349 | 23,782,575 | -5.9% | 25,263,349 | 23,782,575 | -5.9% |
| | EPRA-DH&C-Abs | kWh | Energy | Total district heating and cooling | Not applicable. None of the Lar España sites uses district heating and cooling (DH&C-Abs). | | | | | |
| | Fuels-Abs, Fuels-LfL | kWh | Fuel | Total landlord-obtained fuel consumption (E) | 2,211,735 | 1,528,458 | -30.9% | 2,211,735 | 1,528,458 | -30.9% |
| | | | | Fuel consumption sub-metered to tenants (F) | 78,031 | 83,596 | 7.1% | 78,031 | 83,596 | 7.1% |
| | | | | Landlord's total fuel consumption (G = E-F) | 2,133,704 | 1,444,863 | -32.3% | 2,133,704 | 1,444,863 | -32.3% |
| | Energy-Int | kWh/sqm / year | Energy intensity per square metre of common floor area H=(D+E)/sqm | | 43.0 | 39.6 | -7.9% | 43.0 | 39.6 | -7.9% |
| | | kWh/visitor/ year | Building energy intensity per visitor I = (A+B+E)/S visit | | 0.38 | 0.32 | -15.4% | 0.38 | 0.32 | -15.4% |
| | Number of covered assets | | | | 14 out of 14 | 14 out of 14 | - | 14 out of 14 | 14 out of 14 | - |
| | Proportion of energy data that is estimated | | | | 0.0% | 0.0% | | 0.0% | 0.0% | |

2.3.5 Response to climate change and decarbonisation



As part of the national climate action strategy, which is in turn embedded in the EU strategy, Lar España registered its carbon footprint for 2018, 2019 and 2020 with the Ministry for the Ecological Transition and the Demographic Challenge, and last year **registered its carbon footprint for 2021.**

By registering its carbon footprint with the Ministry for four years consecutively, we earned a **‘Reduzco’ seal** in recognition of the emissions reductions we have achieved over these past few years. **Lar España is the first listed property company in Spain to achieve this seal.**



Our registered carbon footprint is **independently verified by AENOR, which issues a Carbon Footprint Verification (CFV) certificate.**

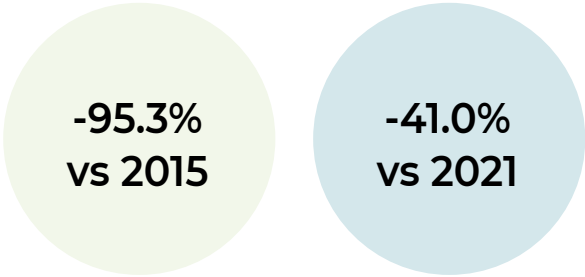
Our next steps to continue our emissions reduction strategy include:

- Installing solar power panels for self-consumption.
- Implementing predictive and proactive maintenance in our equipment inspection procedures to prevent coolant leaks.
- Optimising climate control at shopping centres by through integration with the air quality monitoring system.

- Continuing programme of gradual replacement of equipment with more efficient machines with a smaller carbon footprint.
- Planning investment in carbon offsets against our generated emissions.
- Continuing our policy at all strategic properties of buying electricity from renewable sources, backed by guarantees.

In addition to regularly reporting its emissions in Scopes 1, 2 and 3, Lar España is implementing the **decarbonisation strategy** referred to earlier in section 2.3.1 Lines of action.

Emissions in Scopes 1 + 2 (Market-Based):



Performance

Our Scope 1 emissions performance in 2022 correlated with the data analysed at point **b. Fuel consumption**, We achieved a **-33.9%** reduction in direct emissions in 2022 with respect to the previous year.

From 2020 onwards, we have regularly reported emissions in Scope 1 (direct emissions at assets) and Scope 2 (indirect emissions from the generation of purchased energy consumed at assets), and even Scope 3 (Direct emissions throughout the value chain, excluding Scope 2 missions).

As verifiable information is consolidated to report Scope 3 emissions, we see a consistent increase in the figures: 2021 vs 2019 (46.7%), 2021 vs 2020 (40.9%) and 2022 vs 2021 (7.1%). This does not indicate an increase in GHG emissions, but rather **enhanced data identification and verification in accordance with the policy of ongoing improvement of environmental management** to which we are committed.

Our GHG emissions intensity, with reference to a static denominator, Scope 1+2+3 (kg CO₂/sqm of common areas), and to a dynamic denominator, Scope 1+2+3 (kg CO₂/1000 visitors), in both cases performed well, with significant reductions vs. 2021 of **-39.8%** and **-44.4%**, respectively.

| Area of impact | EPRA Sustainability Performance Measures | | | | TOTAL LAR ESPAÑA ASSETS | | | | | | |
|------------------------------------|--|---|--|--|-------------------------|--------------|----------------|---------------------|--------------|----------------|---|
| | EPRA Code | Unit of Measure | Indicator | | ABSOLUTE VALUES (Abs) | | | LIKE FOR LIKE (LfL) | | | |
| | | | | | 2021 | 2022 | Change vs 2021 | 2021 | 2022 | Change vs 2021 | |
| Green-house Gas emission allowance | GHG-Dir-Abs, GHG-Dir-LfL | kg eq CO ₂ | Direct emissions (J) | Scope 1 (Fuel) | 403,614 | 266,861 | -33.9% | 403,614 | 266,861 | -33.9% | |
| | GHG-Indir-Abs, GHG-Indir-LfL | | Indirect emissions (K) | Scope 2 (Electricity) "Market-Based" | 182,561 | 79,264 | -56.6% | 182,561 | 79,264 | -56.6% | |
| | | | | Scope 2 (Electricity) "Location-Based" | 3,031,602 | 3,329,112 | 9.8% | 3,031,602 | 3,329,112 | 9.8% | |
| | | | Indirect emissions (L) | Scope 3 | 14,202 | 15,214 | 7.1% | 14,202 | 15,214 | 7.1% | |
| | | | Emissions GEI (J+K) | Scope 1 + 2 | 586,175 | 346,125 | -41.0% | 586,175 | 346,125 | -41.0% | |
| | Emissions GEI (J+K) | | Scope 1 + 2 + 3 | 600,377 | 361,339 | -39.8% | 600,377 | 361,339 | -39.8% | | |
| | GHG-Int | kg eq CO ₂ /sqm/ year | Emissions intensity per square metre (J+K/S sqm common floor area) | | 0.9 | 0.6 | -39.8% | 0.9 | 0.6 | -39.8% | |
| | | kg eq CO ₂ /1,000 people/ year | Emissions intensity per visitor (M/ Svisit/1000) | | 8.1 | 4.5 | -44.4% | 8.1 | 4.5 | -44.4% | |
| | Number of covered assets | | | | | 14 out of 14 | 14 out of 14 | - | 14 out of 14 | 14 out of 14 | - |
| | Proportion of GHG data that is estimated | | | | | 0% | 0% | | 0% | 0% | |

In the absence of property acquisitions or disposals in 2022, absolute values match the like-for-like analysis.



2.3.6 Circular economy

Under the waste management plan mentioned in section 2.3.1 *Lines of action*, at Lar España we manage and promote the circular economy through **strategic planning** designed in accordance with the waste we generate. We are driven not only by market trends and requirements, but also seek innovative solutions that generate real value for the community.

For instance, we worked alongside Ecoembes to conduct a **sustainability and recycling** action at a range of properties within our portfolio. The initiative involved installing a **Return and Reward Scheme (RRS)** that encourages environmentally responsible behaviour through an innovative system called **RECICLOS**. Innovation in this field has led to the development of a scheme of rewards to consumers every time they deposit used cans and bottles in the designated yellow container. Returns are recorded on the RECICLOS system, and consumers and the environment both benefit.

The points that are earned in the application can be donated to organisations such as the **Spanish Association Against Cancer**, in support of specialised counselling for patients and their family members, or to a project to plant the first RECICLOS forest to revive the ecosystem of an environmentally deteriorated area.

Performance

In 2022, we fully specified the **procedure for identifying waste generation sources, types of waste**, waste collection points at each shopping centre or retail park, and waste disposal or recycling routes.

This increased accuracy in data processing means that the proportion of waste calculated by estimation, which in 2019 was 38.5% of the total and in 2020 still accounted for 27.7%, in 2021 was only 3.4%. For 2022, **only 2.9% of waste data relied on estimates. The percentage of accurately measured data is therefore 97.1%.**

The recovery in foot traffic and the larger number of opening days drove an increase in the nominal recorded quantity of waste. We produced more waste **(+15.3%)** than in 2021, but also sent more waste for treatment **(+7.0%)**.

In the absence of property acquisitions or disposals in 2022, absolute values match the like-for-like analysis.

| Area of impact | EPRA Sustainability Performance Measures | | | TOTAL LAR ESPAÑA ASSETS | | | | | |
|----------------|--|-----------------|---------------------------------------|-------------------------|--------------|----------------|---------------------|--------------|----------------|
| | EPRA Code | Unit of Measure | Indicator | ABSOLUTE VALUES (Abs) | | | LIKE FOR LIKE (LFL) | | |
| | | | | 2021 | 2022 | Change vs 2021 | 2021 | 2022 | Change vs 2021 |
| Waste | Waste-Abs, Waste-LfL | Ton | Waste generation | 11,547 | 13,308 | 15.3% | 11,547 | 13,308 | 15.3% |
| | | Ton | Recycled waste | 1,600 | 1,711 | 7.0% | 1,600 | 1,711 | 7.0% |
| | | % | Waste to landfills | 86.1% | 87.1% | | 86.1% | 87.1% | |
| | | % | Recycled waste | 13.9% | 12.9% | | 13.9% | 12.9% | |
| | | No. | Number of covered assets | 13 out of 14 | 13 out of 14 | - | 13 out of 14 | 13 out of 14 | - |
| | | % | Proportion of waste that is estimated | 3.4% | 2.9% | | 3.4% | 2.9% | |

The proportion of hazardous to non-hazardous waste was:

| Area of impact | 2021 | | 2022 | | Change 2022 vs 2021 |
|---------------------|--------|--------|--------|--------|---------------------|
| | % | Ton | % | Ton | % |
| Hazardous waste | 1.99% | 230 | 1.67% | 223 | -3.31% |
| Non-hazardous waste | 98.01% | 11,317 | 98.33% | 13,086 | +15.63% |

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



2.3.7 Responsible water use

Given the link between foot traffic and water usage in the common areas of our retail properties, we saw an increase in usage of sanitary water in restrooms and water for cleaning purposes. Besides increased footfall, in 2022 the unusually warm temperatures and lower rainfall figures **led to increased use of air-conditioning systems under conditions of relatively low humidity.**

Air-conditioning systems based on evaporative cooling towers increased their water uptake accordingly. Furthermore, drier-than-usual conditions even in Atlantic-facing regions of the country required increased watering of garden areas.

Performance

Absolute water supply increased by +12.3% vs. 2021. After adjusting for water re-billed to tenants (44%), the increase in water usage in common areas was +8.4%.

Water intensity values came to **2.97 litres per visitor** in 2022, slightly above the 2.86 litres per visitor figure seen in 2021.

| Area of impact | EPRA Sustainability Performance Measures | | | TOTAL LAR ESPAÑA ASSETS | | | | | |
|----------------|--|--------------------|--|-------------------------|---------------------|----------------|---------------------|---------------------|----------------|
| | EPRA Code | Unit of Measure | Indicator | ABSOLUTE VALUES (Abs) | | | LIKE FOR LIKE (LFL) | | |
| | | | | 2021 | 2022 | Change vs 2021 | 2021 | 2022 | Change vs 2021 |
| Water | Water-Abs, Water-LfL | m³ | Landlord-obtained water supply (N) | 213,023 | 239,159 | 12.3% | 213,023 | 239,159 | 12.3% |
| | | | Consumption sub-metered to tenants (O) | 89,270 | 105,063 | 17.7% | 89,270 | 105,063 | 17.7% |
| | | | Water consumption in common floor area and shared spaces (P=N-O) | 123,753 | 134,096 | 8.4% | 123,753 | 134,096 | 8.4% |
| | Water-Int | Litres/person/year | Water intensity per visitor (N x 1,000/visit) | 2.86 | 2.97 | 3.7% | 2.86 | 2.97 | 3.7% |
| | Number of covered assets | | | 14 out of 14 | 14 out of 14 | - | 14 out of 14 | 14 out of 14 | - |
| | Proportion of water data that is estimated | | | 0.0% | 0.9% ^(*) | | 0.0% | 0.9% ^(*) | |

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

In the absence of property acquisitions or disposals in 2022, absolute values match the like-for-like analysis.

Water usage follows widely different patterns by climatic area and by type, as discussed in the following section.

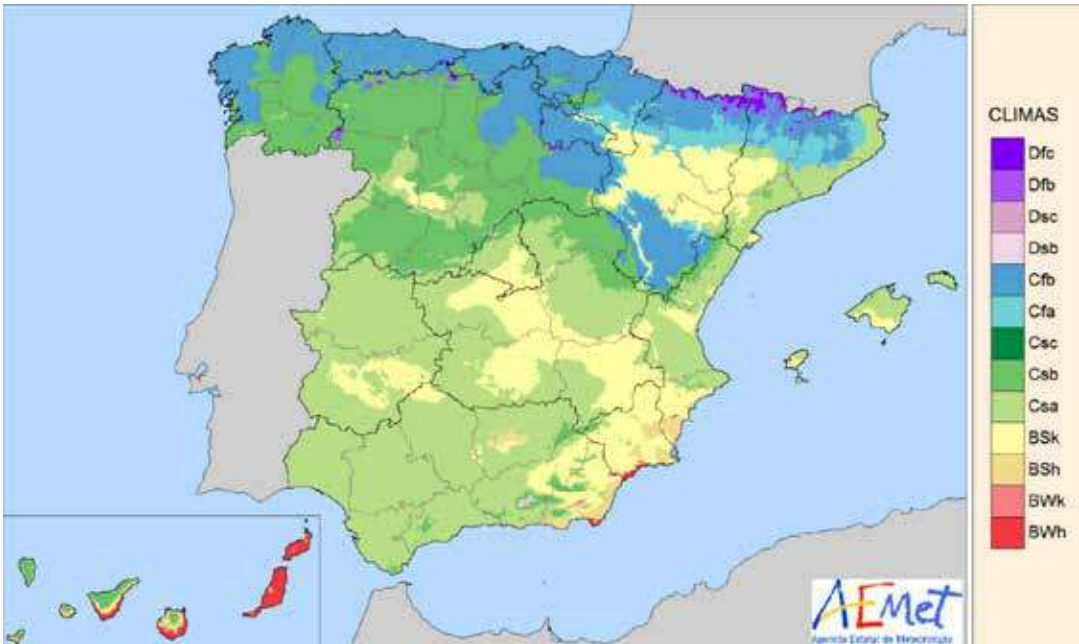
(*) Data for invoices yet to be received as at the date of publication of this report are estimated on the basis of records for previous years.

2.3.8 Analysis of results

a) By climate zone:

At Lar España, we analyse energy consumption, water and emissions by climate zone according to the Köppen-Geiger classification of the Iberian Peninsula, published by AEMET, Spain’s meteorological institute.

Köppen climate classification (1981-2010)



Cfb climate zone

- Temperate oceanic climate
- › Gran Vía de Vigo (Vigo)
 - › Megapark (Vizcaya)
 - › Txingudi (Guipúzcoa)

Csb climate zone

- Dry, mild summer
- › As Termas (Lugo)
 - › El Rosal (León)
 - › Las Huertas (Palencia)

Bsk climate zone

- Cold semi-arid climate
- › Rivas Futura (Madrid)
 - › Parque Abadía (Toledo)
 - › Albacenter (Albacete)
 - › Portal de la Marina (Alicante)




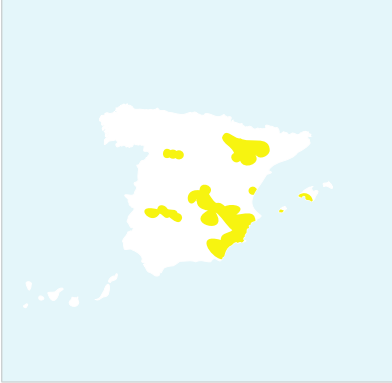
Csa climate zone

- Hot-summer Mediterranean climate
- › Ànec Blau (Barcelona)
 - › VidaNova Parc (Valencia)
 - › Vistahermosa (Alicante)
 - › Lagoh (Seville)

An extremely warm year in all climate zones led to a **considerable decrease in heating fuel consumption.**

Internal operational and saving measures **proved key** to the decrease in electricity consumption.

Increased water usage reflected higher foot traffic and the need for watering gardens due to the scarcity of rainfall.

| | |
|---|---|
|  | <p>Atlantic climate (Cfb)</p> <p>At properties located in the Cfb climate zone, the impact of the weather was substantial. Rainfall was much lower than expected, which led to higher than usual use of irrigation and sanitary water. We saw an increase in water usage in common areas of +25.0%. Regarding electricity consumption, we saw a higher decrease (-6.6%) than that recorded for the total portfolio (-5.9%). The decline in heating fuel consumption was much sharper (-29.8%). Energy intensity per visitor fell by -10.7%. This reflected the slower growth of foot traffic in these climate zones.</p> |
|  | <p>Northern plateau (Csb)</p> <p>In the Csb climate zone we saw a decrease in fuel consumption (-25.9%) due to high autumn and winter temperatures. Internal operational measures and regulations restricting consumption explain the decrease in electricity consumption (-11.6%) compared to 2021. Water usage in common areas shows a modest increase of +1.7% year-on-year. This was offset by an increase in footfall, which explains the decrease in water intensity per visitor (-6.6%) from 2021 to 2022.</p> |
|  | <p>Mediterranean area and Guadalquivir valley (Csa)</p> <p>In the Csa climate zone, the decrease in rainfall had less of an impact, so water usage in common areas even decreased (-9.6%). The increased foot traffic led to a significant decrease in water usage per visitor (-5.3%). The weather was hot, leading to a huge drop in the use of heating fuel (-72.9%) compared to 2021. Internal operational measures and regulations restricting consumption under the new <i>Real Decreto-ley</i> explain the modest decrease in electricity consumption for climate control and lighting (-4.8%) compared to 2021.</p> |
|  | <p>Southern mainland plateau (Bsk)</p> <p>At properties located in the Bsk climate area, with a typically arid climate, we saw a significant increase in water usage in common areas (+21.8%), but not as high as in the Atlantic zone (+25.0%). The increase in footfall did not offset the increase in water use per visitor, which grew by +13.6% over the previous year. Electricity consumption in common areas decreased by only -1.0% compared to 2021. Fuel consumption decreased by -40.7%, following the trend of the rest of climate zones.</p> |

The table of environmental performance disaggregated by Climatic Areas is as follows:

| 1. LAR ESPAÑA: OUR BUSINESS | | | | 2. ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) | | | | 3. PORTFOLIO | | 4. FINANCIAL AND EPRA INFORMATION | | | 5. ANNEX | | 199 | |
|--------------------------------|--|---|---|---|---------------------|--------------|----------------------------------|-----------------------|------------|--------------------------------------|-----------------------|------------|----------------------------------|--------------|-----|--|
| Area of impact | EPRA Sustainability Performance Measures INFORMATION BY CLIMATE AREA | | | | | | | Cfb: Atlantic climate | | | Csb: Northern plateau | | | | | |
| | EPRA Code | Unit of Measure | Indicator | | LIKE FOR LIKE (LFL) | | | | | | | | | | | |
| | | | | | 2021 | 2022 | Like for Like 2022 vs 2021 | 2021 | 2022 | Like for Like 2022 vs 2021 | 2021 | 2022 | Like for Like 2022 vs 2021 | | | |
| Energy | Elec-Abs, Elec-LfL | kWh | Electricity | Consumption of electricity from non-renewable sources (A) | 759,900 | 341,656 | -55.0% | 518,962 | 341,656 | -34.2% | 0 | 0 | 0.0% | | | |
| | | | | Landlord-obtained electricity from renewable sources (B) | 25,373,169 | 24,097,458 | -5.0% | 6,828,712 | 6,329,872 | -7.3% | 4,835,392 | 4,301,348 | -11.0% | | | |
| | | | | Consumption submetered to tenants (C) | 869,720 | 656,539 | -24.5% | 853,680 | 607,883 | -28.8% | 0 | 27,487 | 0.0% | | | |
| | | | | Electricity generated from renewable sources and dispatched to the grid | 329,928 | 299,009 | -9.4% | 0 | 0 | 0.0% | 155,256 | 150,658 | -3.0% | | | |
| | | | | Total landlord electricity consumption (D = A+B-C) | 25,263,349 | 23,782,575 | -5.9% | 6,493,994 | 6,063,645 | -6.6% | 4,835,392 | 4,273,861 | -11.6% | | | |
| | EPRA-DH&C-Abs | kWh | Energy | Total district heating & cooling consumption | N/A | | | N/A | | | N/A | | | | | |
| | Fuels-Abs, Fuels-LfL | kWh | Fuel | Total landlord fuel consumption (E) | 2,211,735 | 1,528,458 | -30.9% | 672,315 | 471,892 | -29.8% | 1,135,354 | 841,289 | -25.9% | | | |
| | | | | Total fuel consumption submetered to tenants (F) | 78,031 | 83,596 | 7.1% | 78,031 | 83,596 | 7.1% | 0 | 0 | 0.0% | | | |
| | | | | Total fuel consumption (G = E-F) | 2,133,704 | 1,444,863 | -32.3% | 594,284 | 388,297 | -34.7% | 1,135,354 | 841,289 | -25.9% | | | |
| | Energy-Int | kWh/ sqm / year | Building energy intensity per square metre H = (D+E)/S sqm | | 43.0 | 39.6 | -7.9% | 37.4 | 34.1 | -8.8% | 52.1 | 44.6 | -14.3% | | | |
| | | kWh/visit / year | Building energy intensity per visitor I = (A+B+E)/S visit. | | 0.38 | 0.32 | -15.4% | 0.37 | 0.33 | -10.7% | 0.68 | 0.53 | -21.4% | | | |
| | Number of assets within boundary | | | | | 14 out of 14 | 14 out of 14 | 14 out of 14 | 3 out of 3 | 3 out of 3 | 3 out of 3 | 3 out of 3 | 3 out of 3 | 14 out of 14 | | |
| | Proportion of disclosed data estimated | | | | | 0.0% | 0.0% | | 0.0% | 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) | 403,614 | 266,861 | -33.9% | 122,563 | 71,443 | -41.7% | 206,926 | 154,052 | -25.6% | | | |
| | | | Indirect emissions (K) | Scope 2 (Electricity) "Market-Based" | 182,561 | 79,264 | -56.6% | 120,399 | 79,264 | -34.2% | 0 | 0 | 0.0% | | | |
| | Scope 2 (Electricity) "Location-Based" | | | 3,031,602 | 3,329,560 | 9.8% | 779,279 | 848,910 | 8.9% | 580,247 | 598,341 | 3.1% | | | | |
| | Indirect emissions (L) | | Scope 3 | 14,202 | 15,214 | 7.1% | 14,202 | 15,214 | 7.1% | 0 | 0 | 0.0% | | | | |
| | Emissions GEI (J+K) | | Scope 1 + 2 | 586,175 | 346,125 | -41.0% | 242,962 | 150,708 | -38.0% | 206,926 | 154,052 | -25.6% | | | | |
| | Total Emissions GEI (M=J+K+L) | | Scope 1 + 2 + 3 | 600,377 | 361,339 | -39.8% | 257,163 | 165,922 | -35.5% | 206,926 | 154,052 | -25.6% | | | | |
| | GHG-Int | kg eq CO ₂ / sqm/ year | GHG emissions intensity per square metre (J+K/S sqm common areas) | | 0.94 | 0.57 | -39.8% | 1.34 | 0.87 | -35.5% | 1.80 | 1.34 | -25.6% | | | |
| | | kg eq CO ₂ / 1,000 pers./ year | Emissions intensity per visitor (M/ Svisit/1000) | | 8.07 | 4.49 | -44.4% | 13.25 | 8.37 | -36.8% | 23.58 | 16.02 | -32.1% | | | |
| | Number of assets within boundary | | | | | 14 out of 14 | 14 out of 14 | 14 out of 14 | 3 out of 3 | 3 out of 3 | 3 out of 3 | 3 out of 3 | 3 out of 3 | 3 out of 3 | | |
| | Proportion of disclosed data estimated | | | | | 0.0% | 0.0% | | 0.0% | 0.0% | | 0.0% | 0.0% | | | |
| Water | Water-Abs, Water-LfL | m ³ | Water consumption in common parts areas (N) | | 213,023 | 239,159 | 12.3% | 33,896 | 41,065 | 21.1% | 40,674 | 41,628 | 2.3% | | | |
| | | | Consumption sub-metered to tenants (O) | | 89,270 | 105,063 | 17.7% | 9,891 | 11,053 | 11.7% | 18,476 | 19,053 | 3.1% | | | |
| | | | Water consumption in common and shared areas (P=N-O) | | 123,753 | 134,096 | 8.4% | 24,005 | 30,012 | 25.0% | 22,198 | 22,575 | 1.7% | | | |
| | Water-Int | litres/ person/ year | Water consumption intensity per visitor (N x 1000/ Svisit) | | 2.86 | 2.97 | 3.7% | 1.24 | 1.51 | 22.4% | 4.64 | 4.33 | -6.6% | | | |
| | Number of assets within boundary | | | | | 14 out of 14 | 14 out of 14 | 14 out of 14 | 3 out of 3 | 3 out of 3 | 3 out of 3 | 3 out of 3 | 3 out of 3 | | | |
| | Proportion of disclosed data estimated | | | | | 0.0% | 0.9% | | 0.0% | 0.0% | | 0.0% | 4.3% | | | |
| Waste | Waste-Abs, Waste-LfL | Ton | Waste generation | | 11,547 | 13,308 | 15.3% | 2,365 | 2,512 | 6.2% | 752 | 777 | 3.4% | | | |
| | | Ton | Waste recycled | | 1,600 | 1,711 | 7.0% | 301 | 560 | 86.1% | 121 | 115 | -5.1% | | | |
| | | % | Waste to landfills | | 86.1% | 87.1% | | 87.3% | 77.7% | | 83.9% | 85.2% | | | | |
| | | % | Waste recycled | | 13.9% | 12.9% | | 12.7% | 22.3% | | 16.1% | 14.8% | | | | |
| | | % | Proportion of disclosed data estimated | | 3.4% | 2.9% | | 16.4% | 15.2% | | 0.0% | 0.0% | | | | |

| 1. LAR ESPAÑA: OUR BUSINESS | | | | | | | | | | | | | | 2. ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) | | | | | | | | | | | | | | 3. PORTFOLIO | | | | | | | | | | | | | | 4. FINANCIAL AND EPRA INFORMATION | | | | | | | | | | | | | | 5. ANNEX | | | | | | | | | | | | | | 200 | | | | | | | | | | | | | |
|-----------------------------|--|--|---|---|---------------------|--------------|----------------------------|--------------|------------|----------------------------|------------|------------|---|---|--|--|--|--|--------------------------------|--|--|--|--|--|--|--|--|--------------|--|--|--|--|--|--|--|--|--|--|--|--|--|-----------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|----------|--|--|--|--|--|--|--|--|--|--|--|--|--|-----|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Area of impact | EPRA Sustainability Performance Measures INFORMATION BY CLIMATE AREA | | | | | | | | | | | | Csa: Mediterranean area and Guadalquivir valley | | | | | | Bsk: Southern mainland plateau | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPRA Code | Unit of Measure | Indicator | | LIKE FOR LIKE (LFL) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | 2021 | 2022 | Like for Like 2022 vs 2021 | 2021 | 2022 | Like for Like 2022 vs 2021 | 2021 | 2022 | Like for Like 2022 vs 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Energy | Elec-Abs, Elec-LfL | kWh | Electricity | Consumption of electricity from non-renewable sources (A) | 759,900 | 341,656 | -55.0% | 0 | 0 | 0.0% | 240,938 | 0 | -100.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Landlord-obtained electricity from renewable sources (B) | 25,373,169 | 24,097,458 | -5.0% | 9,394,530 | 8,954,112 | -4.7% | 4,314,535 | 4,512,126 | 4.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Consumption submetered to tenants (C) | 869,720 | 656,539 | -24.5% | 16,040 | 21,169 | 32.0% | 0 | 0 | 0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Electricity generated from renewable sources and dispatched to the grid | 329,928 | 299,009 | -9.4% | 97,578 | 76,898 | -21.2% | 77,094 | 71,453 | -7.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Total landlord electricity consumption (D = A+B-C) | 25,263,349 | 23,782,575 | -5.9% | 9,378,490 | 8,932,943 | -4.8% | 4,555,473 | 4,512,126 | -1.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPRA-DH&C-Abs | kWh | Energy | Total district heating & cooling consumption | N/A | | | N/A | | | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Fuels-Abs, Fuels-LfL | kWh | Fuel | Total landlord fuel consumption (E) | 2,211,735 | 1,528,458 | -30.9% | 75,585 | 20,483 | -72.9% | 328,480 | 194,793 | -40.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Total fuel consumption submetered to tenants (F) | 78,031 | 83,596 | 7.1% | 0 | 0 | 0.0% | 0 | 0 | 0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Total fuel consumption (G = E-F) | 2,133,704 | 1,444,863 | -32.3% | 75,585 | 20,483 | -72.9% | 328,480 | 194,793 | -40.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Energy-Int | kWh/ sqm / year | Building energy intensity per square metre H = (D+E)/S sqm | | 43.0 | 39.6 | -7.9% | 52.2 | 49.4 | -5.3% | 32.2 | 31.1 | -3.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | kWh/visit/ year | Building energy intensity per visitor I = (A+B+E)/S visit. | | 0.38 | 0.32 | -15.4% | 0.40 | 0.33 | -17.6% | 0.24 | 0.22 | -8.9% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Number of assets within boundary | | | | | 14 out of 14 | 14 out of 14 | 14 out of 14 | 4 out of 4 | 4 out of 4 | 4 out of 4 | 4 out of 4 | 4 out of 4 | 4 out of 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Proportion of disclosed data estimated | | | | | 0.0% | 0.0% | | 0.0% | 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) | 403,614 | 266,861 | -33.9% | 14,188 | 5,424 | -61.8% | 59,936 | 35,942 | -40.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Indirect emissions (K) | Scope 2 (Electricity) "Market-Based" | 182,561 | 79,264 | -56.6% | 0 | 0 | 0.0% | 62,162 | 0 | -100.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Scope 2 (Electricity) "Location- Based" | | | 3,031,602 | 3,329,560 | 9.8% | 1,125,419 | 1,250,612 | 11.1% | 546,657 | 631,698 | 15.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Indirect emissions (L) | | Scope 3 | 14,202 | 15,214 | 7.1% | 0 | 0 | 0.0% | 0 | 0 | 0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Emissions GEI (J+K) | | Scope 1 + 2 | 586,175 | 346,125 | -41.0% | 14,188 | 5,424 | -61.8% | 122,099 | 35,942 | -70.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Total Emissions GEI (M=J+K+L) | | Scope 1 + 2 + 3 | 600,377 | 361,339 | -39.8% | 14,188 | 5,424 | -61.8% | 122,099 | 35,942 | -70.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | GHG-Int | kg eq CO ₂ /sqm/ year | GHG emissions intensity per square metre (J+K/S sqm common areas) | | 0.94 | 0.57 | -39.8% | 0.08 | 0.03 | -61.8% | 0.81 | 0.24 | -70.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | kg eq CO ₂ /1,000 pers./ year | Emissions intensity per visitor (M/ Svisit/1000) | | 8.07 | 4.49 | -44.4% | 0.61 | 0.20 | -66.8% | 6.05 | 1.68 | -72.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Number of assets within boundary | | | | | 14 out of 14 | 14 out of 14 | 14 out of 14 | 4 out of 4 | 4 out of 4 | 4 out of 4 | 4 out of 4 | 4 out of 4 | 4 out of 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Proportion of disclosed data estimated | | | | | 0.0% | 0.0% | | 0.0% | 0.0% | | 0.0% | 0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water | Water-Abs, Water-LfL | m³ | Water consumption in common parts areas (N) | | 213,023 | 239,159 | 12.3% | 88,303 | 96,187 | 8.9% | 50,150 | 60,279 | 20.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Consumption sub-metered to tenants (O) | | 89,270 | 105,063 | 17.7% | 46,999 | 58,829 | 25.2% | 13,903 | 16,128 | 16.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Water consumption in common and shared areas (P=N-O) | | 123,753 | 134,096 | 8.4% | 41,303 | 37,358 | -9.6% | 36,247 | 44,151 | 21.8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Water-Int | litres/ person/ year | Water consumption intensity per visitor (N x 1000/ Svisit) | | 2.86 | 2.97 | 3.7% | 3.77 | 3.57 | -5.3% | 2.48 | 2.82 | 13.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Number of assets within boundary | | | | | 14 out of 14 | 14 out of 14 | 14 out of 14 | 4 out of 4 | 4 out of 4 | 4 out of 4 | 4 out of 4 | 4 out of 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Proportion of disclosed data estimated | | | | | 0.0% | 0.0% | | 0.0% | 0.0% | | 0.0% | 0.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Waste | Waste-Abs, Waste-LfL | Ton | Waste generation | | 11,547 | 13,308 | 15.3% | 6,756 | 7,835 | 16.0% | 1,674 | 2,185 | 30.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Ton | Waste recycled | | 1,600 | 1,711 | 7.0% | 675 | 387 | -42.6% | 502 | 649 | 29.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | % | Waste to landfills | | 86.1% | 87.1% | | 90.0% | 95.1% | | 70.0% | 70.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | % | Waste recycled | | 13.9% | 12.9% | | 10.0% | 4.9% | | 30.0% | 29.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | % | Proportion of disclosed data estimated | | 3.4% | 2.9% | | 0.0% | 0.0% | | 0.0% | 0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

(b) By type:

Our analysis finally includes a typological study of **the architecture of shopping centres, with large covered and air-conditioned areas, and retail parks, with only small and mostly outdoor common areas.**

In 2022, the deployment of measurement equipment across the entire portfolio enabled us to use our data automation platform to monitor and break down water and electricity usage data in order to provide a sharply defined picture of consumption patterns at the two property types.

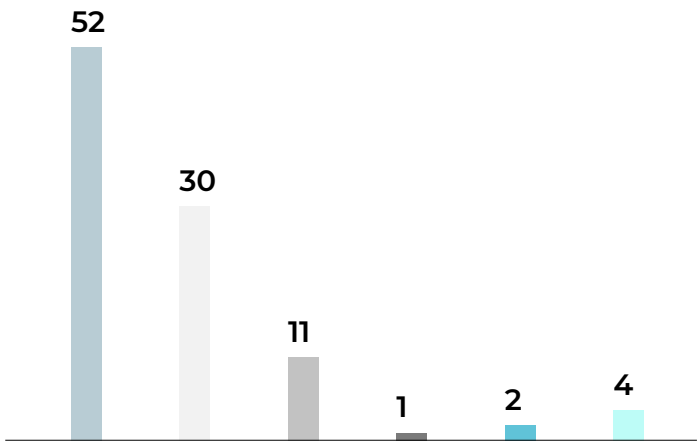
Shopping centres dedicate a quarter of their water usage to sanitation and cleaning, so this factor is **highly sensitive to increases in footfall**. The focus points for potential savings in water usage

are to therefore be found in the maintenance and cleaning procedures. At retail parks, on the other hand, where visitors remain within the tenants' own buildings, this factor is less decisive.

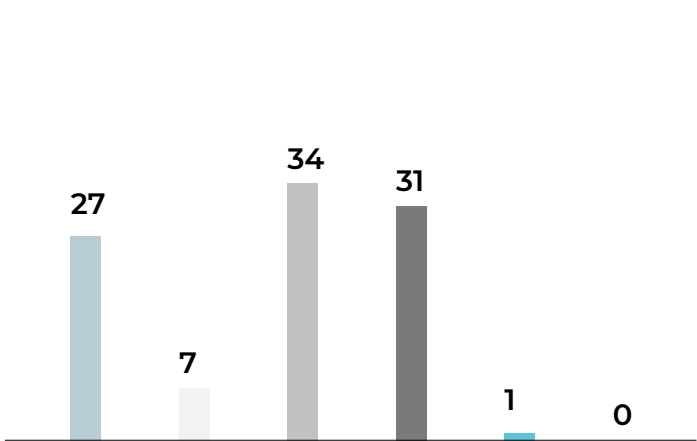
Water used in air conditioning has a much higher impact at shopping centres than at retail parks, where common areas comprise far less floor space and involves almost negligible water consumption in air conditioning. However, garden watering and fire safety water use in 2022 was significant at retail parks.

Water usage in common areas averaged 1.56 litres per visitor at our retail parks, which was slightly less than half of the 2.55 litres per visitor at our shopping centres.

Water consumption m³ (%)
Total Shopping Centres



Water consumption m³ (%)
Total Retail Parks



Sanitation and cleaning Climate control Watering Fire safety Ornamental Other

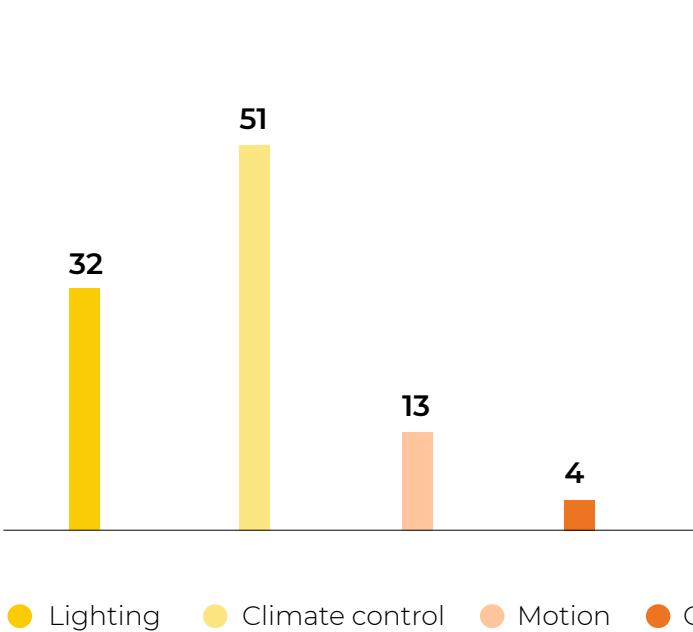


In terms of **electricity consumption**, as air conditioning plays a decisive role in the classic shopping centre typology, more than half of the consumption is allocated to this function. This is not surprising, as the usual standards for this type of centre are usually between 60% and 70%, so the result of 51% shows the **effectiveness of the internal operational measures adopted by the Company's professionals and the results of the governance action** adopted since August 2022 in line with the rest of the European Union.

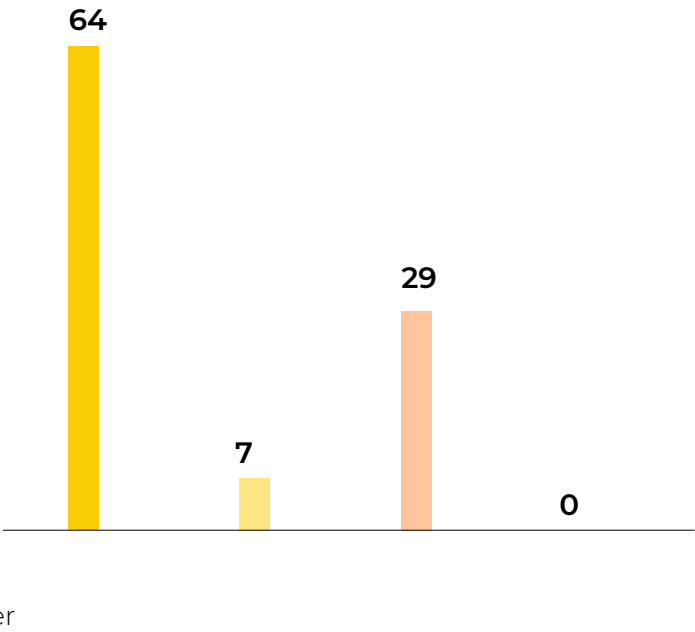
During 2022, we see that the ratio in energy intensities (fuels + electrical energy) per square metre is approximately 1/3 at retail parks (17.2 kWh/sqm) with respect to shopping centres (48.4 kWh/sqm).

This ratio drops to almost 1/6 for energy use per visitor: 0.09 kWh per visitor at retail parks versus 0.56 kWh per visitor at shopping centres.

Electricity consumption KWh (%)
Total Shopping Centres



Electricity consumption KWh (%)
Total Retail Parks



The table of environmental performance disaggregated by Typologies is as follows:

| Area of impact | | | | | SHOPPING CENTRES | | | RETAIL PARKS | | | |
|--------------------------|--|---|---|---|------------------|------------|----------------------------|--------------|------------|----------------------------|--|
| | EPRA Code | Unit of Measure | Indicator | | 2021 | 2022 | Like for Like 2022 vs 2021 | 2021 | 2022 | Like for Like 2022 vs 2021 | |
| Energy | Elec-Abs, Elec-LfL | kWh | Electricity | Consumption of electricity from non-renewable sources (A) | 518,962 | 341,656 | -34.2% | 240,938 | 0 | -100.0% | |
| | | | | Landlord-obtained electricity from renewable sources (B) | 22,536,320 | 20,989,085 | -6.9% | 2,836,848 | 3,108,373 | 9.6% | |
| | | | | Consumption submetered to tenants (C) | 869,720 | 656,539 | -24.5% | 0 | 0 | 0.0% | |
| | | | | Electricity generated from renewable sources and dispatched to the grid | 232,350 | 222,111 | -4.4% | 97,578 | 76,898 | -21.2% | |
| | | | | Total landlord electricity consumption (D = A+B-C) | 22,185,562 | 20,674,202 | -6.8% | 3,077,787 | 3,108,373 | 1.0% | |
| | EPRA-DH&C-Abs | kWh | Energy | Total district heating & cooling consumption | N/A | | | N/A | | | |
| | Fuels-Abs, Fuels-LfL | kWh | Fuel | Total landlord fuel consumption (E) | 2,146,642 | 1,467,014 | -31.7% | 65,093 | 61,444 | -5.6% | |
| | | | | Total fuel consumption submetered to tenants (F) | 78,031 | 83,596 | 7.1% | 0 | 0 | 0.0% | |
| | | | | Total fuel consumption (G = E-F) | 2,068,611 | 1,383,419 | -33.1% | 65,093 | 61,444 | -5.6% | |
| | Energy-Int | kWh/sqm /year | Building energy intensity per square metre H = (D+E)/S sqm | | 53.5 | 48.7 | -9.0% | 17.1 | 17.2 | 0.9% | |
| | | kWh/visit /year | Building energy intensity per visitor I = (A+B+E)/S visit. | | 0.69 | 0.56 | -19.2% | 0.09 | 0.09 | -3.5% | |
| | Number of assets within boundary | | | | | 9 out of 9 | | | 5 out of 5 | | |
| | Proportion of disclosed data estimated | | | | | 0.0% | 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) | 391,207 | 254,735 | -34.9% | 12,407 | 12,126 | -2.3% | |
| | GHG-Indir-Abs, GHG-Indir-LfL | kg eq CO ₂ | Indirect emissions (K) | Scope 2 (Electricity) "Market-Based" | 120,399 | 79,264 | -34.2% | 62,162 | 0 | -100.0% | |
| | | | | Scope 2 (Electricity) "Location-Based" | 2,662,267 | 2,894,388 | 8.7% | 369,334 | 435,172 | 17.8% | |
| | | | Indirect emissions (L) | Scope 3 | 14,202 | 15,214 | 71% | 0 | 0 | 0.0% | |
| | | | Emissions GEI (J+K) | Scope 1 + 2 | 511,606 | 333,999 | -34.7% | 74,569 | 12,126 | -83.7% | |
| | | | Total Emissions GEI (M=J+K+L) | Scope 1 +2 + 3 | 525,808 | 349,213 | -33.6% | 74,569 | 12,126 | -83.7% | |
| | GHG-Int | kg eq CO ₂ /sqm/year | GHG emissions intensity per square metre (J+K/S sqm common areas) | | 1.13 | 0.73 | -34.7% | 0.41 | 0.07 | -83.7% | |
| | | kg eq CO ₂ /1,000 pers. / year | Emissions intensity per visitor (M/ Svisit/1000) | | 14.46 | 8.58 | -40.7% | 2.10 | 0.33 | -84.4% | |
| | Number of assets within boundary | | | | | 9 out of 9 | | | 5 out of 5 | | |
| | Proportion of disclosed data estimated | | | | | 0.0% | 0.0% | | 0.0% | 0.0% | |
| Water | Water-Abs, Water-LfL | m ³ | Water consumption in common parts areas (N) | | 167,855 | 181,488 | 8.1% | 45,168 | 57,671 | 27.7% | |
| | | | Consumption sub-metered to tenants (O) | | 67,177 | 77,608 | 15.5% | 22,092 | 27,455 | 24.3% | |
| | | | Water consumption in common and shared areas (P=N-O) | | 100,678 | 103,880 | 3.2% | 23,075 | 30,216 | 30.9% | |
| | Water-Int | litres/ person/ year | Water consumption intensity per visitor (N x 1000/visit) | | 2.77 | 2.55 | -7.8% | 1.27 | 1.56 | 22.2% | |
| | Number of assets within boundary | | | | | 9 out of 9 | | | 5 out of 5 | | |
| | Proportion of disclosed data estimated | | | | | 0.0% | 0.7% | | 0.0% | 0.2% | |
| Waste | Waste-Abs, Waste-LfL | Ton | Waste generation | | 10,553 | 11,961 | 13.3% | 994 | 1,348 | 35.5% | |
| | | Ton | Waste recycled | | 1,170 | 981 | 16.1% | 430 | 730 | 69.7% | |
| | | % | Waste to landfills | | 88.9% | 91.8% | | 56.7% | 45.8% | | |
| | | % | Waste recycled | | 11.1% | 8.2% | | 43.3% | 54.2% | | |
| | | % | Proportion of disclosed data estimated | | 3.7% | 3.2% | | 0.0% | 0.0% | | |



Shopping Centre
Lagoh (Seville)

Head office

In 2022, for its head office functions Lar España occupied **office space under a lease** in a building outside its own portfolio. We shared office space with employees of our manager – Grupo Lar and group companies.

Lar España's environmental policies can only be applied in this building to a limited extent, so we provide data on energy and water usage as a corporate expense, which we excluded from the calculation of the Company's environmental performance:

| Area of impact | EPRA Sustainability Performance Measures | | | | | | | | | | |
|--------------------------|--|--|--|---|------------|--|---------|----------------------------|------------------------------------|---------|----------------------------|
| | EPRA Code | Unit of Measure | Indicator | | Coverage | LAR ESPAÑA CORP OFFICES - CONTRIBUTION BY THE 4 LAR ESPAÑA EMPLOYEES | | | TOTAL LAR ESPAÑA CORPORATE OFFICES | | |
| | | | | | | 2021 | 2022 | 2022 vs 2021 Like for like | 2021 | 2022 | 2022 vs 2021 Like for like |
| Energy | Elec-Abs, Elec-LfL | kWh | Electricity | Lar España electricity consumption + shared utilities | 1 out of 1 | 3,081 | 1,962 | -36.3% | 102,593 | 60,834 | -40.7% |
| | | | | Consumption submetered to tenants | | N/A | | | N/A | | |
| | | | | Electricity generated and dispatched to the grid | | 0 | 0 | 0.0% | 0 | 0 | 0.0% |
| | | | | Lar España + Shared services electricity consumption | | 3,081 | 1,962 | -36.3% | 102,593 | 60,834 | -40.7% |
| | 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% |
| | Energy-Int | kWh/sqm/ year | Building energy intensity per square metre | | 1 out of 1 | 93.3 | 53.0 | -43.2% | 93.3 | 53.0 | -43.2% |
| kWh/ employee/ year | | Building energy intensity per employee | | 924.3 | | 490.6 | -46.9% | 924.3 | 490.6 | -46.9% | |
| 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% |
| | GHG-Indir-Abs, GHG-Indir-LfL | | Indirect emissions | Scope 2 (electricity) | | 616 | 0 | -100.0% | 20,519 | 0 | -100.0% |
| | | | Indirect emissions | Scope 3 | | N/A | | | N/A | | |
| | | | Total | Scope 1 + 2 | | 616 | 0 | -100.0% | 20,519 | 0 | -100.0% |
| | GHG-Int | kg eq CO ₂ / sqm/year | Emissions intensity per square meter | | 1 out of 1 | 18.7 | 0,0 | -100.0% | 18.7 | 0.0 | -100.0% |
| | | kg eq CO ₂ / employee/ year | Emissions intensity per employee | | | 184.9 | 0,0 | -100.0% | 184.9 | 0.0 | -100.0% |
| Water | Water-Abs, Water-LfL | m ³ | Water consumption | | 1 out of 1 | 6 | 4 | -26.5% | 194 | 133 | -31.6% |
| | Water-Int | litres/sqm/ year | Water consumption intensity per square metre | | | 0.2 | 0.1 | -34.4% | 0.2 | 0.1 | -31.6% |
| | | litres / employee/ year | Water consumption intensity per employee | | | 1.8 | 1.1 | -38.7% | 1.8 | 1.1 | -38.7% |
| Waste | Waste-Abs, Waste-LfL | Ton | Waste generation | | 1 out of 1 | 537 | 645 | 20.0% | 17,897 | 19,993 | 11.7% |
| | | % | Waste recycled | | | No data | No data | - | No data | No data | - |
| | | % | Proportion of estimated waste | | | 100% | 100% | - | 100% | 100% | - |

Lar España upholds **natural preservation** of its properties to gain a competitive edge in the value of its assets, in the context of an ongoing assessment of its role in **supporting urban biodiversity**.



2.3.9 Protection of biodiversity

The **property industry is increasingly** called upon to discharge a duty to preserve plant life and wildlife while supporting urban biodiversity in settled areas. In future, this will doubtless become a competitive edge in property valuation and a key factor in environmental conservation and the corporate responsibility to contribute to the wellbeing of local communities. The key inputs in this arena are innovation, operational efficiency and the performance of each asset.



As an organisation, at Lar España we are aware of the impact of our business on our immediate environment and of the importance of biodiversity as an element of asset management. Our goal is that our spaces are attractive for our users, but also **create value for the environment and integrate with the natural setting** without disrupting the harmony of the landscape.

The projects we plan to implement reflect our concern to learn about the ecosystems linked to our assets in order to continue working on their integration. We analyse potential actions on our property portfolio as part of **our strategy to help protect biodiversity**.

For instance, our plan for contributions to the SDGs includes an asset selection code that considers the sustainability-related variables.

One success case in this respect was the work done at the Lagoh shopping centre. The site has its own biodiversity and action plan and a pond habitat management procedure.

It is important to note that **64% of all company assets** are covered by specific biodiversity reports. At 37% of our properties, the report further includes an **Ecological Report** and a **Management Plan**.

Biodiversity protection initiatives

| | |
|--|--|
| Biodiversity Management Plan | <p>Lagoh, El Rosal and Portal de la Marina sites have their own Biodiversity Management Plans. Moreover, actions have been taken and reports produced in this field in the context of BREEAM certification.</p> <p>In addition to the actions specified in the plans, in 2022 we undertook a range of initiatives at the properties referred to above and elsewhere in the portfolio:</p> <ul style="list-style-type: none">› Reduction of invasive species and improvement of flowerbeds at As Termas.› Increase of native flora, relocation of diffusers and change of peat bogs, replacement of species deteriorated by vandalism and prevention of mealybug (<i>Planococcus citri</i>) and ailanthus (<i>Ailanthus altissima</i>) at El Rosal.› Changes in vegetation cover and nesting of bird species to combat the appearance of insects and support for wildlife at Lagoh.› Replanting of spaces with plant species (<i>Rosmarinus</i> and <i>Lavandula</i> genera) with low water requirements to increase pollinators and conservation pruning at Rivas Futura. |
| Additional Ecological Report (BREEAM certification) | <p>In the course of our BREEAM certification for 100% of the Lar España portfolio, we produced an ecological report on the impact of each shopping centre on local biodiversity. This enables us to implement impact minimisation strategies and engage successfully with the natural setting, while setting in motion initiatives based on:</p> <ul style="list-style-type: none">› Detailed management of all protected elements at the site and description of the surrounding landscape.› Management of pre-existing, newly introduced, improved and/or added habitats.› Proposals for integrating work plans with local biodiversity.› Recommendations and best practices to minimise impact on local biodiversity and ecological value.› Implementation of a progress monitoring and assessment plan. |

Lagoh: A new way of life in the city.

Within the Lar España portfolio, the architecture of our Lagoh shopping centre is a model of **integrating nature with urban** and indoor spaces. Unlike most of our other assets, this property was not acquired from a third party but designed and built by us in accordance with our own corporate sustainability/ESG policy and, specifically, our philosophy of respect for local biodiversity. The site provides a range of innovative experiences that **reflect our firm commitment to sustainability**.

The biodiversity of Lagoh as an example of biophilic architecture.

On first undertaking this project, we entered into an agreement with **FIUS, the research institute of the University of Seville**, to receive scientific advice on efficient construction of the property and effective monitoring of the central pond and its related biodiversity. The most relevant SDGs were taken into account at these initial stages.

Lagoh has vegetation cover of 10,904 sqm and a total outdoor space of 19,443 sqm, of which 6,644 sqm consists of an artificial lake. The **indoor spaces are also in touch with nature**: various complexes of planters and other greenery interact with the lobbies and children’s play areas at the site.



Lagoh Shopping Centre



We take weekly samples from the artificial lake to analyse a range of parameters and ensure that the water is healthy. Based on these data, we produce an exhaustive annual report, which extends to a wider range of parameters. Our annual analyses so far show that all parameters are optimal. The artificial lake therefore qualifies as **“Healthy and Biologically Safe”**.

Our lake conservation monitoring also involves daily surface cleaning using an electricity-powered boat and a floating microalgae containment and removal system.

Our care and maintenance work has made it possible to create a lake feature in the centre of a city like Seville, which records very high summer temperatures. Part of the unique experience we offer at the site for customers and other visitors is the abundance and diversity of plant species and wildlife.

Further actions at Lagoh in 2022 included the replacement of the existing greenery (*Sedum acre*) with sawtooth fogfruit (*Phyla nodiflora*) so as to ensure that vegetation cover is better adapted to a warm Mediterranean climate and able to resist lower temperatures. The replacement also involves less maintenance work in future and, above all, less need for water.



This implies a more resilient engagement facing the effects of climate change in the city, such as heat waves and other effects on people's health, such as noise and air pollution.

These actions brought about the inclusion and **improvement of the biodiversity of the area** and provided a comforting space for our visitors.

The site is committed to **contributing to the environmental, healthy and social** city model. As an ecological 'bubble', Lagoh contributes genuine value to the civic project 'Sevilla Ciudad Verde Europea' (under the EU-sponsored Green City Accord).

As an example of inclusion of natural space, it reduces the ecological footprint of the site and enhances the biodiversity of the area.

The initiative promotes a more direct contact with nature in a major conurbation, Seville.

During 2022, with the aim of highlighting Lagoh's capacity as a **healthy 'ecological bubble'** in the city of Seville, FIUS carried out an analysis on:

- Indicators such as air quality, noise and electromagnetic radiation, measured throughout the day and at points indoors, outdoors and near the site.

These measurements were taken throughout the day (morning, midday and afternoon) at points both inside and outside the site as well as in adjacent urban areas to compare scenarios with and without a given environmental/vegetational matrix.

- Lagoh's continued work on biodiversity protection.

The conclusions **highlight Lagoh's contribution to its environment:**

- **The environmental quality** of the property, both in the indoor living and resting areas as well as in the outdoor areas around the lake and its shade areas, **were rated as highly healthy**, with a higher level of salutogenic capacity than in adjacent urban areas.
- In terms of **thermal comfort**, vegetation led to an attenuation of the temperature compared to the use of canopies or awnings. As to physical activities outside the enclosure, the surrounding grove of trees resulted in fewer risks compared to prolonged exposure to the sun.

Thanks to this analysis, Lar España was able to develop a vision of the levels of indicators to which visitors are exposed in the various different areas of the site.

As for typically Mediterranean vegetation, nesting **boxes for birds such as swifts, boxes for bats and the environmental education** and awareness-raising work of our informative posters proved an excellent contribution to the protection of biodiversity since the site opened for business.

The assessment concluded that Lagoh is a healthy and relaxing site that also creates value in terms of awareness, leisure and shopping habits of Seville residents through its spaces for social interaction and walking.



Portfolio

3

3.1

Portfolio
description
213

3.2

Real Estate
valuation
229

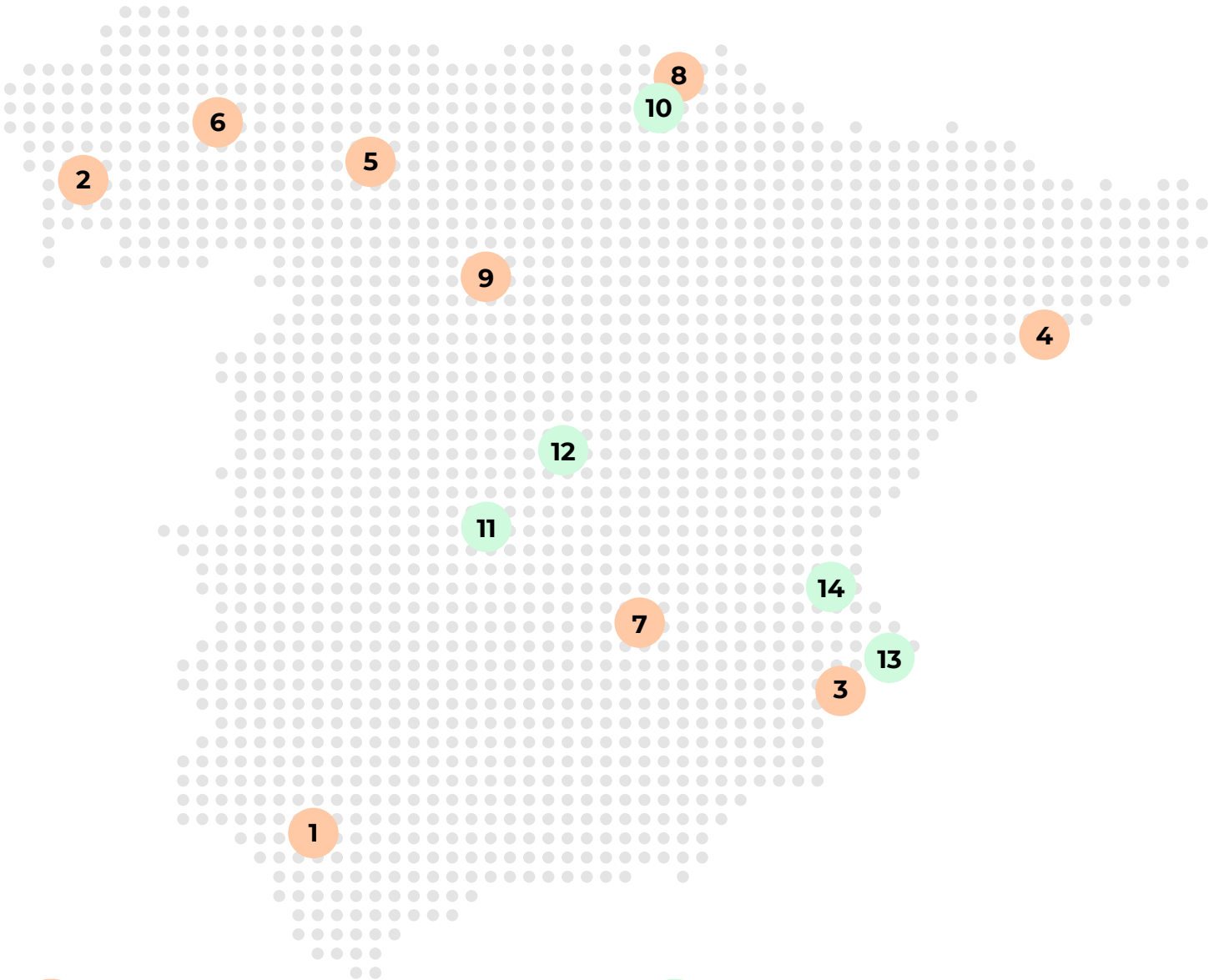
3.3

Additional
information
240

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. Ànec Blau (Barcelona)
- 5. El Rosal (León)
- 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)

A photograph of an outdoor terrace area. The terrace is covered by a large, orange, wavy-patterned canopy supported by white poles. String lights with warm-toned bulbs are strung across the canopy. In the background, there is a modern building with a wooden facade and large windows. The terrace is furnished with several tables and chairs, including some red metal chairs and some grey plastic chairs. There are also some potted plants and a low concrete wall in the background.

GAV

1.5
Billion euros



Shopping Centre
El Rosal (León)



Lagoh | Shopping Centre



Location & Profile

- › Shopping centre developed and built by Lar España and opened on 26 September 2019. The asset is currently at almost 100% physical occupancy.
- › Thanks to its excellent location 4 kilometres from the centre of Seville and its proximity to the rest of the surrounding towns, its catchment comprises more than 2.5 million people.
- › In 2022, visits to the shopping centre approached 9 million. In December 2022, the asset welcomed more than a million visitors. This monthly footfall was a new record.
- › Major investment in access infrastructure in the surrounding area to improve and ease circulation in the vicinity, as well as access to the retail complex. The development of the property has also triggered projects nearby, such as the construction of multi-family housing by Metrovacesa and the new courthouse complex.

Investment Rationale

- › Unique shopping and leisure centre in the Andalusia region that brings together a distinctive retail and restaurant offer for all audiences, large green areas and a lake.
- › Yelmo Cines, Basic Fit, Urban Planet, Pause & Play, Aliexpress, Primark, Mercadona, Media Markt and Five Guys stand out as leisure and restaurant operators.
- › The property is a leading light in sustainability. We use a range of resource management solutions, such as a rainwater collection system and clean energy sources, including solar power panels and geothermal power generation.

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 | 2.4 years |
| EPRA Vacancy Rate | 1.7% |



Gran Vía

Shopping Centre



Location & Profile

- › Shopping centre located in Vigo, the largest city of Pontevedra province and the Galicia region.
- › The centrally located asset is accessible on foot from any point in the city and has excellent connections by car and public transport, as well as 1,740 parking spaces.
- › The catchment includes almost 300,000 people within a 10-minute drive.

Investment Rationale

- › A shopping centre that dominates its region through its retail brand mix, premium quality, and large size.
- › In 2022, an image reform of two floors of the asset has been carried out, achieving a total renovation of the facilities and improving the design for customers.
- › Extensive commercial offering, with leading brands including the Inditex group, H&M, Bimba y Lola, Tous, Pepe Jeans, C&A, JD Sports and Carrefour. The asset had a physical occupancy rate of 97% at year-end 2022.
- › During 2022, the Gran Vía de Vigo shopping centre obtained certification in terms of Environmental and Health and Safety Management following the requirements of the UNE EN ISO 14001 and ISO 45001 standards.

Asset Characteristics

| | |
|----------------------------|-------------------|
| Property Name | Gran Vía de Vigo |
| Property Type | Shopping Centre |
| Location | Vigo |
| Ownership (%) | 100% |
| Year of Construction | 2006 |
| Year of last refurbishment | 2022 |
| GLA | 41,447 sqm |
| Purchase Date | 15 September 2016 |
| Acquisition Price | €141.0 million |
| Price/sqm | €3,401 per sqm |
| No. of Tenant | 94 |
| WAULT | 2.1 years |
| EPRA Vacancy Rate | 3.0% |



Portal de la Marina + Hypermarket | Shopping Centre



Location & Profile

- › Market-dominant shopping centre located in the heart of the Marina Alta. Landmark asset for the towns of Denia, Gandia, Calpe and Javea, four major tourist destinations in Spain.
- › Catchment of 193,816 people, according to a survey published by Hamilton, and direct access via the AP-7 motorway from Valencia and Alicante, which became free of charge on 1 January 2020.

Investment Rationale

- › Due to the high population density of the area, the asset has a powerful commercial offer directed and adapted to both Spanish and foreign residents and visitors.
- › During 2019, the design of the centre and the food court were renovated.
- › The centre has a wide range of fashion stores, including Inditex group, Tendam group, C&A, H&M, Guess, Levis and Jack&Jones, among others.
- › In addition, during 2022, operators Pull&Bear, Massimo Dutti and Stradivarius carried out major extensions and refurbishments of their stores. Over 2022, the asset welcomed new retailers, such as Bimba y Lola, Boston, Pepco, Núñez de Arenas, Ikea and Starbucks.
- › This offering is supplemented by home, beauty and health retailers, culture and a unique restaurant and leisure offer.
- › During 2022, the asset obtained certification in terms of Environmental and Health and Safety Management following the requirements of the UNE EN ISO 14001 and ISO 45001 standards.

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 | 97 |
| WAULT | 1.8 years |
| EPRA Vacancy Rate | 3.0% |



Ànec Blau

Shopping Centre



Location & Profile

- › Located in the quintessential Catalan tourist destination of Castelldefels, located 18 km south of Barcelona, via the C-32 dual carriageway.
- › Privileged location 10 minutes from El Prat airport.
- › The catchment includes 400,000 people.

Investment Rationale

- › Medium-sized shopping centre that dominates in its catchment.
- › Prestigious tenants such as Zara, Massimo Dutti, Pull & Bear, Mango, Levi's, H&M and Mercadona (Spain's leading grocer, which has recently expanded and refurbished the store with its new concept). In addition, the property features a new food court with innovative offerings such as Sushisom and outdoor kiosks.
- › The comprehensive renovation project was completed with the addition of a new outdoor garden and completely renovated leisure, dining and cinema areas, including the new premium cinemas with a junior theatre. Ànec Blau was completely renovated, projecting a new and modern image in keeping with the character of the centre and providing customers with an enhanced experience.
- › The renovation project included the refurbishment of the central fashion plaza, with the largest Zara store at any shopping centre in Catalonia. These forward steps firmly establish Ànec Blau as a benchmark for fashion, leisure and restaurants.
- › During 2022, the asset obtained certification in terms of Environmental and Health and Safety Management following the requirements of the UNE EN ISO 14001 and ISO 45001 standards.

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 | 87 |
| WAULT | 3.3 years |
| EPRA Vacancy Rate | 6.2% |



El Rosal

| Shopping Centre



Location & Profile

- › Located in Ponferrada, this is the largest and most dominant centre in the province of León, with a catchment of more than 200,000 people.
- › The asset has a dominant position as it enjoys excellent connections and immediate access from the A-6 dual carriageway, which encourages a large influx of customers to both the shopping centre and the attached service station.

Investment Rationale

- › Mix of leading retail brands, gathering all types of activities and offering a wide variety of services. Tenants include leading brands, such as Carrefour, Ikea, Zara, H&M, Grupo Cortefiel and Mango, among others.
- › We conducted a global refurbishment that included the redesign of the lobby areas, food court, terrace and customer service point, providing the centre with greater comfort for its visitors.
- › The asset is equipped with electric vehicle charging points and solar panels. The AENOR universal accessibility certificate was obtained in 2021, and, during 2022, the asset obtained certification in terms of Environmental and Health and Safety Management following the requirements of the UNE EN ISO 14001 and ISO 45001 standards.

Asset Characteristics

| | |
|----------------------------|-----------------|
| Property Name | El Rosal |
| Property Type | Shopping Centre |
| Location | León |
| Ownership (%) | 100% |
| Year of Construction | 2007 |
| Year of last refurbishment | 2019 |
| GLA | 50,814 sqm |
| Purchase Date | 7 July 2015 |
| Acquisition Price | €87.5 million |
| Price/sqm | €1,715 per sqm |
| No. of Tenants | 97 |
| WAULT | 1.9 years |



As Termas + Petrol Station | Shopping Centre



Location & Profile

- › Located on the northern outskirts of Lugo, a provincial capital of 330,000 inhabitants in north-western Spain.
- › Dominant centre of the area, with a large catchment (more than 200,000 people).
- › The asset has excellent visibility and easy access from the N-VI, N-640 and A-6 roads.
- › The centre has 2,200 parking spaces, charging points for electric vehicles and a service station.

Investment Rationale

- › Medium-sized shopping centre that dominates in its catchment.
- › The asset provides an attractive balance between current profitability and upside potential.
- › With a physical occupancy rate of over 97%, its tenants include major brands such as Media Markt, C&A, Mango, Sfera, H&M, Stradivarius, Leroy Merlin, Yelmo Cines and various brands of the Inditex group, which are renewing their image and expanding their floor space.
- › The centre has earned a Universal Accessibility Certificate granted by AENOR, according to the UNE 170001 standard. As Termas meets all necessary accessibility conditions for all measures of disability. This certificate recognises the shopping centre's commitment to inclusion and integration, easing accessibility and the use of all its facilities for all users.

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 | 2.8 years |

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



Albacenter, Hypermarket and Retail Units | Shopping Centre



Location & Profile

- › Located in the centre of Albacete, this is the dominant shopping centre in the province.
- › The centre was opened in 1996, expanded in 2004 and renovated in 2008. In 2018, the entire image of the centre and its entry points was refurbished.
- › The catchment includes 206,828 people.
- › Urban shopping centre, with excellent access connections from the A-31 dual carriageway. It has 1,223 parking spaces and is equipped with charging points for electric vehicles and solar panels.

Investment Rationale

- › Medium-sized shopping centre that dominates in its catchment.
- › The centre has prestigious fashion brands such as H&M, Springfield, Bershka, Stradivarius and Pull & Bear. The latter two are in the process of expansion.
- › In 2019, a refurbishment project was conducted for the division of the big-box premises into six retail units. The aim was to provide the centre with an attractive food and leisure offer with the entry of Mercadona and Flipa Jump at two of the resulting units.
- › In 2022, Ikea's entry into the shopping centre was completed with two units: one of them is a Click&Collect, while the other is Ikea Diseña, the first of its kind in the entire province.
- › During 2022, the asset obtained certification in terms of Environmental and Health and Safety Management following the requirements of the UNE EN ISO 14001 and ISO 45001 standards.

Asset Characteristics

| | |
|----------------------------|-----------------------------------|
| Property Name | Albacenter |
| Property Type | Shopping Centre |
| Location | Albacete |
| Ownership (%) | 100% |
| Year of Construction | 1996 |
| Year of last refurbishment | 2022 |
| GLA | 27,199 sqm |
| Purchase Date | 30 July 2014/ 19 December 2014 |
| Acquisition Price | €39.9 million |
| Price/sqm | €1,431 per sqm |
| No. of Tenants | 59 |
| WAULT | 2.3 years |



Txingudi

| Shopping Centre



Location & Profile

- › Shopping centre adjoining the border with France and firmly established in its catchment due to its strategic location.
- › Catchment area of more than 100,000. 40% of customers are French nationals, with a high average ticket per purchase.
- › Located close to San Sebastian Airport (EAS), the asset has excellent access to the border with France and a direct connection to cities such as Irún and San Sebastián.

Investment Rationale

- › Anchored by the Alcampo Hypermarket, strongly rooted in the area since 1997, and a retail park with which it shares a car park and services.
- › Txingudi has an attractive local and international offer, including operators such as H&M, Mango, Kiabi and Grupo Tendam (with its Fifty Factory and Springfield brands), complemented by other beauty, health and service operators. The food court features a successful selection of restaurants.
- › Txingudi seeks to improve the shopping experience of its customers, which has led it to carry out modernisation works in the shopping centre and improvement works on the outdoor facilities, while maintaining a balanced mix of tenants.

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 | 35 |
| WAULT | 1.9 years |

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



Las Huertas

Shopping Centre



Location & Profile

- › Located in Palencia, in the Autonomous Community of Castilla y León, in north-western Spain.
- › The direct catchment includes 81,000 people.
- › The immediate area comprises a combination of residential and commercial zones, so 35% of visitors are pedestrians. The asset is strongly located, connecting the city centre with the A-67 dual carriageway (main connection between Palencia and Valladolid).

Investment Rationale

- › The only shopping centre in Palencia. The presence of the Carrefour hypermarket is the main feature.
- › Attractive offer based on notable multinational and regional brands, such as Deichman, Time Road and Sprinter.
- › In 2022, the asset completed an improvement in its BREEAM certification, moving from a rating of 'Good' to 'Very Good'.

Asset Characteristics

| | |
|------------------------------|-----------------|
| Property Name | Las Huertas |
| Property Type | Shopping Centre |
| Location | Palencia |
| Ownership (%) ^(*) | 100% |
| Year of Construction | 1989 |
| Year of last refurbishment | 2016 |
| GLA | 6,265 sqm |
| Purchase Date | 24 March 2014 |
| Acquisition Price | €11.7 million |
| Price/sqm | €1,867 per sqm |
| No. of Tenants | 25 |
| WAULT | 1.8 years |

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



Megapark + Megapark Leisure Area | Retail Park



Location & Profile

- › Megapark is located in the largest commercial area of the Spanish Basque Country.
- › The asset is also the largest retail park in northern Spain and one of the main shopping destinations on the Cantabrian coast, thanks to its privileged location on the A-8 dual carriageway, which links the cities of Santander, Bilbao and San Sebastián.
- › The centre has a primary catchment of about 250,000 inhabitants, of which approximately 100,000 are located in the immediate vicinity (walking distance), but its total catchment comprises about 1.85 million, and 88% of customers are drawn from that wider pool.
- › There are currently no major direct competitors in the primary zone due to the comprehensive portfolio of operators present at the retail park and the unique 'outlet' model.

Investment Rationale

- › The property has a comprehensive retail offer, consisting of a retail park with leading brands in the market: Media Markt, Decathlon, Conforama, Maisons du Monde, Kiabi, C&A, Forum and Kiwoko, alongside IKEA and Leroy Merlin.
- › We are also the only outlet shopping centre ('fashion outlet') within the main catchment - Basque Country, Cantabria, Castilla y León and La Rioja. Outdoor shopping, with year-round discounts offered by leading brands in the sports, fashion, accessories and home sectors, including Adidas, Barbour, Fifty, Guess, Levi's, Puma, Skechers and Tommy Hilfiger. All the above are next to the hypermarket, also owned by Lar España and occupied by Mercadona (a leading grocer in Spain).
- › The recently renovated leisure area and food court completes the commercial mix, with a wide range of restaurants offering all kinds of alternatives, such as Burger King, Foodoo, La Tagliatella, Muerde La Pasta or Sushisom, as well as 11 Yelmo cinemas and a unique leisure and sports proposition offered by operators such as On Gravity, Zero Latency and the latest additions of Fitness Park and Climbat.

Asset Characteristics

| | |
|----------------------------|-------------------------------------|
| Property Name | Megapark |
| Property Type | Retail Park |
| Location | Barakaldo (Bilbao) |
| Ownership (%) | 100% |
| Year of Construction | 2007 |
| Year of last refurbishment | 2021 |
| GLA | 80,797 sqm |
| Purchase Date | 19 October 2015/ 27 October 2017 |
| Acquisition Price | €178.7 million |
| Price/sqm | €2,143 per sqm |
| No. of Tenants | 81 |
| WAULT | 3.4 years |
| EPRA Vacancy Rate | 4.6% |



Parque Abadía + Commercial Gallery | Retail Park



Location & Profile

- › Retail park in Toledo province. One of the most comprehensive and well-established out-of-town proposals in the entire Toledo area, with a wide and balanced retail offer. It is the dominant park within its catchment and the largest in Castilla-La Mancha.
- › Good access and regional dominance that attracts people from Toledo province and surrounding provinces.
- › Catchment of more than 300,000 people living within a half-hour drive of the retail park.

Investment Rationale

- › A retail park that dominates its region through its retail brand mix, premium quality, and large size.
- › Benefits from excellent location, ready access, attractive design and high visibility.
- › Wide retail offer, with more than 50 establishments throughout the retail park, for fashion, home, leisure and restaurants, accompanied by a wide range of products and services in the Alcampo supermarket, Alcampo service station and pharmacy.
- › More than 50,000 sqm of surface area with 2,625 parking spaces.
- › Strategic acquisition in February 2018 of the park's shopping arcade, with Lar España acquiring full control of the retail 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 | 59 |
| WAULT | 2.2 years |



Rivas Futura | Retail Park



Location & Profile

- › Asset located in the area of greatest demographic, urban and commercial growth in Madrid, in the municipality of Rivas, 10 minutes from the capital.
- › The asset has excellent connections: M-30, M-40, M-45, M-50 and the O'Donnell spoke into the city centre. These connections are supplemented by Metro line 9 and several bus lines from Madrid.
- › Third-largest shopping complex in Madrid and the ninth-largest in Spain.
- › Catchment of close to 400,000 people living within 20 minutes.

Investment Rationale

- › Highly liquid asset due to its prime location, the prestige of the tenants, the duration of the leases and its retail mix.
- › Wide retail offer, with leading operators such as El Corte Inglés, Media Markt, Conforama, Maisons du Monde, Adidas, Kiabi, Norauto and Toys 'R' Us and a physical occupancy of 100% at year-end 2022.
- › In 2022, the asset earned a BREEAM certificate with a "Very Good" rating, in addition to ISO 14001 and 45001 certificates.

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 | 2.3 years |



Vistahermosa | Retail Park



Location & Profile

- › Located on one of the three main urban spokes of the city of Alicante, the asset now has new bus stops that encourage higher foot traffic.
- › The retail park has a large catchment area covering 450,000 inhabitants and is in the process of urban expansion. New property developments, green areas, educational and health facilities are planned for the Vistahermosa Norte urban sector.
- › Parque Vistahermosa hosts unique operators not available at other centres in Alicante.

Investment Rationale

- › Key tenants include strong anchors such as Leroy Merlin, Alcampo, Media Markt, Urban Planet, Dream Fit, Maisons du Monde, Ozone Bowling or Mimma Gallery, among others.
- › High repositioning potential.
- › Only urban retail park in the city of 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 | 2.7 years |



VidaNova Parc | Retail Park



Location & Profile

- › Located in a prime area of Sagunto (Valencia province), which is undergoing tourism and industrial development.
- › At year-end 2022, more than 98% of the GLA was occupied.
- › In 2019, it received the award for 'best retail park' from the Spanish association of shopping centres and retail parks.
- › The catchment includes 250,000 people.
- › Opened in 2018 as the largest retail park to open in Spain that year.
- › Local industrial development, with the installation of the Sagunto 'giga-factory' by the Volkswagen Group, increases the retail park's catchment.

Investment Rationale

- › The asset consists of a supermarket and a retail park for big-box stores specialising in sports, do-it-yourself, home decor, home equipment, toys, leisure and entertainment, and fashion.
- › Flagship tenants of the park include Leroy Merlin, Decathlon, Yelmo Cines, C&A, Joma and Conforama.

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 | 31 |
| WAULT | 2.6 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/appraisers instructed to carry out the valuation of the Company's real estate assets (hereinafter, the **Valuers**).

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:

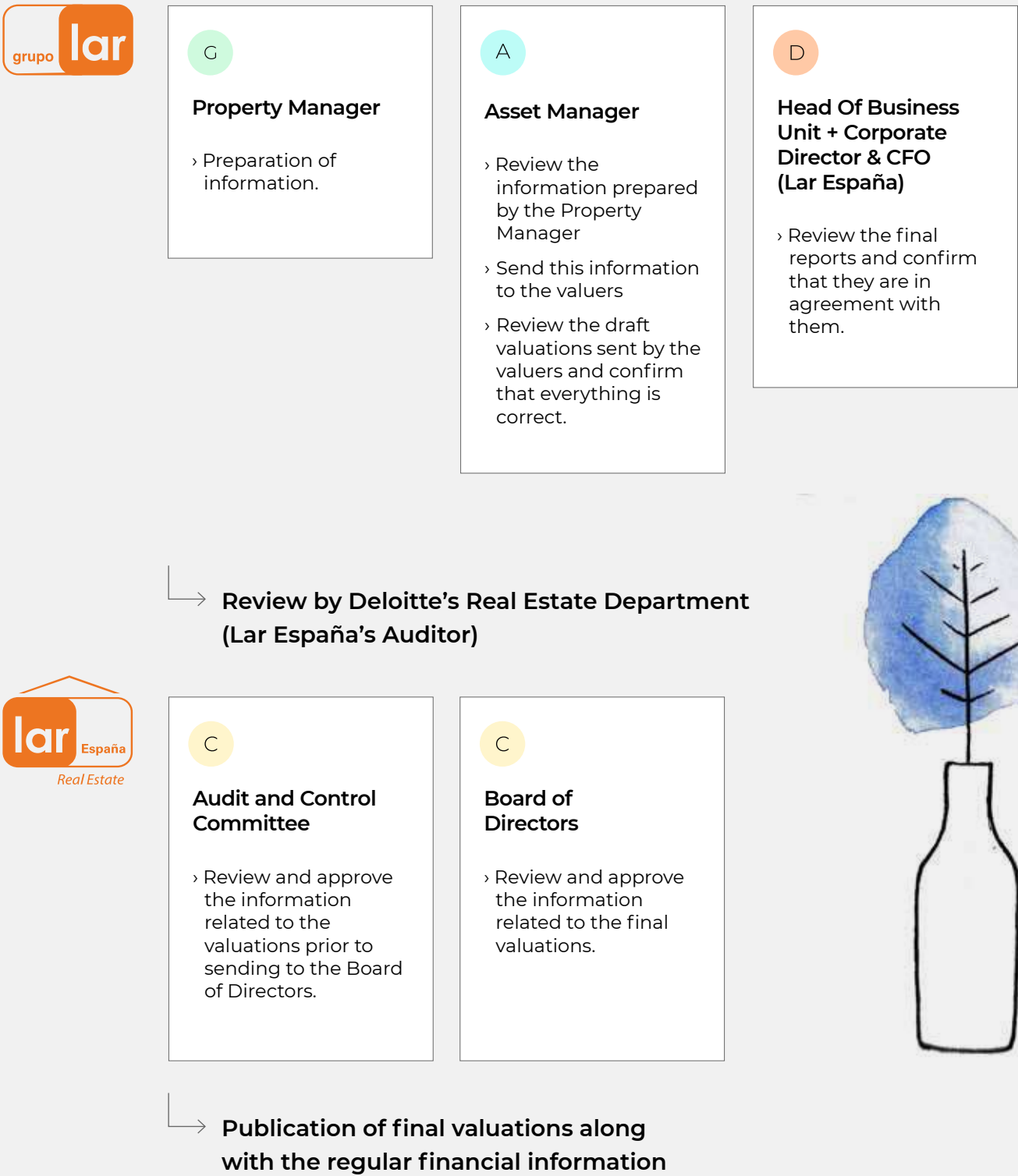
- Frequency with which each of the assets should rotate between Valuer.
- Minimum level of professional indemnity insurance to be requested from the Valuers.

In January 2022, Lar España launched a **new call for tenders** aimed at selecting independent property valuers for the period between **2022 and 2024**. 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:



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 2022:



Shopping Centre
Ànec Blau (Barcelona)



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
Tel. +34 91-789 11 00 Fax. +34 91-789 12 00

Felix Painchaud, MRICS
Teresa Martínez, MRICS
Valuation Advisory
E-mail: felix.painchaud@eu.jll.com
E-mail: teresa.martinez@eu.jll.com

Mr. Jon Armentia

31st December 2022

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 2022**. 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 2022.

| Asset | Use | Location | Area (sqm) |
|--------------|------------------------------|----------------------------|------------|
| Albacenter | Shopping Centre | Albacete | 27,199 |
| | Retail Gallery | | 15,279 |
| | Hiper Area | | 11,919 |
| L’Anec Blau | Shopping Centre | Castelldefels (Barcelona) | 29,084 |
| El Rosal | Shopping Centre | Ponferrada (León) | 50,809 |
| Lagoh | Shopping Centre | Sevilla | 69,734 |
| Abadia | Retail Gallery & Retail Park | Toledo | 43,109 |
| | Retail Gallery | | 6,138 |
| | Retail Park | | 36,971 |
| Parque Rivas | Retail Park | Rivas Vaciamadrid (Madrid) | 36,447 |
| Vistahermosa | Retail Park | Alicante | 33,763 |
| Vidanova | Retail Park | Sagunto (Valencia) | 45,568 |
| | Retail Park | | 45,524 |
| | Petrol Station | | 44 |
| Sagunto Land | Land | Sagunto (Valencia) | 4,042 |



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 2022, 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 2022 is:

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

844,590,000 Euros

(Eight Hundred Forty-Four Million Five Hundred Ninety Thousand Euros)

Felix Painchaud, MRICS
Lead Director
Valuation Advisory

Teresa Martínez, MRICS
Head of Retail Valuation
Valuation Advisory

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



C/ José Ortega y Gasset, 29 – 6ª planta
28006 Madrid
Tel +34 (91) 781 80 10
Fax +34 (91) 781 80 50
cushwakeale@el.es

Jon Armendia
LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
C/ María de Molina 38, 10ª planta
28006 Madrid

Our Ref: epa3003

06 March 2023

Dear Jon,

As requested, we set out below our opinion of value from our valuation report dated 26 January 2023, undertaken for financial reporting purposes as at 31 December 2022 in accordance with our Engagement Letter and Standard Terms and Conditions dated June 2022.

The opinion of value stated totalling 828,607,500 € 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 2022) 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

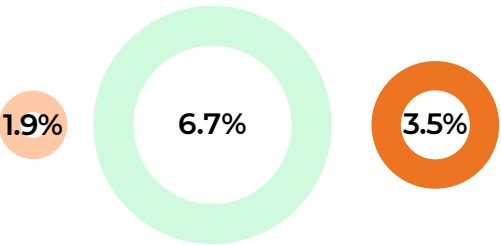
Signed for and on behalf of Cushman & Wakefield RE Consultants S.L.

Tony Loughran MRICS
Partner
+34 917 813 838
tony.loughran@eur.cushwake.com

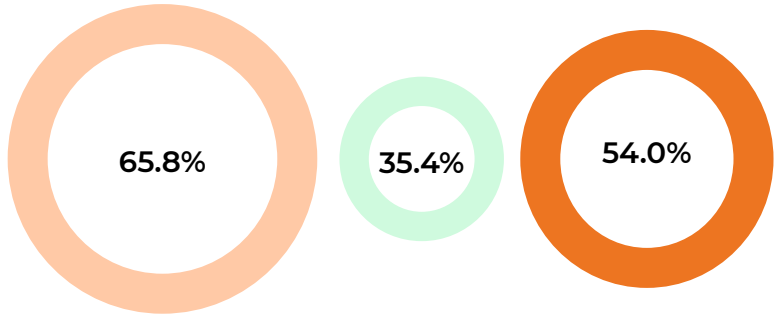
Laura Casillas MRICS
Partner
+34 881 787 788
Laura.casillas@eur.cushwake.com

Revaluation by asset class (%)

LfL 2022 vs 2021



2022 vs Acquisition



Shopping Centres Retail Parks Total Lar España

The gross value of Lar España’s assets stood at **1,473 million Euros** at year-end 2022.

The breakdown by asset type and the y-o-y comparison with 2021 is detailed below. The **Like for Like (LfL) value uplift** compared with year-end 2021 stands at positive **+3.5%**. Thus, the portfolio’s value has climbed **+54.0% versus the acquisition price**.

+54.0%

versus
acquisition price

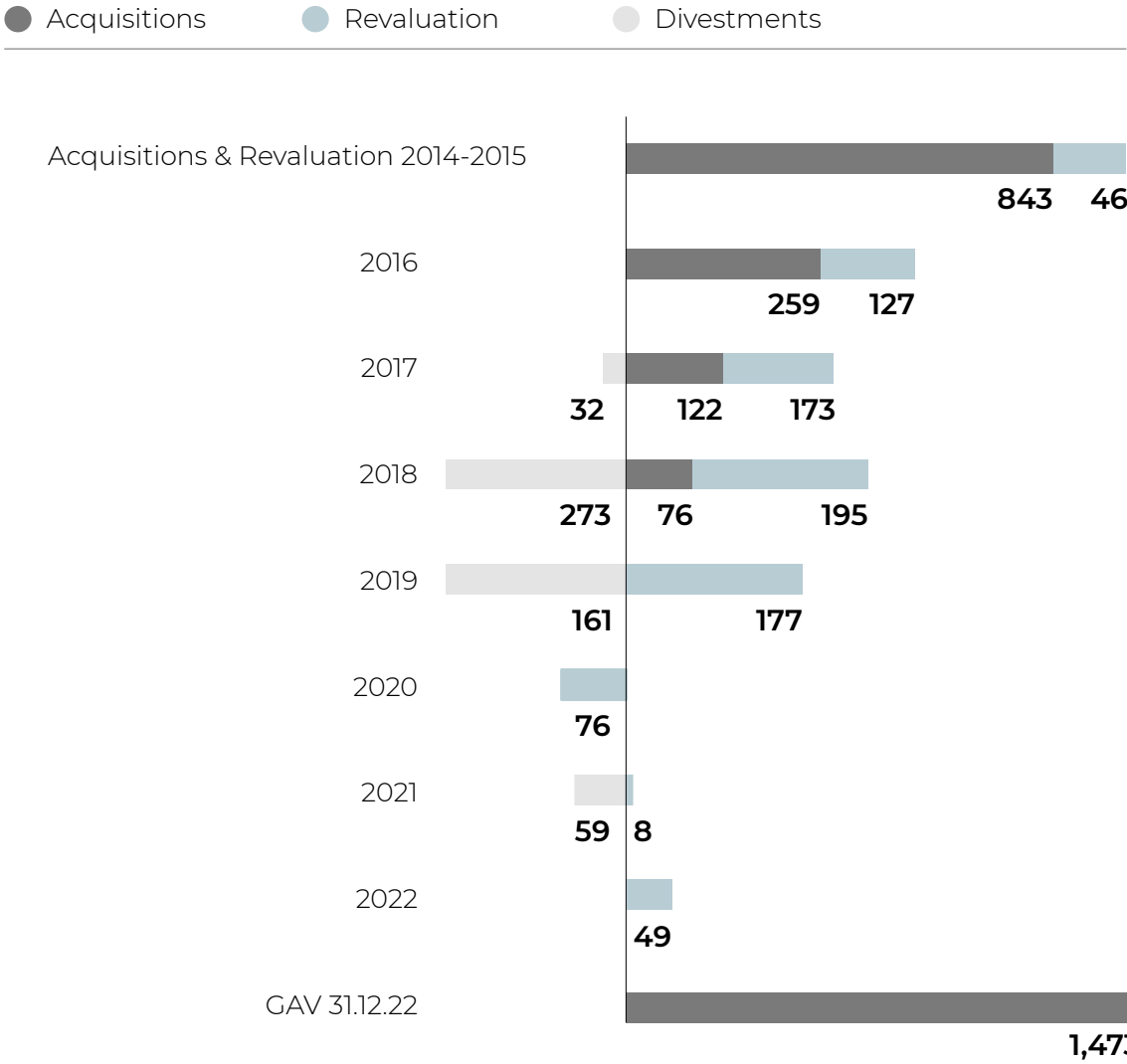
| Asset Type | Valuer | Acquisition price (Thousands of euros) | Market Value 31.12.2021 (Thousands of euros) |
|------------------|---------------------|---|--|
| Shopping Centres | C&W: 59% / JLL: 41% | 584,274 | 951,187 |
| Retail Parks | C&W: 54% / JLL: 46% | 372,500 | 472,661 |
| TOTAL LAR ESPAÑA | | 956,774 | 1,423,848 |

At 31.12.2022 Lar España **portfolio's value has climbed 54.0%** versus the acquisition price.

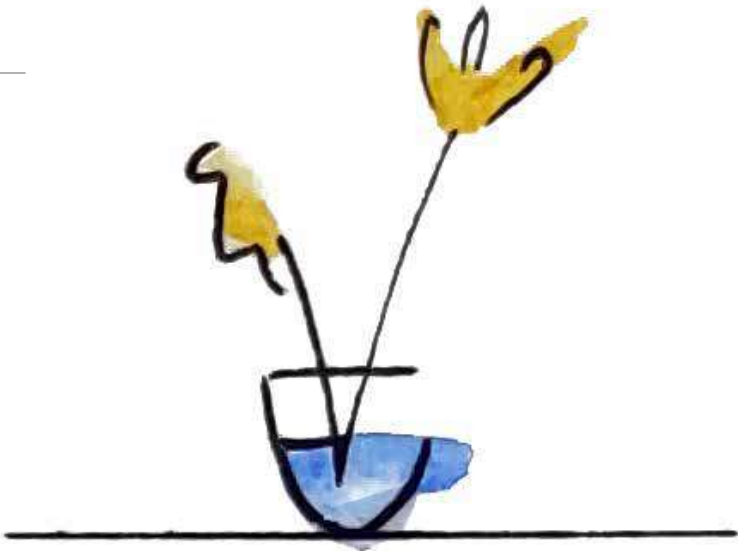
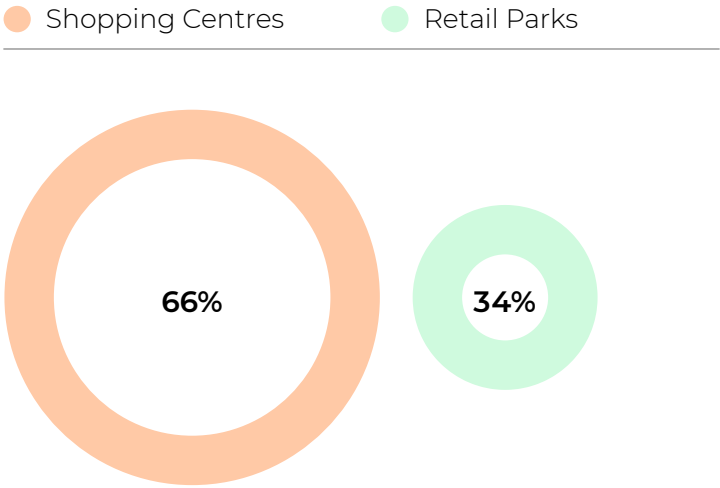
| Asset Type | Market Value 31.12.2022 (Thousands of euros) | €/sqm 31.12.2022 | Like for Like revaluation (2022 vs 2021) | Revaluation 2022 vs acquisition price % | EPRA NIY 31.12.2022 |
|------------------|--|---------------------|--|---|------------------------|
| Shopping Centres | 968,998 | 3,119 | 1.9% | 65.8% | 5.6% |
| Retail Parks | 504,200 | 2,104 | 6.7% | 35.4% | 5.8% |
| TOTAL LAR ESPAÑA | 1,473,198 | 2,677 | 3.5% | 54.0% | 5.6% |



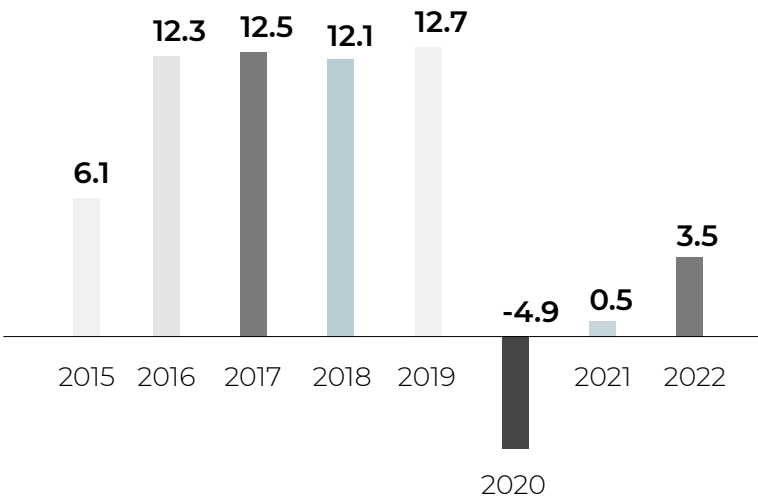
GAV reconciliation 31.12.2022 (millions of euros)



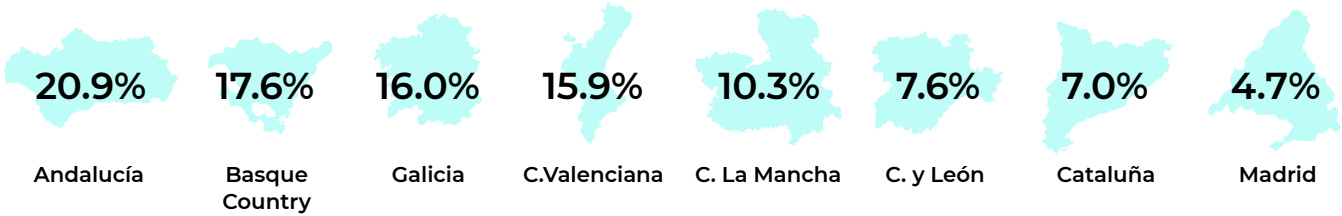
By type of asset (GAV)



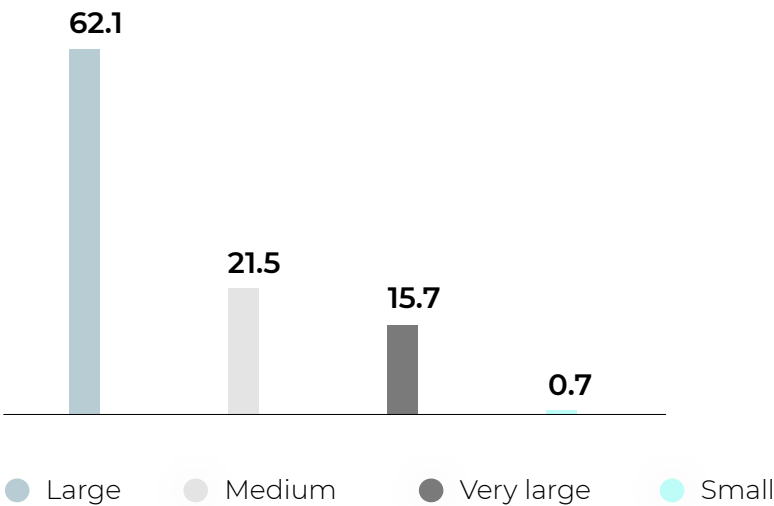
LfL Lar España's portfolio annual revaluation (%)



By geography (GAV)



By size^(*) (GAV) (%)



c. 80%
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 **80,228 thousand Euros** during 2022 (versus 76,271 thousand Euros in 2021).

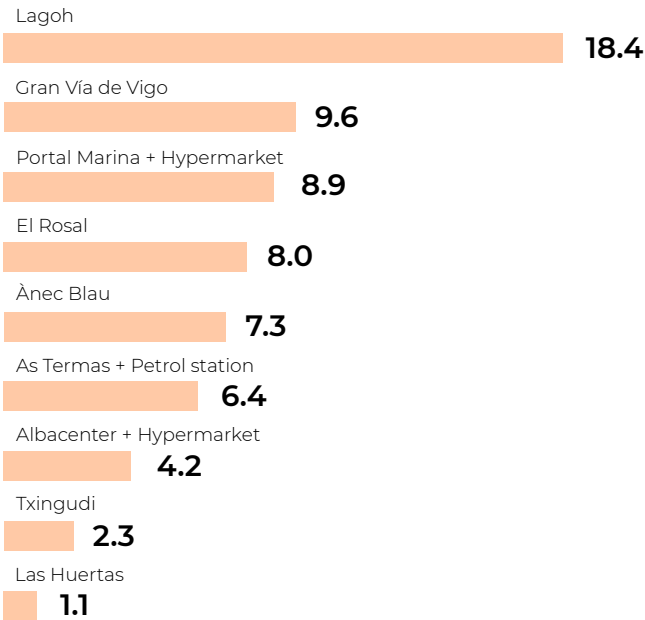
The relative weigh of rental income by line of business at 31 December 2022 is as follows:

Rental Income by asset class FY 2022 (%)

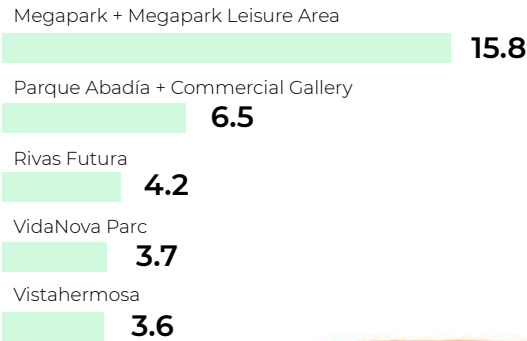


The breakdown of **income per asset type** during 2022 is as follows:

Income by Shopping Centre (%)

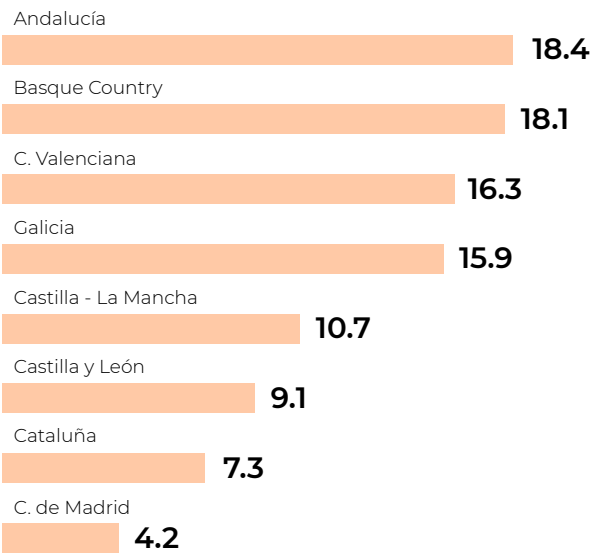


Income by Retail Park (%)



This graph details the breakdown of **rental income per region** for 2022:

Income per region (%)



Over 35% of revenues have been recorded in the Basque Country and Andalucía, being Lagoh the largest shopping centre in 2022.

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 2022 and 2021.

15.4 per €/sqm/month
Lar España average at 31.12.2022

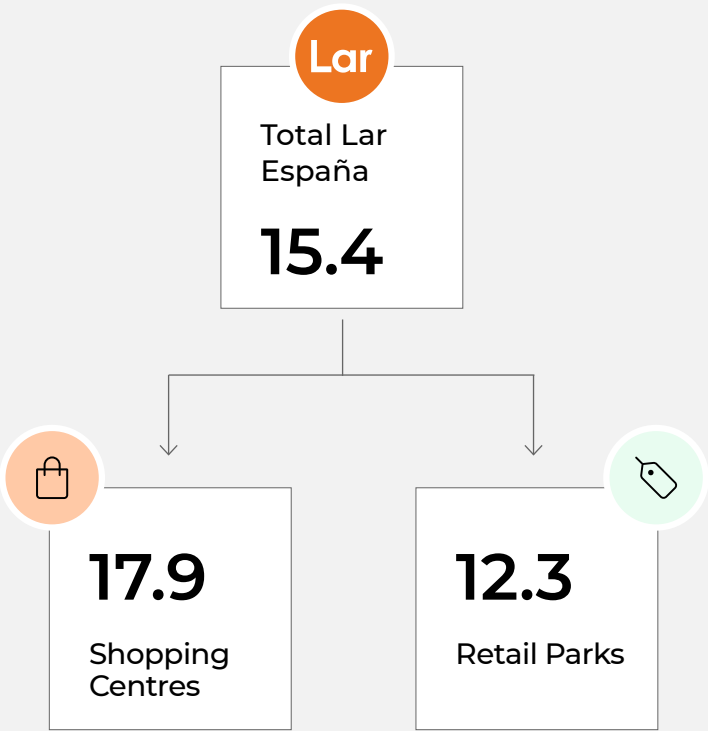
vs

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

| Asset Type | 31.12.2022 | | | 31.12.2021 | | |
|------------------|--|-----------------------|-----------------------------|--|-----------------------|-----------------------------|
| | 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 | 63,947 | 297,949 | 17.9 | 62,351 | 295,959 | 17.6 |
| Retail Parks | 34,535 | 233,893 | 12.3 | 31,930 | 233,919 | 11.4 |
| TOTAL LAR ESPAÑA | 98,482 | 531,842 | 15.4 | 94,281 | 529,878 | 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”.

Gross annualised rents per occupied sqm and asset type (€/sqm/month)



During the year 2022 there have not been divestments, investments or development projects carried out by the Company.

c.
Top tenants

Below are the tenants that
have generated the highest
amounts of rental income
during 2022:



| | | Total rental income | Accumulated |
|-----|-----------------|------------------------|-------------|
| 1. | INDITEX | 9.08% | 9.08% |
| 2. | Carrefour | 4.17% | 13.25% |
| 3. | MediaMarket | 4.07% | 17.32% |
| 4. | LEROY MERLIN | 3.21% | 20.53% |
| 5. | DECATHLON | 2.48% | 23.01% |
| 6. | TENDAM | 2.24% | 25.25% |
| 7. | Conforama | 2.23% | 27.48% |
| 8. | MERCADONA | 2.09% | 29.57% |
| 9. | El Corte Inglés | 2.03% | 31.60% |
| 10. | Alcampo | 1.80% | 33.40% |

d. Lease expiration and WAULT

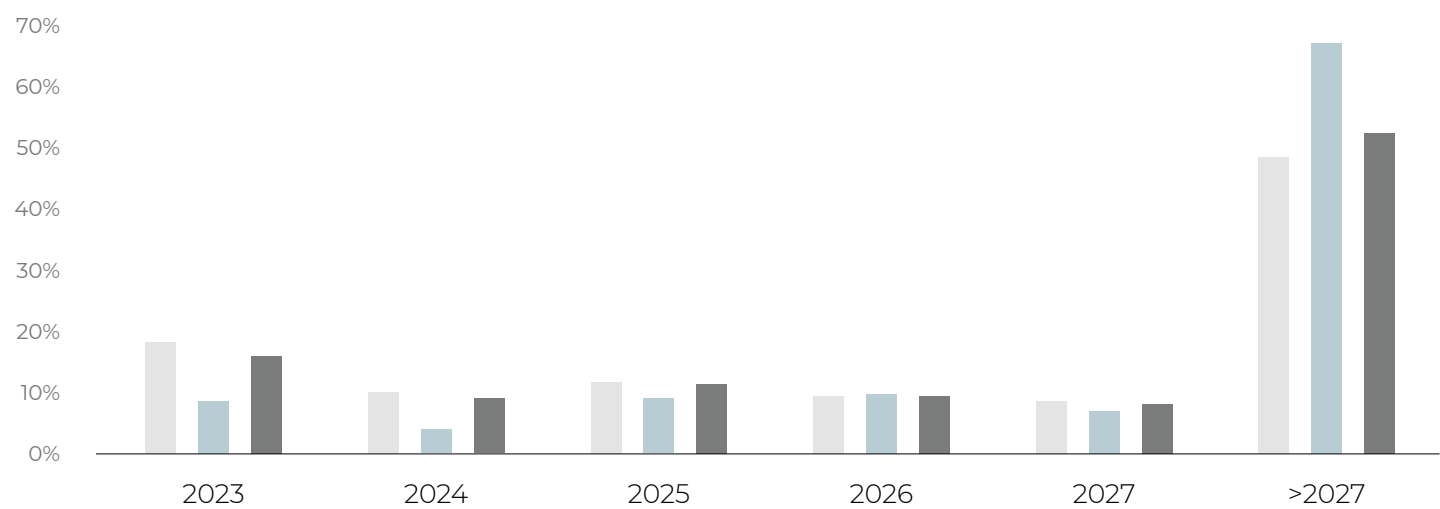
The proactive management carried out by Lar España allows us to have a **solvent and diversified tenant base**.

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.

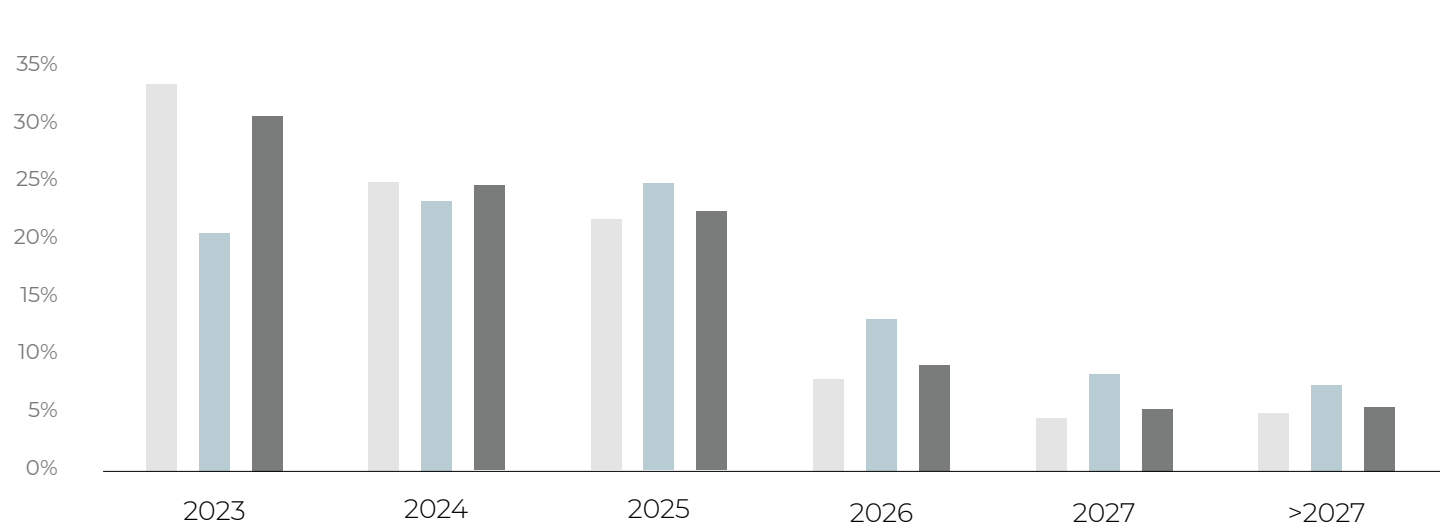
We note that as of 31 December 2022, **more than 65% of all Lar España's active lease agreements** have lease expiries beyond 2025.

Over 65% of retailer leases had expiration dates beyond 2025.

Annual lease expiration (end of contract) (%)



Annual lease expiration (break option) (%)



Thus, the **WAULT^(*)** (weighted average unexpired lease term) at 31 December 2022 of Lar España's portfolio is **2.5 years**. Below you will find the detail by asset class:

Over
1,000
existing contracts

Lar España



2.5

Shopping
Centres



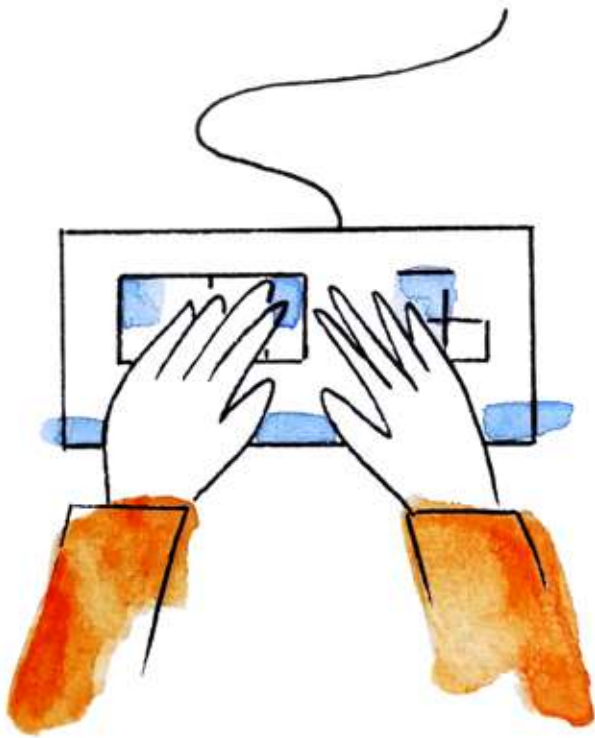
2.3

Retail
Parks



2.8

(*) 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".



96.6%

Occupancy
(sqm)

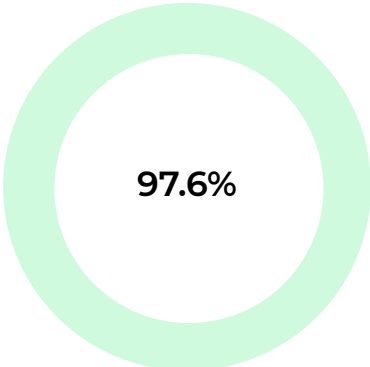
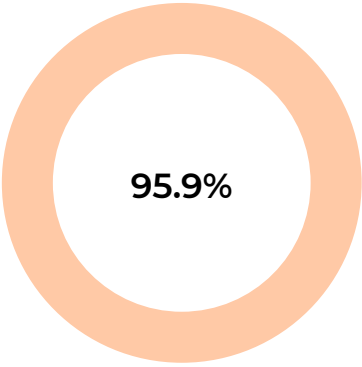
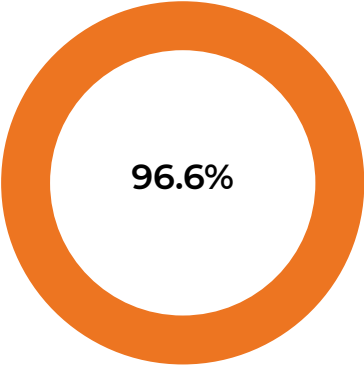
550,391 sqm

Total GLA

e. Occupancy (sqm)

The gross leasable area (GLA) of Lar España’s income producing assets at 31 December 2022 stood at **550,391 sqm**, whilst the average occupancy rate stood at **96.6%**.

The occupancy rate by asset class as at 31 December 2022 is shown below:



● Total Lar España

● Shopping Centres

● Retail Parks

The occupancy level (in sqm) at 31 December 2022 is shown below:

| 31.12.2022 | | | |
|------------------|-----------------|--------------------|---------------|
| Asset Type | Total GLA (sqm) | Occupied GLA (sqm) | Occupancy (%) |
| Shopping Centres | 310,707 | 297,949 | 95.9% |
| Retail Parks | 239,684 | 233,893 | 97.6% |
| TOTAL LAR ESPAÑA | 550,391 | 531,842 | 96.6% |

Assets **Megapark and Gran Vía de Vigo** with **€9.5 Million** together, lead the investment made during the year, due to the improvements that were implemented.

f.
CAPEX ⁽¹⁾

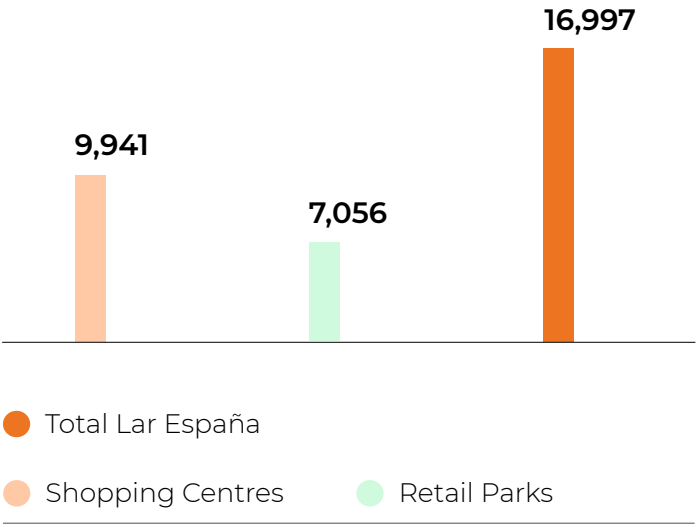
The Company has continued revamping its portfolio of assets in order to generate more value, investing close to **€17 Million** during 2022.

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

| Asset Type | 2022 | | 2021 | |
|------------------|--------|------|-------|------|
| | CAPEX | % | CAPEX | % |
| Shopping Centres | 9,941 | 58% | 5,408 | 61% |
| Retail Parks | 7,056 | 42% | 3,492 | 39% |
| TOTAL LAR ESPAÑA | 16,997 | 100% | 8,900 | 100% |

CAPEX investment (Thousand Euros)

During 2022 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.



In 2022, there have been no acquisitions or developments in Lar España’s portfolio.

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

| (Thousands of euros) | | | 2022 | 2021 | | |
|---|---|---|--------|---|---|-------|
| | Group (excluding Joint Ventures) | Joint Ventures (proportionate share) | TOTAL | Group (excluding Joint Ventures) | Joint Ventures (proportionate share) | TOTAL |
| Acquisitions | - | - | - | - | - | - |
| Developments | - | - | - | - | - | - |
| Investment properties | 16,997 | - | 16,997 | 8,900 | - | 8,900 |
| > Incremental lettable space ⁽¹⁾ | - | - | - | - | - | - |
| > No incremental lettable space | 8,677 | - | 8,677 | 5,475 | - | 5,475 |
| > Tenant incentives | 7,642 | - | 7,642 | 2,600 | - | 2,600 |
| > Other material non-allocated types of expenditure ⁽²⁾ | 678 | - | 678 | 825 | - | 825 |
| Capitalised interest (if applicable) | - | - | - | - | - | - |
| TOTAL CAPEX | 16,997 | - | 16,997 | 8,900 | - | 8,900 |
| Conversion from accrual to cash basis | (222) | - | (222) | (367) | - | (367) |
| TOTAL CAPEX (on cash basis) | 16,775 | - | 16,775 | 8,533 | - | 8,533 |

(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.).

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



Megapark: Complete reform of the leisure area.



Gran Vía: In addition to the reform carried out in 2021 of all accesses to the car park, during 2022 work has been done on the transformation of the ground and first floors of the asset.

9.
Main Milestones

Lar España continued to implement its strategy to actively manage its portfolio. The performance of the key indicators during 2022 is detailed below:

Key indicators evolution

GRI

+6.1%

vs 2021

NOI

+5.5%

vs 2021

Key indicators evolution LfL⁽¹⁾

GRI

+6.9%

vs 2021

NOI

+6.3%

vs 2021

% of rents collected⁽²⁾

97%

In the year 2022 the **NOI** of the Company has registered an **increase of +6.3%** in terms of Like for Like versus 2021.

(1) Like for Like (excluding 22 Eroski supermarkets divested in February 2021). / (2) Percentage collected corresponding to income and expenses reinvoiced to tenants in 2022.



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 31.12.2022 (€ Mn) | Rental income 2022 (Thousands of euros) | Rental income 2021 (Thousands of euros) | Change (Thousands of euros) | Change (%) |
|-----------------------------------|------------------------------------|--|--|-----------------------------------|---------------|
| Retail | 1,473 | 94,123 | 88,076 | 6,047 | 6.9% |
| Total Like-for-Like assets | 1,473 | 94,123 | 88,076 | 6,047 | 6.9% |
| Acquired assets | - | - | - | - | - |
| Divestments | - | - | 602 ^(*) | (602) | (100.0%) |
| Development assets | - | - | - | - | - |
| Total portfolio assets | 1,473 | 94,123 | 88,678 | 5,445 | 6.1% |

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

In this growth of incomes, the increase in the CPI that was applied stood at **4%**.

(*) 22 Supermarkets portfolio divested in February 2021.





Major operative milestones

During 2022, the total sales declared reach **1,051.0⁽¹⁾ million Euros** in the company’s shopping centres and retail parks, supported by the increase in the number of visits (footfall of **80.5 million visits**).

Lar España continued to actively manage its retail portfolio. It closed **176 operations** including renewals, relocations, relettings and new lettings, resulting in an annualised tenant rotation rate of **10%** for the portfolio.

| | | | |
|----------------------|--------------------------|-------------------|----------------------------|
| Rotated | Negotiated rent | Operations | Rent uplift |
| 54,128 sqm | € 11.7 million | 176 | +1.3%⁽²⁾ |

| | Renewals | Relocations & Relettings | New Lettings | TOTAL |
|----------------------|----------|--------------------------|--------------|--------|
| Number of operations | 106 | 50 | 20 | 176 |
| sqm | 30,407 | 19,257 | 4,464 | 54,128 |

(1) Declared sales. / (2) Excluding 15 non-comparable operations.

Footfall 2022

80.5

Million of visits

+8.1% vs 2021

-6.1% vs 2019

Sales 2022

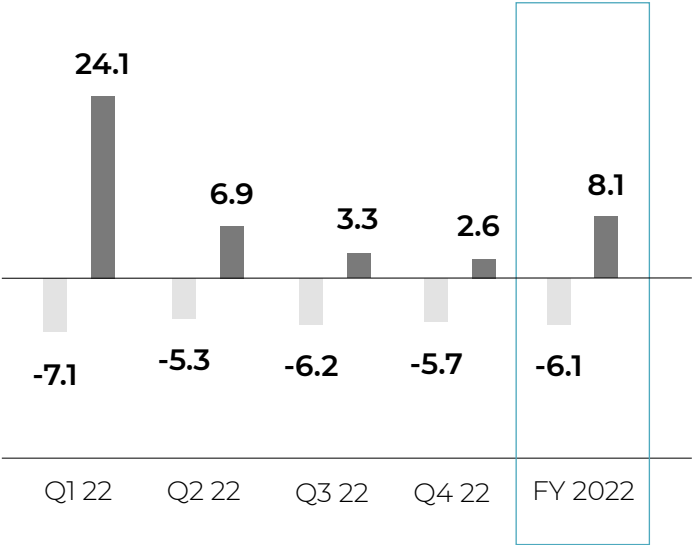
1,051.0⁽²⁾

Million €

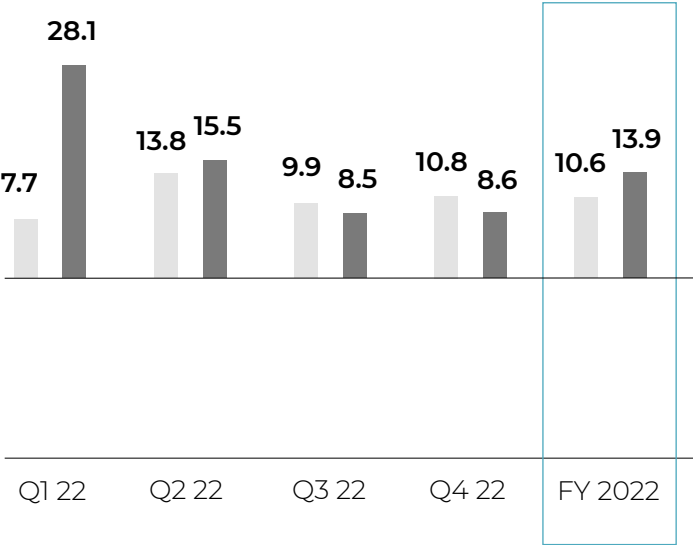
+13.9% vs 2021

+10.6% vs 2019

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



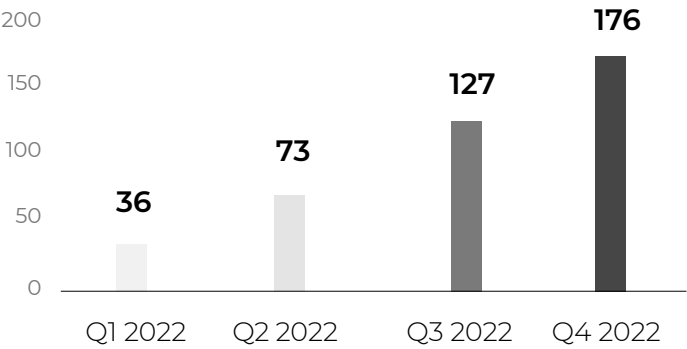
Quarterly sales figures for Lar España’s shopping centres and retail parks (%)



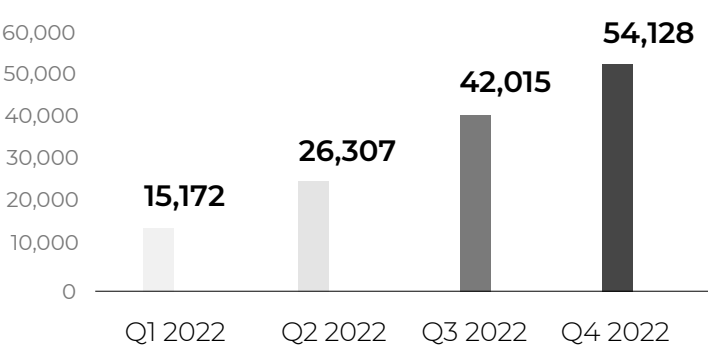
● 2022 vs 2019⁽¹⁾ ● 2022 vs 2021

(1) Like for Like 2022 vs 2019 (excluding Lagoh shopping centre).
(2) Declared sales.

YTD (Number of operations)



GLA Rotated (sqm)





¿AÚN NO ERES
DISFRUTÓN?

ZARA



Shopping Centre
Gran Vía (Vigo)

Some of the **main operations** during the year:



Main Operations



Renewals

H&M (1,843 sqm)

Toys R Us (1,492 sqm)

Forum (1,127 sqm)

More than
€ 1,780,000
annual
negotiated
rent

33
Operations

9,199 sqm



Main Operations



Renewals

Zara (2,025 sqm)


Cortefiel (628 sqm)

Mc Donalds (426 sqm)


More than
€ 1,500,000€
annual
negotiated
rent

16
Operations

6,244 sqm



Main Operations



Relocations/Relettings

Futbol Emotion (1,365 sqm)

Milbbby (1,127 sqm)



New Lettings

Primor (352 sqm)

More than
€ 1,600,000
annual
negotiated
rent

19
Operations

5,735 sqm



Main Operations



Renewals

Kiabi (1,800 sqm) at Txingudi

C&A (1,535 sqm) at Gran Vía de Vigo



Relocations/Relettings

Adidas (1,653 sqm) at Rivas Futura

Stradivarius (646 sqm) at Albacenter

More than
€ 6,800,000
annual
negotiated
rent

108
Operations

32,950 sqm

In addition, during 2022, a number of **leading chains opened** stores at some properties, such as:



TRAMAS +
SC GRAN VÍA DE VIGO
Opening 09/03/2022



PULL&BEAR
SC PORTAL DE LA MARINA
Opening 25/03/2022



LINDT
RP MEGAPARK
Opening 18/03/2022



BELROS
SC AS TERMAS
Opening 21/03/2022



STRADIVARIUS
SC PORTAL DE LA MARINA
Opening 24/03/2022



MASSIMO DUTTI
SC ÀNEC BLAU
Reopening 08/04/2022



BIMBA Y LOLA
SC PORTAL DE LA MARINA
Opening 29/04/2022



BOSTON
SC PORTAL DE LA MARINA
Opening 11/04/2022



BIMBA Y LOLA
SC GRAN VÍA DE VIGO
Opening 04/05/2022



CALZEDONIA
SC ÀNEC BLAU
Opening 04/05/2022



JEAN LOUIS DAVID
SC PORTAL DE LA MARINA
Opening 19/05/2022



MANGO
SC GRAN VÍA DE VIGO
Opening 28/05/2022



PUMA
RP MEGAPARK
Opening 23/06/2022



PACO MARTÍNEZ
SC EL ROSAL
Opening 25/06/2022



CASA CARMEN
SC LAGOH
Opening 03/11/2022



BASIC FIT
SC LAGOH
Opening 05/12/2022



PANDORA
SC AS TERMAS
Opening 04/11/2022



INSIDE
SC AS TERMAS
Opening 01/07/2022



PULL&BEAR
SC AS TERMAS
Opening 15/07/2022



KRACK
SC AS TERMAS
Opening 22/12/2022



ALE HOP
SC ÀNEC BLAU
Opening 08/09/2022



MISA KO
SC ÀNEC BLAU
Opening 01/12/2022



SINGULARU
SC GRAN VÍA
Opening 05/08/2022



MUNICH
RP MEGAPARK
Opening 28/07/2022



SUSHISOM
RP MEGAPARK
Opening 06/10/2022



CLIMBAT
RP MEGAPARK
Opening 07/12/2022



PRIMOR
RP MEGAPARK
Opening 07/12/2022



ADIDAS
RP RIVAS FUTURA
Opening 10/11/2022



CASA
RP ABADÍA
Opening 06/08/2022



MERKAL
RP ABADÍA
Opening 25/08/2022

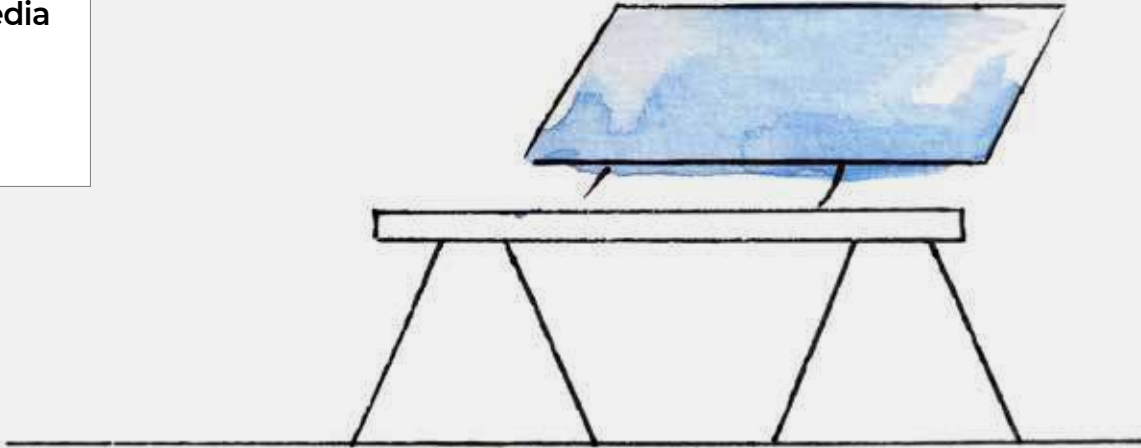
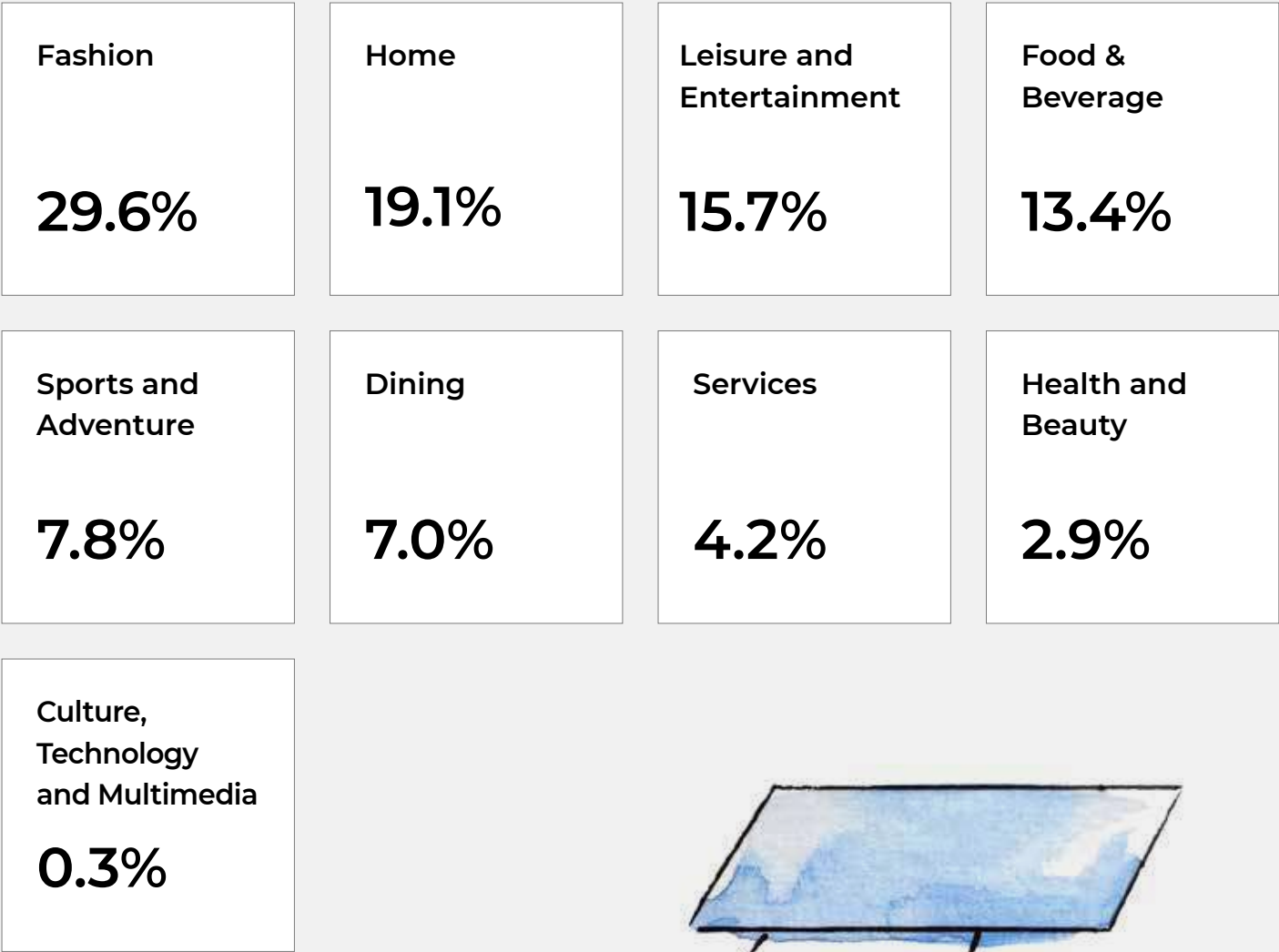


Retail Tenant Mix

Below we display the **tenant mix** of Lar España's retail portfolio at 31 December 2022 by space let.

Effort rate
(including expenses)

9.2%



Financial and EPRA information

4

4.1

ICFR
262

4.2

Financial
Information
270

4.3

EPRA
Information
288

The Company reported operating profit in 2022 of **92.6 million Euros**, nearly **double** the 2021 figure, and **net profit of 72.9 million Euros**, practically triple the year-earlier figure.





4.1

Internal Control over Financial Reporting (ICFR) system

The **Internal Control over Financial Reporting** (ICFR) system is designed to provide reasonable assurance regarding the reliability of the financial information disclosed to markets.

Set out below is a summary of the bodied involved in the ICFR system and their related responsibilities and duties:

| | | |
|------------------|---|---|
| |  |  |
| Body/position | Board of Directors | Audit and Control Committee |
| Responsibilities | The Board of Directors is ultimately responsible for the existence and maintenance of an adequate and effective ICFR system. | The Audit and Control Committee is tasked with overseeing the ICFR system (with the assistance of Chief Audit Executive) and reporting to the Board of Directors. |
| Competences | <ul style="list-style-type: none">• Approving the financial information the Company must report periodically as a listed Company.• Approving the risk control and management policy and regularly monitoring the internal reporting and control systems. | <ul style="list-style-type: none">• Supervising the effectiveness of the Company's and group's internal controls and risk management systems.• Analysing, in conjunction with the auditors, any material internal control system weaknesses uncovered during the audit engagement.• Overseeing the process for preparing and presenting regulated financial information and reviewing compliance with regulatory requirements, the scope of consolidation and the correct application of accounting policies. |



Corporate Director & CFO

The Corporate director & CFO is in charge of the design, implementation and operation of the ICFR system.

- Designing, proposing and implementing a financial reporting model.
- Designing, implementing and documenting the ICFR system.
- Assisting the Audit and Control Committee in preparing the financial statements and other financial reports and selecting the criteria used in the process.
- Verifying, at least annually, the completeness and suitability of the ICFR documents and operations.
- Reporting on developments in ICFR documentation to the Audit and Control Committee and Chief Audit Executive (CAE) for their information and assessment.



Chief Audit Executive (CAE)

The Chief Audit Executive assists with oversight of the ICFR system, a duty vested in him by the Audit and Control Committee.

- Supervising the adequacy and effectiveness of the ICFR system and its general controls and processes.
- Helping to determine and classify incidents and draw up any required action plans, and monitoring any such plans.
- Reporting any incidents uncovered during the assessment and oversight process to the Audit and Control Committee.
- Assisting the Corporate Director & CFO in preparing reports on the state and description of the ICFR system.



Process owners involved in the financial reporting process

Those responsible for the generation of financial information.

- Working together with the Corporate Director & CFO on defining, documenting and updating internal processes and procedures.
- Executing the control activities as designed and intended and documenting evidence of execution for traceability.
- Reporting to the Corporate Director & CFO any change in operations or transactions that could require updating the documentation of their processes and the controls defined therein, and any control weakness identified.
- Defining and implementing action plans to address incidents observed within their area of responsibility.

In accordance with the guidelines issued by the Board of Directors, the **Corporate Director & CFO** ensures that an adequate organisational structure is in place, that roles and accountability are allocated and that sufficient procedures are gradually rolled out and allocated among the various parties involved in the processes.

The Corporate Director & CFO can engage any internal or external resources as needed for assistance or advice on managing the different areas of the Company’s activities. Lar España has a **management agreement with Grupo Lar** whereby the manager undertakes to allocate the required staff and resources to perform its duties, including **financial reporting** duties.

According to **Lar España’s Internal Control over Financial Reporting (ICFR) Manual**, any services rendered by a “service provider” that are part of the Company’s financial reporting system must be included in the **ICFR system assessment process**, by: performing a specific and direct assessment of the controls applied by the service provider; obtaining an internationally recognised SSAE certificate (Statement on Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organization) or carrying out alternative procedures⁽¹⁾.

(1) The option of obtaining an SSAE is currently being followed via confirmation from the third-party accounting services provider.



Training

The Corporate Director & CFO, as responsible for the design, implementation and operation of the ICFR system, must ensure that all staff involved in preparing the Group's financial statements have received **sufficient training and refresher courses on IFRSs** (International Financial Reporting Standards) and ICFR principles.

The Corporate Director & CFO directly checks with the accounting expert engaged to prepare the Company's financial and accounting reports that the teams assigned to these activities have the required ICFR-related skills and knowledge.

As the person responsible for the ICFR system, the Corporate Director & CFO boasts **extensive knowledge in accounting and financial reporting** from his years working in auditing and financial management. During the year, the Corporate Director & CFO is briefed on any changes affecting the preparation and supervision of financial reporting. This is done through subscriptions to information updates ('knowledge pills') and newsletters from external sources by attending conferences and seminars held by **experts on specific topics and technical updates organised by experts in financial regulation, accounting and audit, sustainability/ESG**, data protection, anti-money-laundering and crime prevention.

Lar España's staff is relatively small. However, the Company engages **external advisors for assistance** in certain areas, specifically, as explained, activities related to preparing the financial statements and rolling out and implementing the ICFR system.

Lar España follows a **rigorous processing for selecting external advisers. It only outsources to renowned specialist firms**, which are chosen based on their quality and expertise. The Corporate Director & CFO ensures that these advisers have the appropriate technical expertise and related continuous learning policies in place.

Moreover, the **Internal Audit Plan**, which is drawn up by the Chief Audit Executive (CAE) and approved by Lar España's **Audit and Control Committee**, includes the required training of the people involved.

Assessment of risks in financial reporting

The process of **identifying risks**, including risks of error or fraud, in financial reporting is one of the most important components of Lar España's ICFR methodology. This process is documented in an internal handbook explaining the ICFR management and assessment process called **"Internal Control over Financial Reporting (ICFR) Manual of the Lar España Real Estate SOCIMI (Spanish REIT) Consolidated Group"**, which was updated in 2022.



Lar España assesses and updates the risks associated with its accounting on a regular basis. Once the level of risk associated with each account is obtained, the most significant risks related to the Company's financial reporting processes and control are identified. The purpose of this mapping is to identify the most important processes and business units within the group for its financial reporting.

Lar España has **documented the most significant processes** through narrative information, flow charts and a risk and control matrix. This documentation identifies and analyses, among others things, transaction flows, possible risks of error or fraud in financial information, as well as the **key controls** in place in the Company that adequately mitigate and anticipate the risks associated with the processes.

In 2022, Lar España continued to develop and fine-tune its **third-party Cibersecurity Risk Management Model** in accordance with related standards and best practices.

Control activities

Lar España has documented the **organisation's general controls and most significant processes** (including, e.g., the accounting close, considering the specific review of key judgements, estimates, valuations and projections, revenue recognition, asset valuation, payables, cash, borrowings, and property asset disposals and acquisitions).

With the aim of managing and reducing **information security** risks from third parties outside the Company and regarding the preparation and publication of its financial information, in 2022, Lar España continued to develop and fine-tune its **third-party Cibersecurity Risk Management Model** in accordance with related standards and best practices.

The second part of implementation of that Model was completed with the development of the **third-party assessment and audit project** with the assistance of a specialist technical firm. We also performed an **IT audit** to assess the vulnerabilities of Lar España's website and public domains.

In addition to the ICFR system oversight process (which is entrusted to the Audit and Control Committee, with the support of the CAE), Lar España's ICFR Manual includes performing an annual **internal evaluation** to verify that the ICFR system controls are valid, well designed and effective for the objectives pursued. During 2022, we **reviewed and updated the ICFR system** again. Specifically, we updated the ICFR Manual, the matrix for determining the scope of the ICFR system, the entity-level general controls matrix -with reinforcement of treasury and property investment controls- and the risk and control test sheets for risks with high criticality.

Information and communication

Lar España has an Accounting Policy Manual in effect and duly approved, which was revised and updated in 2022. It sets out, in a structured manner, the accounting standards, policies and criteria applied, in general, by all entities of the organisation.

The book-keeping process is outsourced to a prestigious, specialist firm, which is working with Lar España on determining and applying practical accounting policies in line with prevailing legislation.

The **Corporate Director & CFO** oversees this process at all times, reporting regularly to the **Audit and Control Committee**, ensuring that this firm has an IT security management system certified in accordance with the **ISO 27001 standard**, and monitoring and supervising both the outsourcing agreement and the financial information reported by the third party on an ongoing basis so that it is free from errors.

In addition, when required, the policies adopted are confirmed with accounting experts or other advisors to address any questions or potential disputes arising from the interpretation of any given accounting standard.

Similarly, as regards **control over non-financial reporting**, Lar España performs a voluntary annual verification of its non-financial information by an external audit (see Annex Independent assurance report). Towards the end of 2022, the CAE, as set out in the internal audit plan, reviewed the state of progress of the Company's ESG initiatives and the procedures for compiling and consolidating the non-financial information.

Lastly, the **Board of Directors** approves the financial and non-financial information the Company is required to disclose publicly as a listed Company.



Shopping Centre
Lagoh (Seville)



Supervision of the functioning of the system

During 2022, the documentation for certain significant processes, including the acquisition of investment properties and cash, was **reviewed and updated** to include changes in the narrative information documents and flowcharts. Work was also carried out to **verify the operation of controls** over, among others, asset appraisal processes, and management and recognition of Management Company fees, in relation to compliance with the SOCIMI framework, to the treasury processes of payables and receivables, to monitoring of investments and to the rental income cycle. No significant incidents were uncovered. Management and the Audit and Control Committee were briefed on the performance of those activities.

Moreover, the Corporate Director & CFO, together with the Audit and Control Committee, reviewed the **financial information submitted to the Spanish national securities market commission** (*Comisión Nacional del Mercado de Valores* or *CNMV*) in accordance with the established reporting calendars.

Lastly, the Corporate Director & CFO holds regular meetings with the **Chief Audit Executive (CAE) and other advisors** to discuss financial reporting criteria, as well as the reviews and updates of the ICFR system. All the required steps were carried out as outlined in the Regulations of the Board of Directors, which states that the Audit and Control Committee must:

- Discuss, together with the auditors, any significant internal weaknesses in the control system detected in the audit and, where applicable, take the appropriate measures to address them.
- Establish the proper relationships with the auditors to receive information on any matters that may compromise their independence.

Information on the ICFR system was subject to **review by the external auditor** and no inconsistencies or incidences were uncovered that could affect it.

4.2
Financial information

I. Key Indicators

During 2022 Lar España generated **revenues** of **83,591 thousand Euros** and a **Net Profit** of **72,921 thousand Euros**, being the most relevant figures the following:

● 2022 ● 2021

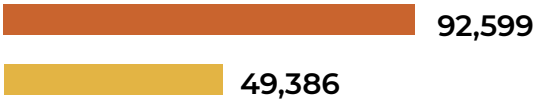
Revenues^(*)
(Thousands of euros)



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.

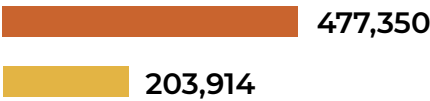


Other Financial Indicators

The Group presents the following financial indicators:

31/12/2022 31/12/2021

Working capital
(Thousands of euros)



Liquidity ratio
(%)



Solvency ratio
(%)



Net LTV
(%)



ROE
(%)



ROA
(%)



At 31 December 2022, and 31 December 2021, 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 2022, the **ROE (Return on Equity)**, which measures Group's profitability as a percentage of shareholders equity, amounted to **8.25%** (3.03% at 31 December 2021), 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 **4.26%** (1.51% at 31 December 2021).

(*) After the bonds buy-back in January 2023 the pro-forma net LTV stands at **37.1%**.



II. Consolidated Financial
Statements 31.12.2022 (IFRS)

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries
Consolidated Statement of Financial Position at 31 December 2022^(*)

| ASSETS (Thousands of euros) | 31/12/2022 | 31/12/2021 |
|---|------------|------------|
| Intangible assets | 1 | 2 |
| Investment properties | 1,199,898 | 1,423,848 |
| Equity-accounted investees | 1,450 | 1,477 |
| Non-current financial assets | 11,868 | 14,422 |
| Trade and other receivables non-current | 5,615 | 11,586 |
| NON-CURRENT ASSETS | 1,218,832 | 1,451,335 |
| Non-current assets held for sale | 287,964 | - |
| Trade and other receivables | 11,744 | 25,452 |
| Other current financial assets | 3 | 3,944 |
| Other current assets | 2,594 | 3,752 |
| Cash and cash equivalents | 197,141 | 313,199 |
| CURRENT ASSETS | 499,446 | 346,347 |
| TOTAL ASSETS | 1,718,278 | 1,797,682 |

^(*) These financial statements are an integral part of the 2022 Consolidated Annual Accounts.
On February 24 2023 Deloitte issued its unqualified audit report.



LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
and subsidiaries
Consolidated Statement of Financial
Position at 31 December 2022^(*)

| Equity and Liabilities (Thousands of euros) | 31/12/2022 | 31/12/2021 |
|---|------------------|------------------|
| Capital | 167,386 | 167,386 |
| Share premium | 452,924 | 466,176 |
| Other reserves | 205,773 | 196,903 |
| Retained earnings | 72,921 | 25,782 |
| Treasury shares | (250) | (860) |
| EQUITY | 898,754 | 855,387 |
| Financial liabilities from issue of bonds and other marketable securities | 694,434 | 693,647 |
| Loans and borrowings | 69,936 | 69,921 |
| Deferred tax liabilities | 15,578 | 15,578 |
| Other non-current liabilities | 17,480 | 20,716 |
| NON-CURRENT LIABILITIES | 797,428 | 799,862 |
| Liabilities related to non-current assets held for sale | 5,738 | - |
| Financial liabilities from issue of bonds and other marketable securities | 3,985 | 129,702 |
| Loans and borrowings | 185 | 185 |
| Other financial liabilities | 12 | - |
| Trade and other payables | 12,176 | 12,546 |
| CURRENT LIABILITIES | 22,096 | 142,433 |
| TOTAL EQUITY AND LIABILITIES | 1,718,278 | 1,797,682 |

(*) These financial statements are an integral part of the 2022 Consolidated Annual Accounts.
On February 24 2023 Deloitte issued its unqualified audit report.

Results from operations

92,599

Thousands of euros

c. 2X vs 2021

Profit for the period

72,921

Thousands of euros

c. 3X vs 2021

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Income of Financial Position at 31 December 2022^(*)

| TOTAL (Thousands of euros) | 2022 | 2021 |
|---|----------|----------|
| Revenues | 80,228 | 76,271 |
| Other income | 3,363 | 2,836 |
| Personnel expenses | (928) | (592) |
| Other expenses | (22,639) | (27,888) |
| Changes in the fair value of investment properties | 32,575 | (1,305) |
| Results of disposals of investments properties | - | 64 |
| RESULTS FROM OPERATIONS | 92,599 | 49,386 |
| Financial income | 886 | 7 |
| Financial expenses | (16,201) | (26,691) |
| Changes in the fair value of financial instruments | (4,336) | 1,465 |
| Impairment and result of disposals of financial instruments | - | (402) |
| Share in profit (loss) for the period of equity accounted companies | (27) | 395 |
| PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS | 72,921 | 24,160 |
| Income tax | - | 1,622 |
| PROFIT/(LOSS) FOR THE PERIOD | 72,921 | 25,782 |

^(*) These financial statements are an integral part of the 2022 Consolidated Annual Accounts.
On February 24 2023 Deloitte issued its unqualified audit report.



LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
and subsidiaries

Consolidated Cash Flows Position at 31 December 2022^(*)

| (Thousands of euros) | 2022 | 2021 |
|---|------------------|----------------|
| A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | 59,292 | 32,069 |
| Profit/(loss) for the period before tax | 72,921 | 24,160 |
| Adjustments | (12,255) | 27,909 |
| Changes in operating assets and liabilities | 15,366 | 693 |
| Other cash flows used in operating activities | (16,740) | (20,693) |
| B) CASH FLOWS USED IN INVESTING ACTIVITIES | (16,775) | 47,469 |
| Payments for investments (-) | (16,775) | (12,108) |
| Proceeds from divestments (+) | - | 59,577 |
| C) CASH FLOWS FROM FINANCING ACTIVITIES | (152,254) | 97,007 |
| Payments made and received for equity instruments | 411 | (5,149) |
| Proceeds from and payments for financial liability instruments | (122,700) | 128,613 |
| Payments for dividends and remuneration on other equity instruments | (29,965) | (26,457) |
| D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE | (6,321) | 2,626 |
| E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D) | (116,058) | 179,171 |
| F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD | 313,199 | 134,028 |
| G) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (E+F) | 197,141 | 313,199 |

^(*) These financial statements are an integral part of the 2022 Consolidated Annual Accounts.
On February 24 2023 Deloitte issued its unqualified audit report.

III. Financial debt

At 31 December 2022, Lar España’s debt stood **at 770,000 thousand Euros**, with an **average cost of 1.8%** and a **Net LTV ratio of 38.4%⁽¹⁾**. The **average debt maturity stood at 4.7 years**.

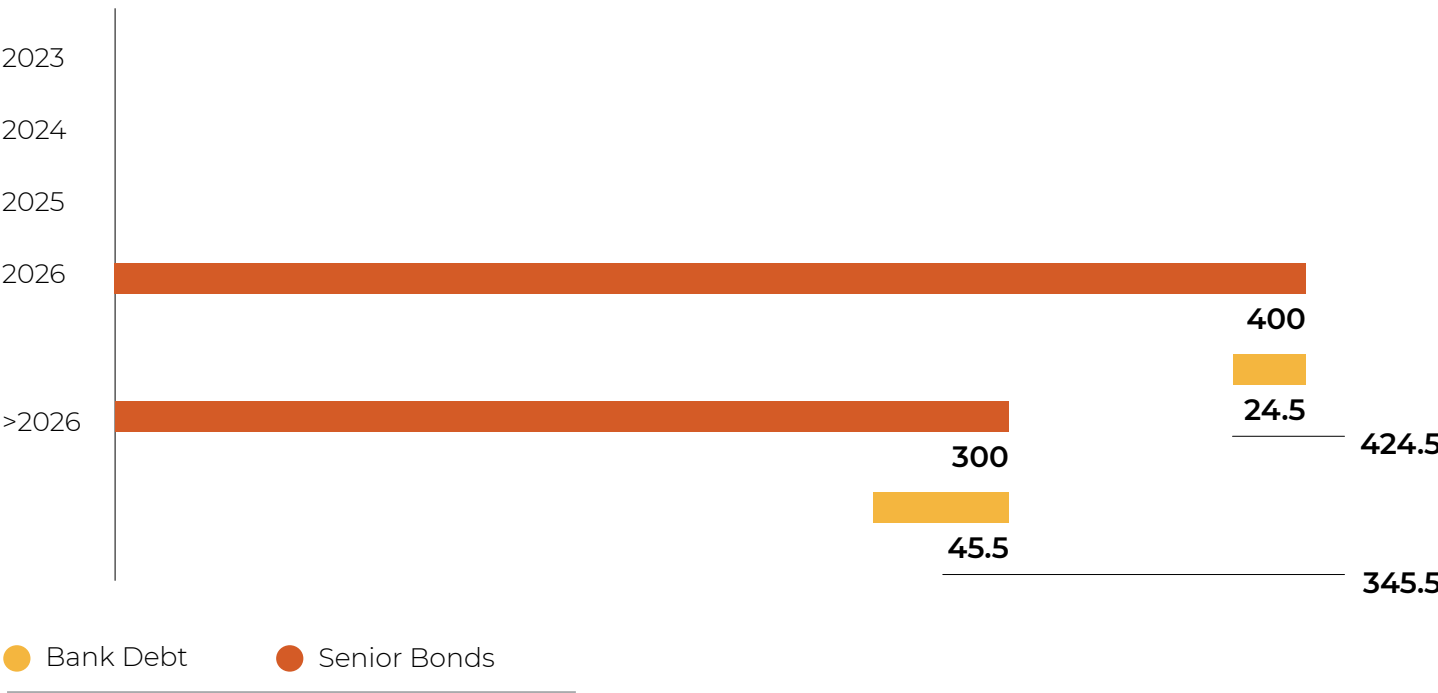
The main debt indicators and the amortisation schedule is detailed below:

| (Thousands of euros) | 31/12/2022 | 31/12/2021 |
|--|------------|------------|
| GAV | 1,473,198 | 1,423,848 |
| Full Consolidation Gross Debt ⁽²⁾ | 770,000 | 892,700 |
| Cash ⁽³⁾ | 203,620 | 313,472 |
| Total net debt ⁽²⁾ | 566,380 | 579,228 |
| Net LTV ⁽²⁾ | 38.4% | 40.7% |
| Average cost of debt | 1.8% | 1.9% |
| Average maturity period (years) | 4.7 | 4.9 |


(1) After the bonds buy-back in January 2023 the pro-forma net LTV stands at **37.1%**.
(2) Full consolidation and equity method figures included.
(3) Only available cash considered.

Thus, at the date of publication of this report, after the bonds buy-back carried out in January 2023, the pro-forma gross financial debt stands at **€660 million**, the pro-forma net LTV at **37.1%** and the average debt maturity stood at **4.8 years**.

Back-Loaded Amortisation Profile at 31 December 2022^(*)
(€ Million)



(*) Following the bond buyback in January 2023, the debt repayment profile changes and is available on page 279 of this report.



Thus, at the date of publication of this report, after the bonds buy-back carried out in January 2023, the pro-forma gross financial debt stands at **€660 million with an average cost of debt of 1.8%**, a **pro-forma Net LTV at 37.1%** and the average debt maturity stood at **4.8 years**.

In January 2023, Lar España bought back green bonds totalling €110 million so as to cancel a part of its debt once liquidation is completed and thus reduce the Company’s borrowings.

IV. Green Bonds Buy-Back

The buyback was closed at a **discount of 18%**, equivalent to a total final price of **€90.5 million** that will be fully paid using the Company’s cash resources. The resulting **liquidity will remain above €100 million, and the debt reduction will have a positive impact of around €20 million** on the 2023 income statement. The Company appointed J.P. Morgan as the only dealer manager for the transaction, which exclusively targeted certain eligible bondholders and was settled on 19 January.

This buyback deal related to the two bonds issued in 2021. The first was issued in July 2021 in the amount of €400 million at an annual fixed interest rate of 1.75%, maturing in 2026. The second was issued in November 2021 in the amount of €300 million at an annual fixed interest rate of 1.843%, maturing in 2028. Both issues were admitted to trading on the Luxembourg Stock Exchange’s Euro MTF Market.

The deal entailed the buyback of **€98 million of the first bond and €12 million of the second**, leaving a total of **€590 million** outstanding, which accounts for virtually all the Company’s debt: €302 million of the first issue maturing in 2026 and €288 million of the second issue maturing in 2028.

By redeeming the debt, the Company managed to **reduce its borrowings from 38.9% to 37.6%** of total asset value. Previously, the rating agency Fitch had already maintained the **BBB stable outlook** investment grade rating for both Lar España and its two green bond issues.

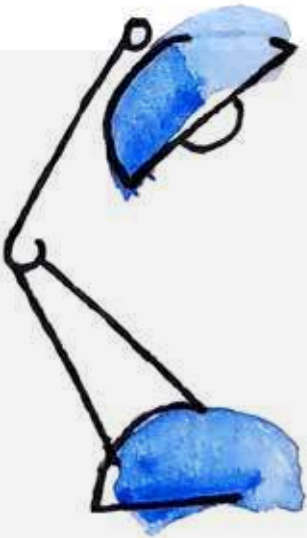
*“This move will make us **more financially agile**, while we are still in a position to strengthen our lead as the retail market recovers over the course of 2023”,* said Lar España’s Corporate Director and CFO Jon Armentia.

| | Rating | Outlook |
|--------------|--------|---------|
| FitchRatings | BBB | Stable |

(*) After the bonds buy-back in January 2023 the pro-forma net LTV stands at 37.1%.

“This move will make us **more financially agile**, while we are still in a position to strengthen our lead as the retail market recovers over the course of 2023”

Jon Armentia, Lar España's Corporate Director and CFO.



Net LTV

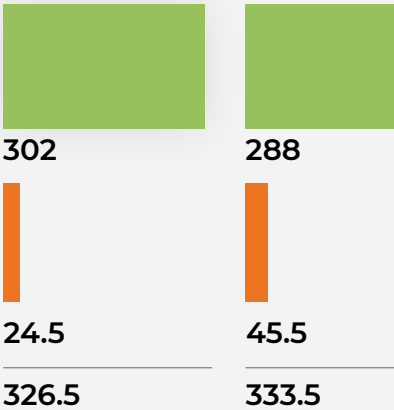
-130 bp



● December 2022 ● Currently

Pro-forma debt maturity profile
(€ Million)

2023 / 2025 → 2026 → >2026



● Bank debt ● Green Bonds



V. Shareholder Return

The **Shareholder Rate of Return** in 2022 stood at **8.45%**. 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 =
$$\frac{\text{Growth (NTA + Dividend) per share}}{\text{EPRA NTA per share 31.12.2021}}$$

Shareholder Rate
of Return

8.45%

| Shareholder Rate of Return | €/share |
|----------------------------|---------|
| EPRA NTA 31.12.21 | 10.41 |
| EPRA NTA 31.12.22 | 10.93 |
| NTA Growth 2022 | 0.52 |
| 2021 Dividend paid in 2022 | 0.36 |
| Growth (NTA + Dividend) | 0.88 |
| SHAREHOLDER RETURN 2022 | 8.45% |



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, the Company has confirmed that **it will continue to retain an attractive dividend policy**, based on the distribution of **100% of the annual EPRA Earnings** plus 50% of the capital gains obtained from the divestments made during the year.

As regards 2022, based on the cash generated during the year, and without divestments during the year, a dividend of **€50.0 million** would be payable, primarily comprising 100% of the 2022 EPRA Earnings (approximately 40 million Euros, [see page 290](#)) adjusted for the effect of the linearisation of the bonuses granted to tenants in 2020 and 2021 with an impact on the 2022 income statement but with no effect on the Company’s cash (approximately 10 million Euros).

Therefore, the pay-out to shareholders for the financial year ended on 31 December 2022 to be presented at the Annual General Meeting would be **€50.0 million**, equating to earnings of **€0.60 per share**.



Lar España continues to formed part, for **seventh consecutive year**, 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

50.0
€ Million

Dividend per share

0.60
€/ share

Dividend Yield over NAV ^(*)
(31.12.22)

5.5%

Dividend Yield over market capitalization
(31.12.22)

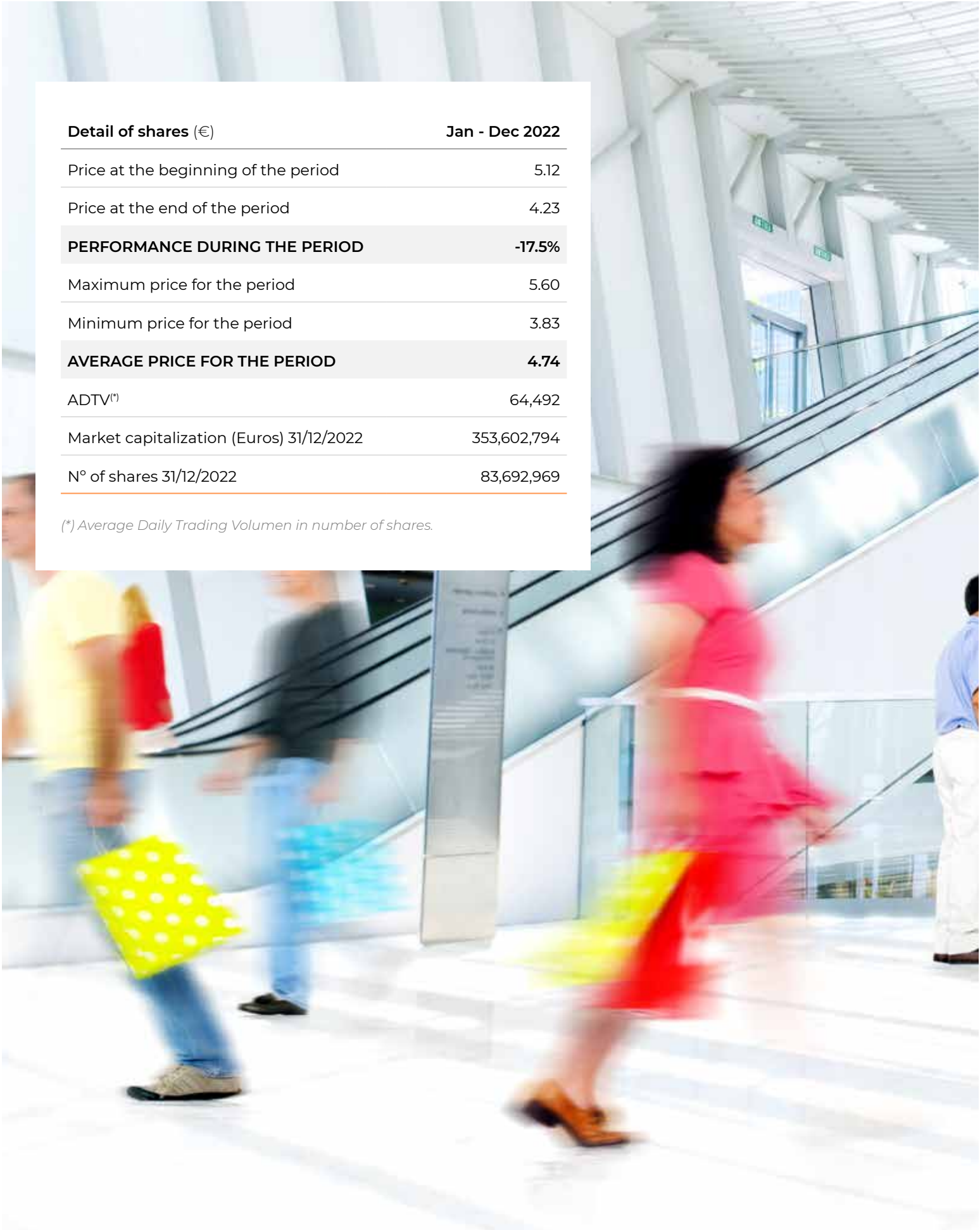
14.2%

(*) EPRA NTA

VII. Share Price Performance

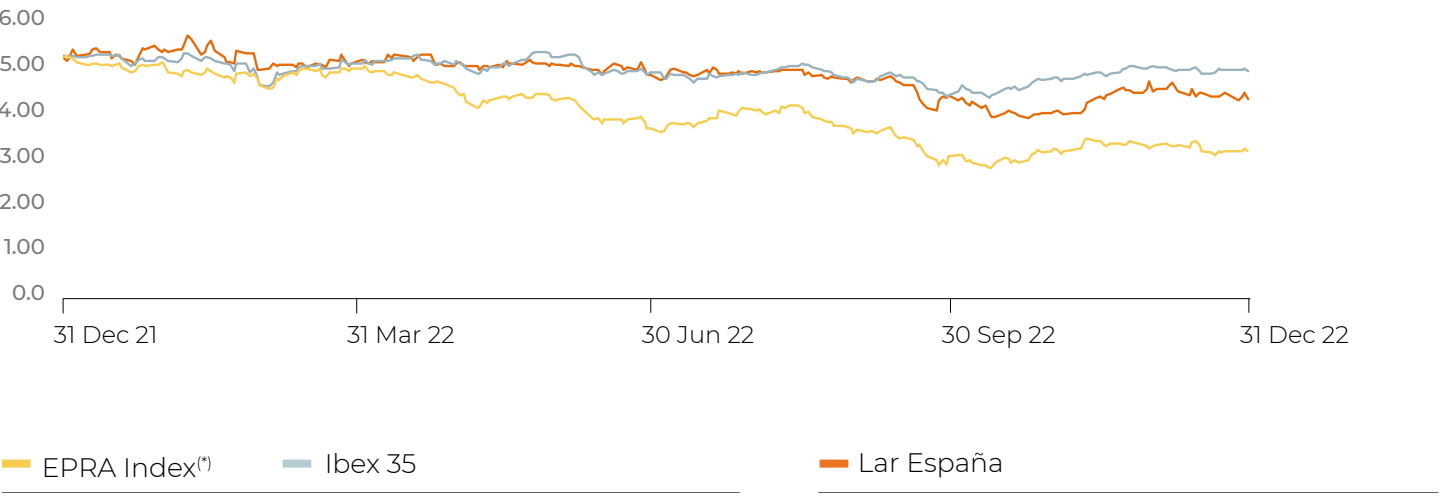
| Detail of shares (€) | Jan - Dec 2022 |
|--|----------------|
| Price at the beginning of the period | 5.12 |
| Price at the end of the period | 4.23 |
| PERFORMANCE DURING THE PERIOD | -17.5% |
| Maximum price for the period | 5.60 |
| Minimum price for the period | 3.83 |
| AVERAGE PRICE FOR THE PERIOD | 4.74 |
| ADTV ^(*) | 64,492 |
| Market capitalization (Euros) 31/12/2022 | 353,602,794 |
| Nº of shares 31/12/2022 | 83,692,969 |

(*) Average Daily Trading Volumen in number of shares.



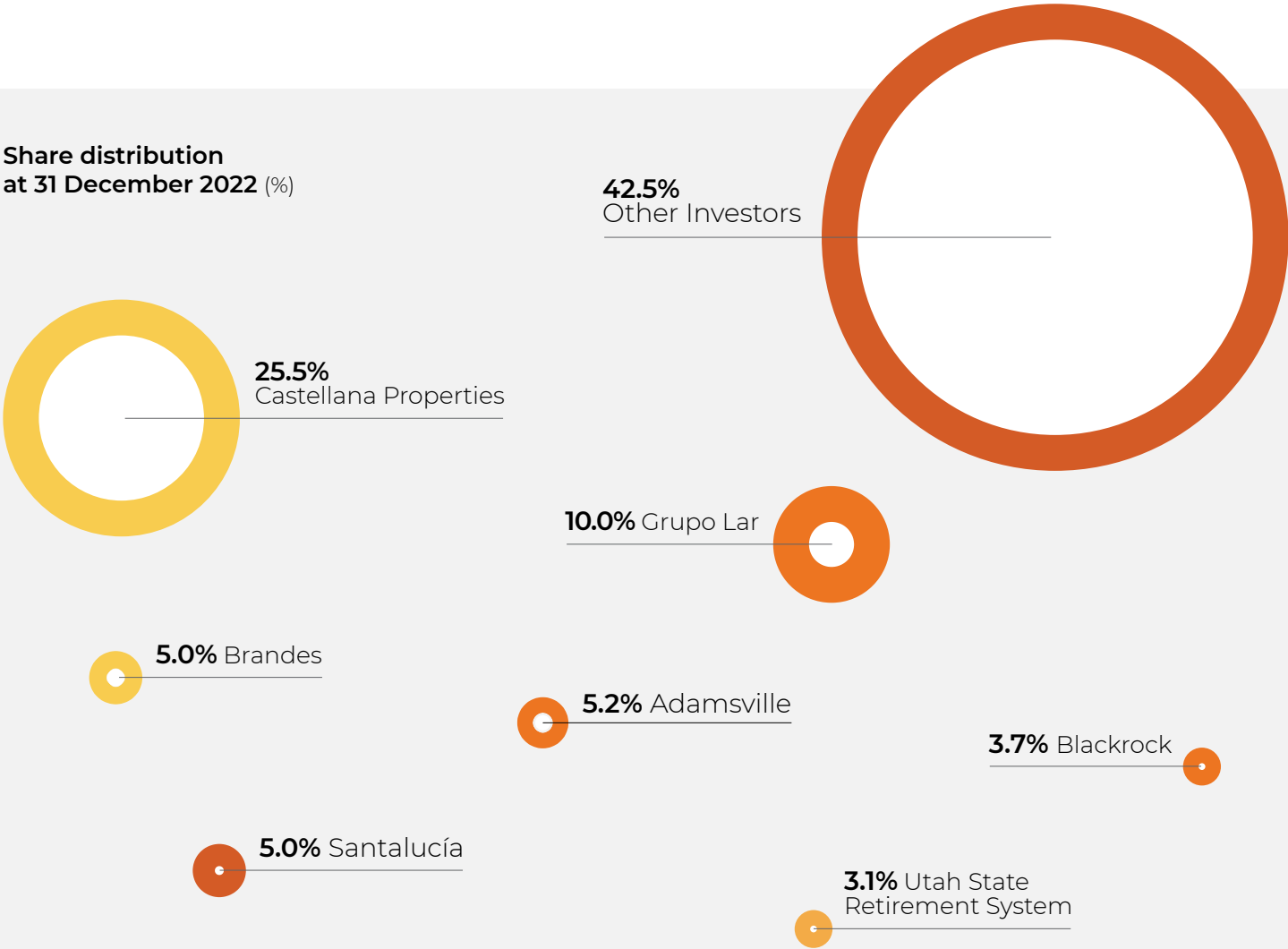
The **share price performance** during 2022 compared with the IBEX 35 and EPRA Index performance can be seen in the following graph:

Lar España share price performance vs Ibex 35 and EPRA Index
(January-December 2022)



(*) Sectoral European reference index.

**Share distribution
at 31 December 2022 (%)**



VIII. Analyst Recommendations

As of the date of this annual report, Lar España has the coverage of 10 analysts, whose average target price is **€7.22**.

70.8%^(*)

Potential
Return

100%

Positive
recommendations
Sell-Side

78% Buy





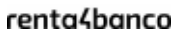

















22% Hold



0% Sell



| Broker | Recommendation | Analysis Date | Target Price (Euros) |
|--|--|---------------|----------------------|
|  BESTINVER |  Buy | 01/03/23 | 7.70 |
|  GVC Gaesco |  Buy | 28/02/23 | 8.65 |
|  renta4banco |  Buy | 28/02/23 | 7.30 |
|  JBCapitalMarkets |  Buy | 28/02/23 | 7.00 |
|  Sabadell |  Buy | 23/02/23 | 6.38 |
|  intermoney valores sv |  Buy | 27/02/23 | 8.00 |
|  MORNINGSTAR [®] |  Buy | 20/07/22 | 5.64 |
|  bankinter |  Hold | 20/12/21 | 5.38 |
|  MIRABAUD |  N.A | 17/05/21 | Under review |
|  Santander |  Hold | 15/05/20 | 8.90 |

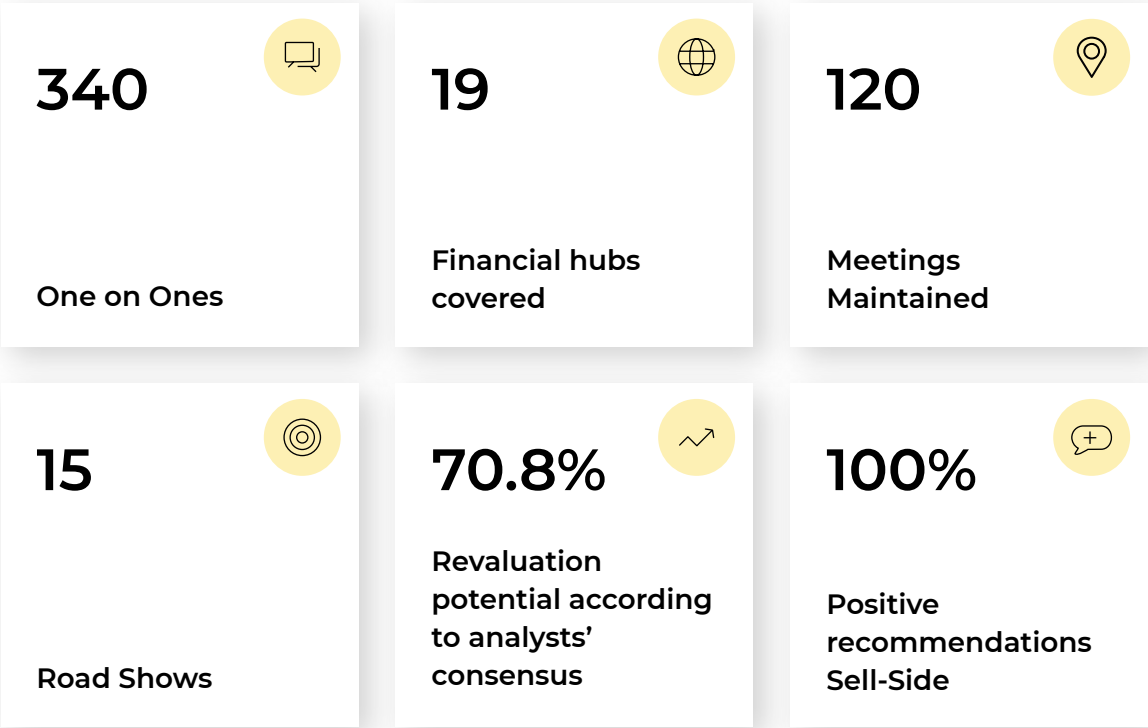
Source: Bloomberg

(*) Taken into account the average target price and the price at the end of the period, at 31 December 2022.



Shopping Centre
Gran Vía (Vigo)

Investor relations activity in 2022



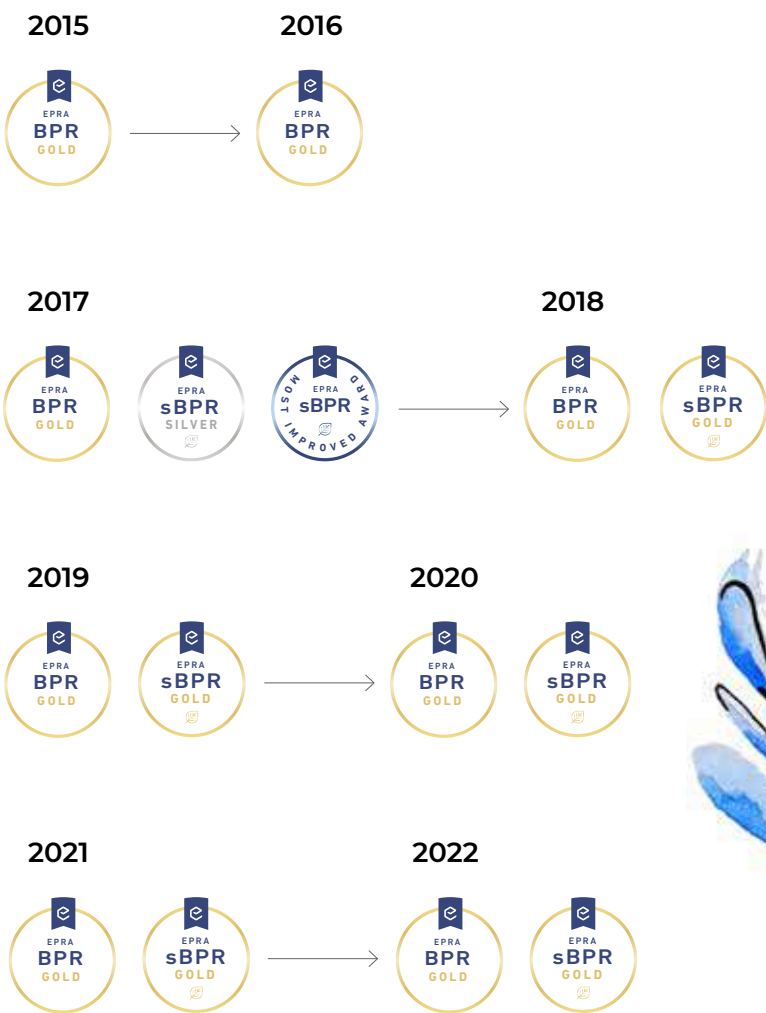
Media



€ 14.5 Mn

Appearances in media and on social networks have generated an estimated value equivalent to €14.5 million in hard copy and online press.

In September 2022, for the **eighth consecutive year**, **Lar España was awarded the EPRA Gold Award** for the quality of **financial information** made available to its stakeholders and for the **fifth consecutive year** for the quality of the **ESG information**.



4.3

EPRA information

In **February 2022**, 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, including an analysis ratio regarding the leverage of companies, the EPRA LTV.

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.

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 2022**, for the eighth **consecutive year**, Lar España was awarded the **EPRA Gold Award** for the quality of **financial information** made available to its main interest groups. Regarding the information published about **ESG**, Lar España also obtained the highest distinction by EPRA, achieving for the **fifth 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 state companies clearer, more transparent and comparable across Europe.

(2) "Best Practices Recommendations - BPR" available at www.epra.com



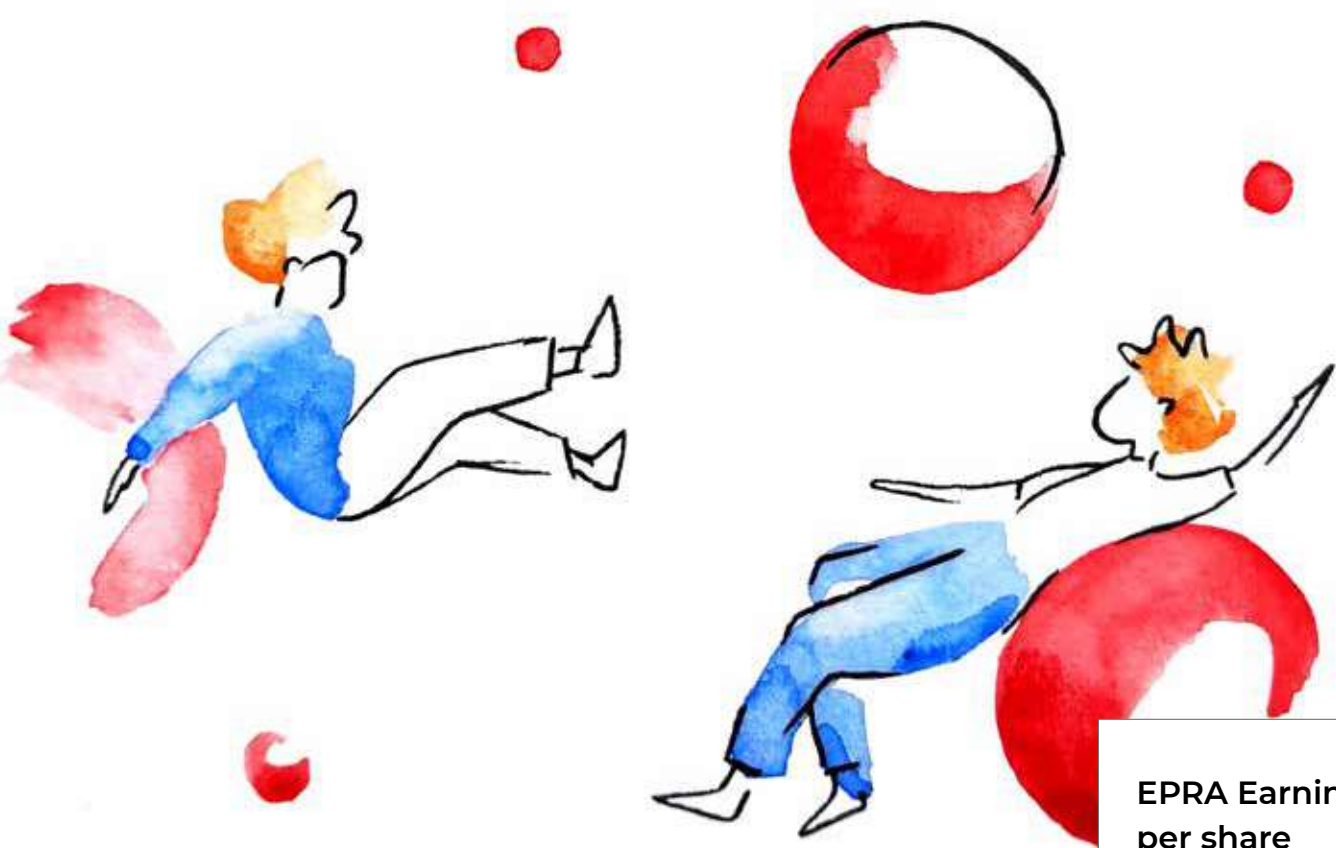
Key performance indicators described in the Best Practices Recomendations developed by EPRA are shown as follows:



| | | | 31/12/2022 | 31/12/2022 |
|---|--|-----------|---------------------------|-------------------|
| Indicator | Description | Reference | (Thousands of euros) (%) | (Euros per share) |
| EPRA Earnings | Earnings from operational activities. | Page. 290 | 40,346 | 0.48 |
| EPRA NTA | Net Tangible Assets, assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. | Page. 292 | 914,332 | 10.93 |
| EPRA NRV | Net Reinstatement Value, assumes that entities never sell assets and aims to represent the value required to rebuild the entity. | Page. 292 | 948,208 | 11.34 |
| 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. 292 | 898,754 | 10.75 |
| 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. 294 | 5.6% | |
| 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. 294 | 5.9% | |
| EPRA Vacancy Rate | Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio. | Page. 295 | 3.5% | |
| EPRA Cost Ratio | Administrative & operating costs (including direct vacancy costs) divided by gross rental income. | Page. 296 | 22.5% | |
| EPRA Cost Ratio (excluding costs of direct vacancy) | Administrative & operating costs (including direct vacancy costs) divided by gross rental income. | Page. 296 | 19.8% | |
| EPRA LTV Ratio | EPRA ratio that assesses the Company's leverage by the ratio of net debt (including issuances, bank financing, short and long term trade liabilities), and the fair value of assets (considering property at market valuation, as well as the value of intangible assets and receivables). | Page. 297 | 39.4% ^(*) (**) | |

(*) New ratio introduced in the February 2022 update of the EPRA Best Practices and Recommendations Manual. See Glossary for a description of terminology.

(**) After the bonds buy-back in January 2023 the pro-forma EPRA LTV stands at 38.1%.



EPRA Earnings
per share

+70%
vs 2021

EPRA Earnings

| (Thousands of euros) | 2022 | 2021 |
|---|-------------------|-------------------|
| EARNINGS PER IFRS INCOME STATEMENT | 72,921 | 25,782 |
| Change in value of investment properties | (32,575) | 1,305 |
| Profits or losses on disposal of investment properties | - | (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) |
| 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 | 40,346 | 23,936 |
| Weighted average number of shares (excluding treasury shares) | 83,588,177 | 84,189,058 |
| EPRA EARNINGS PER SHARE (EUROS) | 0.48 | 0.28 |

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.

(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) | | | | 31/12/2022 | | | 31/12/2021 | | |
|--|----------------------------------|--------------------------------------|---------------------------------|----------------------------------|--------------------------------------|---------------------------------|------------|--|--|
| | 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 | 898,754 | 898,754 | 898,754 | 855,387 | 855,387 | 855,387 | | | |
| (I) Hybrid Instruments | - | - | - | - | - | - | | | |
| Diluted NAV | 898,754 | 898,754 | 898,754 | 855,387 | 855,387 | 855,387 | | | |
| 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 | 898,754 | 898,754 | 898,754 | 855,387 | 855,387 | 855,387 | | | |
| Exclude | | | | | | | | | |
| (V) Deferred Tax in relation to fair value gains of IP | 15,578 | 15,578 | n.a | 15,578 | 15,578 | n.a | | | |
| (VI) Fair value of financial instruments | - | - | n.a | (1,465) | (1,465) | 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 | - | 33,876 | n.a | - | 26,273 | n.a | | | |
| NAV | 914,332 | 948,208 | 898,754 | 869,501 | 895,774 | 855,387 | | | |
| Number of shares (excluding treasury shares) | 83,636,255 | 83,636,255 | 83,636,255 | 83,561,999 | 83,561,999 | 83,561,999 | | | |
| NAV per share | 10.93 ^(*) | 11.34 ⁽¹⁾ | 10.75 ^(*) | 10.41 | 10.72 | 10.24 | | | |

Figures may not match due to rounding.

(*) When analyzing the evolution of this measure it is important to take into account the dividend paid in Q2 2022 (0.36€/share).



Shopping Centre
Ànec Blau (Barcelona)

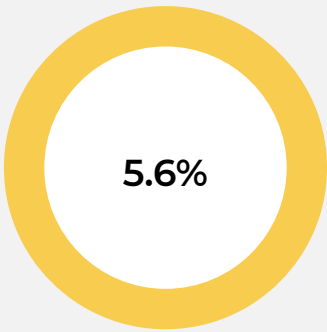
EPRA NIY and EPRA “topped-up” NIY

| (Thousands of euros) | Total Shopping Centres | Total Retail Parks | Total Lar España |
|---|------------------------|--------------------|------------------|
| Completed Property Portfolio | 968,998 | 504,200 | 1,473,198 |
| Allowance for estimated purchasers costs | 24,060 | 9,816 | 33,876 |
| Gross up completed property portfolio valuation (A) | 993,057 | 514,016 | 1,507,074 |
| Annualised cash passing rental income | 61,616 | 32,609 | 94,224 |
| Property outgoings | (6,138) | (3,009) | (9,147) |
| Annualised net rents (B) | 55,478 | 29,599 | 85,077 |
| Notional rent expiration of rent free periods or other lease incentives | 2,332 | 1,926 | 4,258 |
| Topped-up net annualised rents (C) | 57,809 | 31,525 | 89,335 |
| EPRA NET INITIAL YIELD (B/A) | 5.6% | 5.8% | 5.6% |
| EPRA TOPPED-UP NET INITIAL YIELD (C/A) | 5.8% | 6.1% | 5.9% |

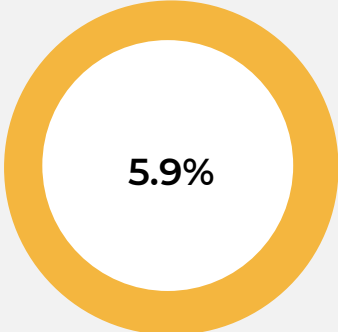
Figures may not match due to rounding.

Yields(*)

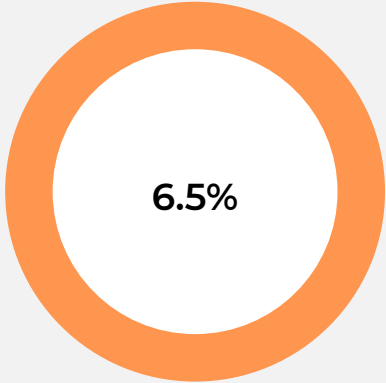
EPRA
NIY



EPRA
Topped-up NIY



Reversionary
NIY



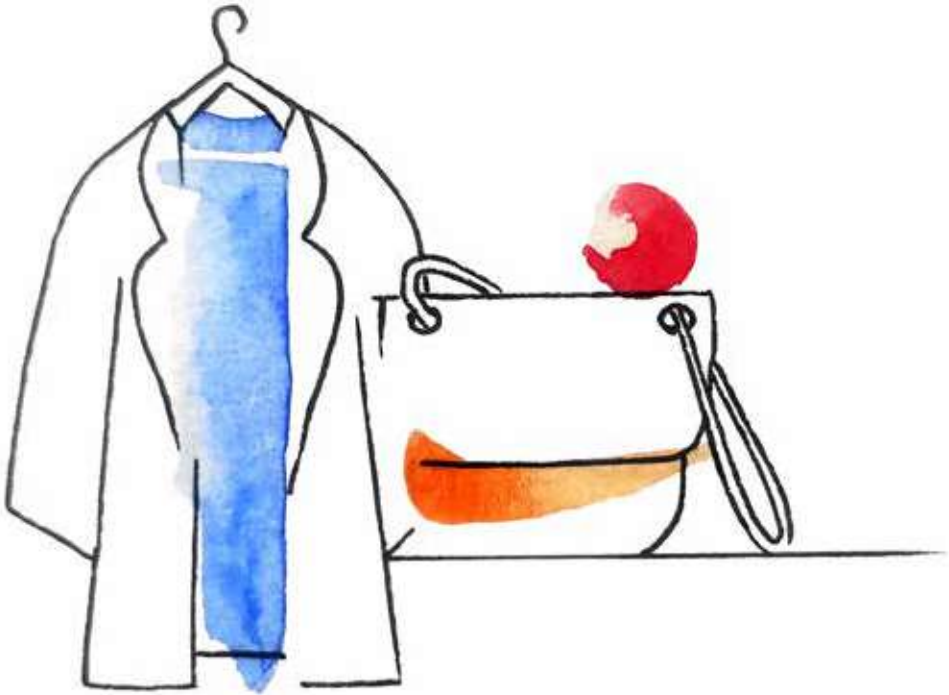
Potential growth →

(*) At 31 December 2021, EPRA NIY, EPRA Topped-up NIY and Reversionary Yield amounted to 5.7%, 5.9% and 6.7% respectively.

EPRA Vacancy Rate

EPRA Vacancy
Rate

3.5%



| | 31/12/2022 | | |
|------------------|-----------------------------|--|-----------------------------|
| | ERV (Thousands of euros) | ERV Vacancy (Thousands of euros) | EPRA Vacancy Rate (%) |
| Shopping Centres | 64,208 | 2,503 | 3.9% |
| Retail Parks | 33,298 | 885 | 2.7% |
| TOTAL LAR ESPAÑA | 97,506 | 3,388 | 3.5% |

As illustrated, Lar España managed to reduce its Vacancy Rate from 4.8% in 2021 to **3.5% in 2022**. The decrease was the result of the Company's **active management of the portfolio**, with **90% more**

transactions closed in 2022 than 2021, giving rise to an increase in the assets' physical occupancy. There was also a generalised decrease in ERVs of vacant space, above all in shopping centres.

| | 31/12/2021 | | |
|------------------|-----------------------------|--|-----------------------------|
| | 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 Cost Ratios

| (Thousands of euros) | 2022 | 2021 |
|--|-----------------|-----------------|
| Administrative expenses | (928) | (592) |
| Operating costs net of recoverable income ⁽¹⁾⁽²⁾⁽³⁾ | (16,328) | (21,167) |
| Administrative/operating expenses in associates | - | - |
| EPRA Cost (including vacancy cost) (A) | (17,256) | (21,759) |
| Direct vacancy costs | (2,083) | (2,071) |
| EPRA Cost (excluding vacancy cost) (B) | (15,173) | (19,688) |
| Gross Rental Income less ground rent costs-per IFRS ⁽⁴⁾ | 82,915 | 78,739 |
| Net associated costs (net service charge) ⁽³⁾ | (6,311) | (6,721) |
| Gross Rental Income (C) | 76,604 | 72,018 |
| EPRA COST RATIO (including direct vacancy costs) A/C | 22.5% | 30.2% |
| EPRA COST RATIO (excluding direct vacancy costs) B/C | 19.8% | 27.3% |

Considering recurring expenses alone, the **EPRA Cost Ratio in 2022– including direct vacancy costs – would be 16.4%, while if we exclude those costs, this ratio would stand at 14.2%.**

The respective values for the year 2021 would be **19.4% including direct vacancy costs and 17.1% 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.

(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.

EPRA LTV

| 31/12/2022 | | | | | |
|--|--------------------------|---------------------------------|---------------------------------|------------------------------|----------------------------|
| | | Proportionate Consolidation (B) | | | |
| (Thousands of euros) | Group as reported (A) | Share of Joint Ventures | Share of Material Associates | Non-controlling Interests | Combined (A+B) |
| Include: | | | | | |
| Borrowings from Financial Institutions | 70,000 | - | - | - | 70,000 |
| Commercial paper | - | - | - | - | - |
| Hybrids (including convertibles, preference shares, debt, options, perpetuals) | - | - | - | - | - |
| Bond loans | 700,000 | - | - | - | 700,000 |
| Foreign currency derivatives (futures, swaps, options and forwards) | - | - | - | - | - |
| Net payables | 24,726 | - | - | - | 24,726 |
| Owner-occupied property (debt) | - | - | - | - | - |
| Current accounts (equity characteristic) | - | - | - | - | - |
| Exclude: | | | | | |
| Cash and cash equivalents | (203,462) | (158) | - | - | (203,620) |
| NET DEBT (A) | 591,264 | (158) | - | - | 591,106 |
| Include: | | | | | |
| Owner-occupied property | - | - | - | - | - |
| Investment properties at fair value | 1,199,898 | - | - | - | 1,199,898 |
| Properties held for sale | 278,661 | - | - | - | 278,661 |
| Properties under development | - | - | - | - | - |
| Intangibles | 1 | - | - | - | 1 |
| Net receivables | 19,956 | - | - | - | 19,956 |
| Financial assets | - | - | - | - | - |
| TOTAL PROPERTY VALUE (B) | 1,498,516 | - | - | - | 1,498,516 |
| | | | | | |
| LTV (A/B) | 39.5% | | | | 39.4%^(*) |

(*) After the bonds buy-back in January 2023 the pro-forma EPRA LTV stands at **38.1%**.

| 31/12/2021 | | | | | |
|--|---------------------------------|----------------------------|---------------------------------|------------------------------|-------------------|
| | Proportionate Consolidation (B) | | | | |
| (Thousands of euros) | Group as reported (A) | Share of Joint Ventures | Share of Material Associates | Non-controlling Interests | Combined (A+B) |
| Include: | | | | | |
| Borrowings from Financial Institutions | 70,000 | - | - | - | 70,000 |
| Commercial paper | - | - | - | - | - |
| Hybrids (including convertibles, preference shares, debt, options, perpetuals) | - | - | - | - | - |
| Bond loans | 822,700 | - | - | - | 822,700 |
| Foreign currency derivatives (futures, swaps, options and forwards) | - | - | - | - | - |
| Net payables | 26,027 | - | - | - | 26,027 |
| Owner-occupied property (debt) | - | - | - | - | - |
| Current accounts (equity characteristic) | - | - | - | - | - |
| Exclude: | | | | | |
| Cash and cash equivalents | (313,199) | (273) | - | - | (313,472) |
| NET DEBT (A) | 605,528 | (273) | - | - | 605,255 |
| Include: | | | | | |
| Owner-occupied property | - | - | - | - | - |
| Investment properties at fair value | 1,423,848 | - | - | - | 1,423,848 |
| Properties held for sale | - | - | - | - | - |
| Properties under development | - | - | - | - | - |
| Intangibles | 2 | - | - | - | 2 |
| Net receivables | 44,734 | - | - | - | 44,734 |
| Financial assets | - | - | - | - | - |
| TOTAL PROPERTY VALUE (B) | 1,468,584 | - | - | - | 1,468,584 |
| | | | | | |
| LTV (A/B) | 41.2% | | | | 41.2% |

Annex

5

5.1

About this
Annual Report
301

5.2

TCFD
Climate Risk
Assessment
303

5.3

List of projects &
social initiatives
309

5.4

Independent
Review
326

5.5

GRI & EPRA
sBPR Index
330

5.6

Glossary
340

The reporting content addresses the material topics identified by Lar España in 2022 based on the **materiality assessment** performed and was prepared in accordance with Spanish and international principles and standards, with a focus on **transparency and reliability of information**.



5.1

About this Annual Report

Scope of information

The information included in the **2022 Annual Report** refers to all activities carried out by Lar España Real Estate SOCIMI, S.A. and subsidiaries (the Group) from 1 January to 31 December 2022.

The last report issued by Lar España covered the period from 1 January to 31 December 2021. The organization has not undergone any material change in reporting scope affecting the information presented herein.

The information presented in this report refers to both the **key financial and non-financial performances of Lar España’s portfolio**.

For more specific disclosures on certain topics this report **also takes from other reports**, (e.g., the Group’s consolidated financial statements for the year ended 31 December 2022 to strengthen financial disclosures).

Standards and references

The reporting content addresses the material topics identified by Lar España in 2022 based on the **materiality assessment performed** (section 1.7 *Material assessment* of this report) and was prepared in accordance with the following principles and standards, with a focus on transparency and reliability of information:

| | |
|---|--|
| EPRA (European Public Real Estate Association) | The guidelines set out in the latest EPRA Sustainability Best Practices Recommendations (EPRA sBPR) for the real estate sector issued by the Reporting & Accounting Committee and the EPRA Sustainability guidelines issued in 2017 for including non-financial content. |
| GRI (Global Reporting Initiative) | The guidelines in the GRI Standards, Core option, and the criteria and principles for determining reporting content and quality covered by the most recent version of these guidelines (2021). |
| IIRC (International Integrated Reporting Framework) | The latest version, 2021, for embedding strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, consistency and comparability. |



The purpose was to address the basic material topics identified in the materiality assessment carried out by Lar España, which took into account materiality by topic and stakeholder, reporting at least one indicator on the topics considered relevant to Lar España.

Presentation of the organization’s performance in 2022 required applying the following principles, in accordance with the guidelines set out by the updated GRI Standards for sustainability reports:

- Principles for defining **report content:** stakeholder inclusiveness, sustainability context and completeness.
- Principles for defining **report quality:** balance, comparability, accuracy, timeliness, clarity and reliability.

Independent assurance

An **external third party** has performed a **limited review** of the information related to sustainability contained in this Annual Report using the GRI Sustainability Reporting Standards (GRI Standards) guide as a reference. The guide includes a set of principles and indicators and is included in the Annex to this report.

Contact details

Anyone wishing further information about the 2022 Annual Report and the information contained therein may send requests 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/contact/

→ **Press**

Press office, information on news and activities of Lar España
prensa@larespana.com
+34 91 436 04 37
larespana.com/press/

→ **Information for Shareholders and Investors**

info@larespana.com
+34 91 436 04 37

5.2 TCFD Climate Risk Assessment

As we have described in this report, Lar España has embedded issues regarding sustainability as a whole in its business approach. **Company strategy** includes carrying out projects related to the three ESG dimensions: Environmental, Social and Governance. This rests on implementing our ESG Master Plan and applying the principles and commitments outlined in our Sustainability/ESG Policy.

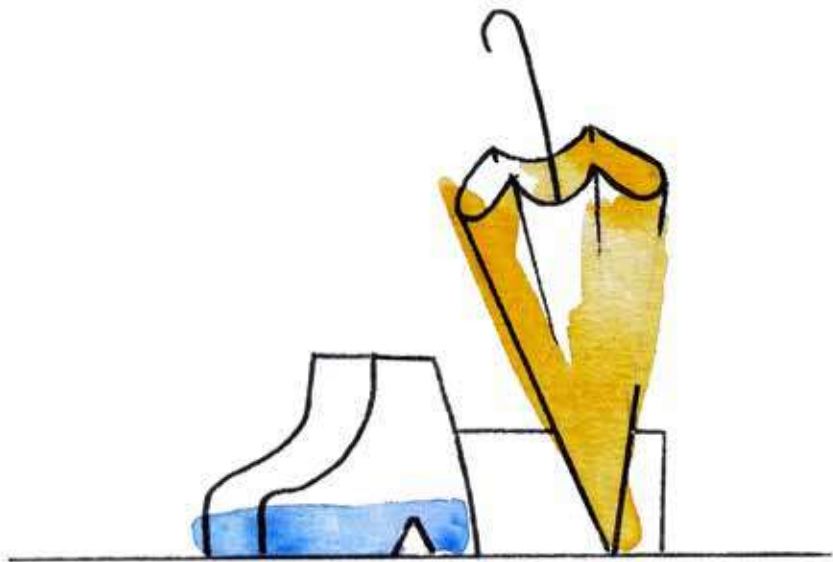
The Company knows full well that ESG issues have an impact on its value chain and that it must embed them throughout the organization to leverage the opportunities afforded by the advances in innovation and technology made in this domain which, for instance, **can raise its operating return on assets**.

Lar España considers assessing the potential climate change risks to which its portfolio could be exposed a crucial part of executing its strategy. Therefore, in 2022, it began studying the **climate-related risks of its assets under the framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD)**, which was created by the Financial Stability Board (FSB). Moreover, it framed this under the Company's commitment to further developing its **Decarbonisation Plan** to help contribute to a carbon-free world.

Through the work in this reporting, Lar España has gone a step further in **climate change mitigation and adaptation** amid an increasingly robust regulatory framework on this front, as illustrated by *Ley 7/2021, de 20 de mayo* [Spain's national statute on climate change and energy transition] and the European Green Deal, the European Union's Action Plan: Financing Sustainable Growth and the Corporate Sustainability Reporting Directive (CSRD), at Community level.

This annex sets out the **final recommendations covered by the TCFD**, the standard organised around four thematic areas: Governance, Strategy, Risk management, and Metrics and targets. The data shown are for the 2022 financial year; i.e., from 1 January to 31 December. In coming periods, the Company intends to **gradually expand its strategy, positioning and the results of its impacts as it gradually implements the study of this recommendations framework**.

The analysis is still ongoing, though the Company is currently taking and completing the related steps.



Governance

The Company’s financial context factors in both the **physical risks** arising from climate change and increasingly frequent and even adverse weather events and the **transition risks** arising from changes in legislation towards a more carbon-neutral economy.

As described in section 2.1.5 *Risk and opportunity management*, Lar España has a broad risk map that is updated annually and reviewed by the Audit Committee and the Board of Directors. Strategic risks identified for 2022 include adaptation to the **effects of climate change and environmental sustainability**.

Identifying climate change as a strategic risk prompted Lar España to go further and identify physical **climate risks in different climate scenarios and time horizons**. This analysis was conducted **asset by asset**, taking account of location and other design, construction and operational characteristics.

In the area of governance, **Lar España’s Board of Directors** oversees matters related to sustainability in the business, such as **policies and strategies**, with the assistance of the Appointments, Remuneration and Sustainability Committee and the Audit and Control Committee. For the various sustainability issues, the duties of these committees regarding the environment include:

- **Audit and Control Committee:** supervise and evaluate the preparation and integrity of financial and non-financial information and the risk management process. And supervise and ensure that the internal control and risk management policies and systems are effectively applied.
- **Appointments, Remuneration and Sustainability Committee:** monitor, evaluate and review periodically environmental and social practices in accordance with the company’s strategies and policies (Decarbonisation and carbon footprint strategy, Sustainability/ESG Policy, and ESG initiatives and projects). It also assesses the Sustainability/ESG Policy on a regular basis and relationships with stakeholders.

Both committees also report to the Board of Directors on climate matters related to their areas. The reporting mechanisms include minutes of committee meetings and presentations on the evaluation and follow-up of their basic responsibilities.

The Board also gears its efforts toward **continuously improving and mainstreaming ESG issues** throughout the Company, overseeing the performance, actions and achievements in these thematic areas.

The two committees meet as directed in Section two (3) of the CNMV's Technical Guide 1/2019. The Sustainability/ESG Policy approved by the Company's Board of Directors also covers environmental management issues, such as climate change management.

At executive level, Lar España's management teams has an ESG Committee that is below and reports directly to these committees. The **ESG Committee** is an **operating body composed of heads of the various areas involved in managing the company's assets**. It is tasked with promoting sustainability through the main departments involved in asset management taking into account technical, operational and financial aspects. Its responsibilities include drawing up the Energy Efficiency Plan, registering the carbon footprint, securing certifications, implementing strategies, drafting policies and designing projects.

Specifically, areas involved in managing climate change-related issues include:

Specific areas:

- **Technical Department:** responsible for assessing and/or applying indicators and/or technologies related to assets' energy efficiency and climate impact.
- **Corporate and Finance Department:** responsible for coordinating the Company's strategic interests in the climate change domain. Its tasks also include gathering and analysing the environmental performance indicators (e.g., emissions, consumption, waste) of the Real Estate assets.

Other areas:

- **Asset Management:** responsible for managing assets and monitoring execution of certain projects and maintaining contact with lessees.
- **Property Management:** responsible for marketing the assets, liaising with lessees and supervising the managers' day-to-day running of the shopping centres.

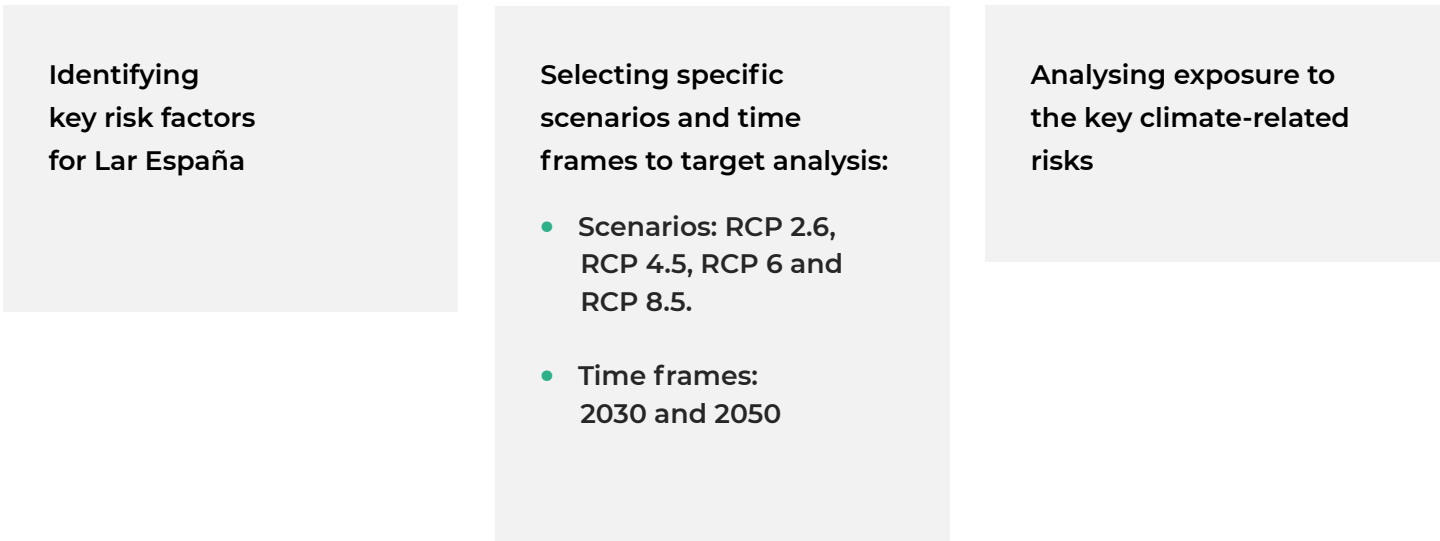


Strategy

At present, **Lar España is assessing its climate-related risks and opportunities**. In this road map, it started by **assessing the physical risks of its portfolio**.

In its climate-risk analysis, Lar España assessed **physical risks and their impacts over different time frames** (2030 and 2050) and in terms of the concentration of emissions according to the IPCC scenarios (RCP 2.6, RCP 4.5, RCP 6 and RCP 8.5), always bearing in mind the location of its assets.

Also, based on the type of business of a SOCIMI (Spanish REIT) assessment of medium- and long-term climate risks is important for identifying risks at corporate level. The findings can be used to design the Company's strategy for using investment and disposal tools, enabling it to pinpoint the areas affected most and the type of assets that are less resilient.



In its risk assessment, **the Company engaged a team of external consultants** that used mathematical models to assess exposure of assets to a range of risk factors in the different scenarios. Among the risks analysed, the following were **identified** as having the potential to affect Lar España's assets:

- Variability of temperatures
- Water stress
- Heat waves
- Heavy precipitation (rain, hail, snow or ice)
- Forest fires
- Changes in temperatures (air, freshwater, seawater)
- Drought
- Floods
- Changes in precipitation



Surveys of
heads of
specific areas.

The analysis shows that **materialisation of these physical risk factors** would have an **impact on activity and financial performance** in the portfolio.

After assessing the exposure of assets to these physical risk factors based on location, we conducted a **quantitative analysis of the physical risks of each asset** considering the following variables:

Risk = probability × vulnerability × adaptation

- The **probability of occurrence** of the risk, calculated based on the change of risk factors of each scenario and time frame analysed relative to historical levels. The greater the change in the risk factor, the greater the probability that the corporate risk will occur, as the conditions have changed more relative to historical data.
- The **asset's vulnerability** to risk is assessed based on the asset's performance and characteristics.
- **Adaptation** is a value that indicates the Company's perception about the effectiveness of internal measures, calculated based on the assessment by the controllers of both residual risk and inherent risk.

Risk management

Based on the assessment of physical risks as the first step in implementing the TCFD recommendations, **we evaluated exposure of assets to the various related risk factors and probability of occurrence according to their location.**

The assessment entailed studying Company-specific risks that, if they materialised, would have an impact on Lar España's businesses and financial performance.

Once these risks were identified, their impact for Lar España was then considered based on an **internal assessment carried out through surveys of heads of specific areas** as well as general areas as an additional tool to gauge perceptions of climate risks. Also, during the project, **mitigation and adaptation measures that could enhance resilience to risk** and control impact of each asset were considered bearing in mind the characteristics of their surrounding and performance.

After evaluating the magnitude of the risk for each asset, the main risks at Company-wide level were assessed and identified.

Lar España is currently working on deepening this analysis in order **to quantify the financial impact** for the Company.

The preliminary results of the most relevant risks at the consolidated level are summarized in the following table:

| Risk factor | Corporate risk | Risk assessment |
|--|--|---|
| Risk factors associated with temperature pose different corporate risks. Variability of annual average temperatures has led to an increase in temperatures in the portfolio's various locations. Moreover, temperatures have changed more throughout the day, with heat spikes during the day and more heat waves during the year. | Increase in operating costs due to intensive use of air-conditioning. | Medium short-term risk for the RCP 2.6, RCP 4.5 and RCP 8.5 scenarios, higher risks in the three long-term cases and high risk in 2050 for the RCP 8.5 scenario |
| | Disruption in construction and refurbishment work, hindered by high temperatures. | Medium risk in the three scenarios and rising in the RCP 4.5 and RCP 8.5 scenarios in 2050. |
| Water-related risks, such as higher water stress and droughts in the various locations, alongside more heat waves, affect the Company's costs for maintaining its assets' green areas. | Increase in operating expenses due to maintenance of green areas during high temperatures and amid droughts. | Medium-low risk in the three scenarios and both time frames, with slightly higher risk for the RCP 8.5 scenario in 2050. |
| Higher water stress has been identified in several points in Spain's geography and droughts can result in water-supply risks. | Interruptions in the business due to difficulties providing basic services related to water consumption. | Medium-low risk for all scenarios and time frames. |

Other assessed risks, but with a smaller impact for the Company because of its resilience thanks to its business model in addition to the climate adaptation and mitigation measures applied at present, include:

- Risks arising from the increase in heavy precipitation (e.g., caused by rain, hail, snow or ice).
- Risks arising from forest fires.
- Risks arising from floods.


Should these risks materialise, however, they would still result in increased maintenance costs for the Company due to the higher frequency of asset impairments and/or destructive capability, not to mention a related increase in the cost of insurance policies due to the higher frequency, for instance, of catastrophes and damages.


Metrics and targets

Lar España is currently stepping up its work on the framework of this TCFD recommendation.


5.3

List of projects and social initiatives

| Asset | Action | Description | Domain |
|---|--|--|---|
|  | Family Constellations | Group therapy to address a range of topics, such as problems affecting families. | Government authorities and general public |
| | Education for life | Group therapy to address a range of topics related to teaching children. | |
| | Caritas con Ucrania (Caritas with Ukraine) | Fund-raising campaign with publications of bank account and Bizum numbers for donations to Ukraine. | |
| | Cuida de ti (take care of yourself) | COVID 19 vaccination point set up by SESCAM in the outside parking lot. | |
| | Affective family interactions | Training and positive behaviours for parents. | |
| | Acabar con la Polio (end polio now) | Drive to sign up financial donors to the association. | |
| | Save the Children | Drive to sign up financial donors to the association. | |
| | Tango exhibition | Tango exhibition in the main concourse. | |
| | Dejando Huella (leaving your print) | Food drive for pets. | |
| | Happy Center | Space for games and toddlers' activities. | |
| | Haz que la vida siga girando (keep life going round) - Red Cross | Drive to sign up financial donors to the association. | |
| | Spain Freestyle Motocross Championship | Cooperation with the Spain Freestyle Motocross Championship, ticket sales and promotion. | |
| | Trampoline gymnastics exhibition | Trampoline jumping exhibition in the main concourse. | |
| | Por un mundo feliz de Sarah. (For a Happy World by Sarah) | Sale of raffle tickets to raise money for research into Spinal Muscular Atrophy (SMA) | |
| | Botijos de la luz (jugs of light) | Exhibition of earthenware jugs for sale with the proceeds going to doctors to help blind children recover their sight. | |
| | Vida rural (rural living) | Photo exhibition and talk. | |
| | Toys for charity | Toy drive. | |
| | Regala vida (give the gift of life) | Easter flower sale. | |
| | Save the planet | Environmental awareness. | |
| | Performance sales | Ticket sales for shows, etc. at the customer service point. | |


| Asset | Action | Description | Domain |
|---|---|---|----------------------|
|  | Entrepreneurs | Spanish Red Cross entrepreneur training. | NGOs and foundations |
| | Zero Hunger | Cooperation with the Albacete food bank. | |
| | COPE Ecological Drawing Contest | Special prizes awarded in the Drawing Competition with Pili Piloncha as master of ceremonies. | |
| | <i>Yo soy más fuerte</i> (I am stronger) | Campaign for the sale of solidarity bracelets to promote research into Ewing's Sarcoma. | |
| | <i>Huchas solidarias</i> (charity piggy banks) | Donations that are donated in full to breast cancer research. | |
| | <i>Por un buen recuerdo</i> (for a good memory) | Fighting for Alzheimer's research. | |
| | <i>Tierra solidaria</i> (Earth solidarity) | Donation of blood to the brotherhood of donors of Albacete. | |
| | Afanion charity pilates | Sporting event to raise funds to help children and adolescents with cancer. | |
| | <i>Carrera por la salud</i> (health fun run) | Collaboration with AMAC. | |





| Asset | Action | Description | Domain |
|---|--|---|---|
|  | ASDENT awareness campaign for research to find a cure for Dent disease | Social media awareness campaign. | Government authorities and general public |
| | 8M International Women's Day awareness campaign | Social media awareness campaign. | |
| | Caritas Ukraine aid awareness campaign | Awareness campaign in digital channels and shopping centres. | |
| | <i>Campaña Volem la teva sang</i> (Halloween) blood drive campaign | Blood drive in conjunction with Banc de Sang. | |
| | RECICLOS rollout | Rollout of the new RECICLOS recycling machine service in the shopping centre, along with an awareness campaign. | |
| | <i>Chocolatada Solidaria</i> (charity chocolate) campaign | Awareness campaign for the event conducted in one of the shopping centre's units. | |
| | Humana clothing drive communication campaign | Regular communications in social media regarding locations of containers in the shopping centre. | |
| | <i>El Huerto de Ànecblau</i> (Ànecblau vegetable garden) | A space inside the shopping centre set up to stage weekly environmental and recycling workshops for families. | |
| | Film festival (micro short film competition) | Film competition for young talent to help them execute their projects. | |
| | <i>Canal Olímpic</i> (Olympic Canal) sponsorship | Casals de Verano (summer camp), for more than 1,500 children. | |
| | <i>Sitges Mitja Marató</i> sponsorship | Sponsorship of the Sitges mini-marathon, with over 2,000 entrants. | |
| | Mediterrani marathon sponsorship | Sponsorship of the Mediterrani marathon, with over 2,000 entrants and presentation at the shopping centre. | |
| | Castelldefels petanca (bowls) sponsorship | Sponsorship and collaboration with the local petanca (bowls) group. | |
| | <i>Cursa del Capó</i> race sponsorship | Sponsorship of a local fun run, with 1,000 entrants. | |
| | Local team handball tournament sponsorship | Sponsorship of the local tournament. | |
| | Pet Friendly centre campaign | Campaign promoting the shopping centre as pet-friendly and raising awareness about animals and adoption. | |
| | Earth Hour | Participation by turning off lights and carrying out an awareness campaign. | |


| Asset | Action | Description | Domain |
|----------|--|---|---|
| ànecblau | Environmental protection awareness campaigns | Ongoing campaign delivering different messages on climate change, the environment and recycling. | Government authorities and general public |
| | Space set aside for the town council to use a tourist information centre | Space set aside in the main concourse. | |
| | Cooperation with ISTEA (ASD association) | Space set aside for free use and an awareness campaign for inclusion of individuals and families suffering from Autism spectrum disorder (ASD). | NGOs and foundations |
| | No child without a toy campaign | Toy drive carried out in conjunction with campaign manager in support of the Castelldefels Red Cross association. | |
| | Space set aside for UNHCR to oppose the war in Ukraine | Space set aside and dissemination on social media. | |
| | Space set aside for use by Cris Cancer Foundation | Space set aside and dissemination on social media. | |
| | Space set aside for Rossistirem to sell flowers for charity | Space set aside and dissemination on social media. | |
| | Space set aside for use by Save the Children | Space set aside. | |




| Asset | Action | Description | Domain |
|---|---|--|---|
|  | <i>Donar es de Cine</i> (donate and go to the cinema) | Shoppers who come to the centre to donate at the blood mobile get a free ticket to the cinema. | Government authorities and general public |
| | World Cancer Day | As Termas disseminated the <i>No todos somos iguales frente al cáncer</i> (we're not all the same against cancer) campaign on its social media platforms. | |
| | International Women's Day | As Termas made a video with women who work at the shopping centre in honour of International Women's Day. | |
| | Earth Hour | We joined the Earth Hour initiative and turned off the lights on the shopping centre's façade, the floodlights in the flower boxes and a third of the car park's lights. | |
| | <i>Hacemos Lugo</i> (Let's make Lugo) campaign | Launch of a promotional campaign highlighting entrepreneurs from Lugo who operate in the shopping centre as an ideal place to set up their business with the aim of forging relationships with the local community, conveying that Lugo's commerce is also clearly present in As Termas. | |
| | <i>Hola Familia</i> (Hello family) | Exclusive family-oriented activities comprising educational workshops scheduled annually. | |
| | Playroom | Space with games and activities for children aged 3-10, with monthly schedules for educational activities, games and children's performances. Service offered to helps parents leave their children watched over while they shop. | |
| | <i>Arde Lucus</i> (Burn Lugo) exhibition | Free exhibition on the history and evolution of the local Arde Lucus festival throughout the years. The exhibition comprises 11 information panels showing the celebration's official posters and photos from its first edition. | |
| | School ecological drawing contest | School ecological themed drawing contest in which all schools in the province are invited to take part. | |
| | Toy drive | Toy drive campaign held from 1 to 24 December 2023. | |
| | <i>As Termas Suma</i> (As Terms does its part) | CSR competition, with any local NGO eligible to enter its project. The winner receives EUR 3,000 for funding its project. | NGOs and Foundations |
| | <i>Punto Solidario</i> (Solidarity spot) | Space set aside in the shopping centre for free use by NGOs to sign up members and raise awareness. | |

| Asset | Action | Description | Domain |
|---|--|---|---|
|  | <i>Donar es de Cine</i> (donate and go to the cinema) | Blood drives (February and September). El Rosal gives a free ticket to the cinema to each donor who gives blood at the shopping centre. | Government authorities and general public |
| | <i>Más Salud, Más Bierzo</i> (More Bierzo, better health) | Workshops, talks, presentations, e.g., by Ponferrada Clinic at its stand. Activities carried out year-round. | |
| | World Cancer Day | Personal interviews in the coworking space in which people who have dealt with cancer share their experiences. | |
| | Ukraine aid | Space set aside for Caritas and publicity on the shopping centre's social media platforms and website for cooperation and communication. | |
| | Escape room "Finding Dory" | Celebration of World Alzheimer's Day with the Bierzo Alzheimer association. | |
| | Cooperation with the Bemibre basketball club | Purchase of the club's sporting equipment in the Fórum El Rosal shop. | |
| | EscaparArte | Space set aside for local artists to display their works in the EscaparArte creative space. | |
| | Cooperation with the Ponferrada soup kitchen and transient accommodation | Space set aside to collect food as part of the cooperation with the project carried out by Mr. Spain in conjunction with the Ponferrada soup kitchen and transient accommodation. | |
| | Sports on the terrace | Space in the outdoor terrace set aside for the Altafit gym to carry out an activity to promote sports. | |
| | 3x3 basketball tournament | Staging of a 3x3 basketball tournament in the El Rosal facilities in conjunction with the Ponferrada Basketball Club. | |
| | RECICLOS - 2 machines, space set aside free | Space set aside for the installation of two packaging recycling containers. | |
| | Ambival(i)entes exhibition | Celebration of the AMBI Bierzo people with disabilities' association's 25-year anniversary in EscaparArte El Rosal. | |
| | Earth Hour | El Rosal joins the Earth Hour initiative and switches off the lights of its façade for an hour. | |
| | Citizen card ATM | Space set aside free for a citizen card ATM. | |
| | <i>Punto Solidario</i> (Solidarity spot) | Space set aside free of charge for several NGOs to sign up members, give out information about their activities, etc. | NGOs and Foundations |
| | Red Cross toy drive | Collection of toys during the Christmas holidays. | |


| Asset | Action | Description | Domain |
|---|--|--|---|
|  | Selfie Point | Local painter Elara Elvira was hired to redesign the shopping centre's Selfie Point. | Government authorities and general public |
| | Cooperation with the + Xuntos contra la violencia de xénero (+ together against gender violence) charity race. | We joined the first + Xuntos contra la violencia de Xénero charity race organised by the Asociación Mulleres en Igualdade de Vigo equal rights association. | |
| | Plant donation | Plant donation for local public hospitals. | |
| | TESLA and Iberdrola superchargers | Opening of a new Tesla supercharger and Iberdrola EV charging station. | |
| | Ecoembes RECICLOS recycling machine | Installation of Ecoembes RECICLOS recycling machines that reward customers for recycling. | |
| | Used oil recycling container in the Ecological Space | Addition of a new container for customers to dispose of their used oil. | |
| | Earth Hour | We joined the Earth Hour initiative and turned off the lights on the shopping centre's façade, the floodlights in the flower boxes and a third of the car park's lights. | |
| | World Water Day | We joined World Water Day and turned off the fountains of the outside landscaped covering all day. | |
| | Energy saving measures - Spanish Government | We implemented the new indoor temperature control regulations. | |
| | Charity carnival | Costume competition with proceeds going to the SOS Galicia Children's Villages NGO. | NGOs and Foundations |
| | Donar es de Cine (donate and go to the cinema) | Collaboration with the SERGAS Galician healthcare service and the ADOS organ donation associates to set a new record for blood donations. | |
| | Charity Christmas lighting | Ceremony to turn on the shopping centre's Christmas lights with representatives from the SOS Galicia Children's Villages NGO. | |
| | No child without a toy campaign | We hosted the No child without a toy campaign spearheaded by the Stop association, setting up a solidarity spot for collecting toys. | |
| | Furniture drive | Donation of furniture to several associations. | |
| | Space set aside free of charge for NGOs | Free use of our charity counter for several NGOs and local associations. | |

| Asset | Action | Description | Domain |
|---|-------------------------------|--|---|
|  | Charity stand | The stand was set up to help several charitable causes operating in the city of Seville to deliver their solidarity goals. | Government authorities and general public |
| | Valentine's Day | In February, as we have every February since 2020, we held a mass blood drive in collaboration with the Seville transfusion centre, with a key message: give the most valuable thing you can give for Valentine's Day, your blood. | |
| | Nature Day | We published a post on social in honour of Nature Day in which we highlighted the importance for sustainability of geothermal power, which is prevalent in Lagoh. | |
| | 8 Muses | For Women's Day, we help an exhibition to showcase the talents of 8 of the Seville province's leading female personalities. This purpose of this exhibition was to lend visibility to the work of women in various areas of knowledge and to bring Lagoh closer to the city of Seville. | |
| | The Lagoh ducklings | To celebrate the birth of 12 ducklings in our lake, we held a contest on social media for users to give them names. A special kit with Lagoh merchandising products was given to each user who contributed a winning name. The aim of this action was to showcase the value of creating natural life in our lake and the value of the ecosystem being created around it. | |
| | Saint John the Baptist Day | Action celebrating Saint John the Baptist Day with the participation of Seville firemen teaching children how to prevent and put out small fires. | |
| | Gay pride day | Through our Lagoh social media platforms, we put out the message of love and pride always in favour of diversity and respect. | |
| | Beach volleyball championship | We held a beach volleyball tournament over the summer on an artificial beach set up especially for the occasion to provide an alternative entertainment activity to Seville during the season. Professional teams played a first tournament in July, with top professional players taking part, and amateurs a second tournament in August. | |
| | Ecoembes | We signed up for Ecoembes' RECICLOS (recycling) initiative, installing two machines in the food court and Primark's SAS, rewarding customers for recycling. Visitors are eligible to receive sustainable and social rewards for recycling drinks cans and plastic bottles. | |


| Asset | Action | Description | Domain |
|---|--------------------|---|---|
|  | Breast Cancer Day | Breast cancer awareness action by setting up a selfie point and showings reels on self-exams. | Government authorities and general public |
| | Arus exhibition | We put on an exhibition, in conjunction with Arus (Seville University Formula Student team), of one its Formula 1 race cars to promote Arus' work. | |
| | Christmas | Toy donation point adjacent to a space set aside to visit Santa Clause and the Three Wise Men. | |
| | Bookcrossing point | In a bid to promote culture, warm up the space on the small balcony and broaden the shopping centre's service range, we created a point on the first floor, between Bershka and Panther, for a book exchange, which can also be used as a reading space. Some selfless customers benefited the initiative by donating books in mint condition so there were more books available. | |
| | Earth Hour | Lagoh celebrated this hour once again last year, turning off the shopping centre's main switch from 8:30 to 9:30pm as a show of support to this WWF-led initiative. | NGOs and Foundations |
| | Ukraine aid | We put out compartmentalised containers for people to donate clothes that can help during the war. The donations went to the Infancia de Nad NGO. | |



| Asset | Action | Description | Domain |
|---|---|---|---|
|  | Earth Hour | Participation by turning off lights and carrying out an awareness campaign. | Government authorities and general public |
| | Ecoembes RECICLOS machines | A drinks can and plastic recycling container was installed, with a charity reward system. | |
| | ALCAMPO No child without a toy campaign | Space set aside and dissemination on social media. | |
| | Marsodeto association. People with an intellectual disability and paralysis | Sponsorship of a fun run. | |
| | Toledo bike marathon | Sponsorship of a fun run. | |
| | Andreu Linares indoor football academy | Help starting up the children's indoor football academy. | |
| | Carrera Solidaria La Nocturna de Toledo (Toledo nighttime fun run) | Sponsorship of a fun run. | |
| | Min iglú Environment Day giveaway | Social media giveaway and environmental awareness-raising. | |
| | Space set aside for UNHCR to oppose the war in Ukraine | Space set aside and dissemination on social media. | NGOs and Foundations |
| | Space set aside for REMAR to oppose the war in Ukraine | Space set aside and dissemination on social media. | |
| | Space set aside for use by Cris Against Cancer Foundation | Space set aside and dissemination on social media. | |
| | Space set aside for the Socorro de los Pobres Cipriano association for the poor | Space set aside and dissemination on social media. | |
| | Space set aside for use by Save the Children | Space set aside and dissemination on social media. | |
| | Space set aside for use by the Spanish Association Against Cancer (AECC) | Space set aside and dissemination on social media. | |
| | Space set aside for the Down Toledo, down syndrome initiative | Space set aside and dissemination on social media. | |
| | Space set aside for the RedMadre foundation for unexpected pregnancies | Space set aside and dissemination on social media. | |
| | Space set aside for the Toledo Red Cross | Space set aside and dissemination on social media. | |
| | Pretox association charity paddle tennis tournament for prevention and support for drug addicts | Sponsorship of a charity tournament. | |


| Asset | Action | Description | Domain |
|---|--|---|---|
|  | La Extra de VidaNova drawing | Monthly drawing of five cards worth EUR 200 each for uploading a purchase receipt of over EUR 20 to the easypromos web application. | Government authorities and general public |
| | School duathlon | <p>The Morvedre Triathlon contacted us to use space in our car park for the Sagunto school duathlon, with the participation of the Sagunto town council.</p> <p>Our contribution was free, requiring only use of space in the car park.</p> | |
| | Daytime fallera (local celebration and bonfire) | <p>In exchange for our sponsoring the Sagunto fallas, we staged a daytime Fallas with the children's sections of the Sagunto Falleras organisations.</p> <p>The action included sponsorship of the aware for the street with the best decoration.</p> | |
| | 3x3 championship | As consideration for our Morvedre Basketball Club sponsorship, we held two 3x3 championships organised by the Club in the park's facilities. | |
| | Club de Rugby Estrelles de Morvedre stand | In January, we hosted an information stand to promote the Club de Rugby Estrelles de Morvedre rugby club from the Baladre neighbourhood, one of Sagunto's most underprivileged areas. | |
| | World Environment Day | To celebrate World Environment Day, we ran a social media giveaway for two children's vegetable gardens. | NGOs and Foundations |
| | Red Cross stand | Spanish Red Cross asked us for a space where it could not only inform and remind people about COVID protection measures, but where it could also inform them about the NGO's daily projects, their reach and the benefits they bring directly to the most vulnerable groups and indirectly to wider society, and encourage them to contribute to one or more of these projects. | |
| | Support for Ukraine | To support the tragedy in Ukraine, we support the relief work done by Caritas in the country on our social media platforms and the shopping centre's website. | |
| | UNHCR stand | In line with our commitment to supporting refugees, especially considering the situation in Ukraine, we set aside a free space for UNHCR to provide information on aiding refugees. | |
| | Support for the Spanish KGB Syndrome Association | Once again this year, the mother of Hugo, a neighbour in Puerto de Sagunto, asked us for help raising awareness about her son's illness. Naturally, we spent communication that day disseminating the story of this young battler and his illness to raise awareness among our customers. | |



| Asset | Action | Description | Domain |
|---|--|--|---|
|  | Ecoembes RECICLOS machines | A drinks can and plastic recycling container was installed, with a charity reward system. | Government authorities and general public |
| | No child without a toy | Authorisation for a space to collect toys for underprivileged children. | |
| | <i>Emergencia Ucrania - Ahora puedes verlo (Ukraine emergency, now you can see it)</i> | Authorisation for a free space for UNHCR to provide information on aiding refugees. | NGOs and Foundations |
| | <i>Gracias por quedarte con Cruz Roja - Hazte socio o socia y diremos a más personas ME QUEDO CONTIGO (Thanks for standing with the Red Cross - Become a member and we will tell more people that I STAND WITH YOU!)</i> | Drive to sign up Red Cross members to help meet the needs of more people. | |
|  | Clothing drive | Collection of second-hand clothes. | Government authorities and general public |
| | Food drive | Collection of cat food. | |
| | Food drive | Food drive. | |
| | Gread Blood Drive 2: "Casting that saves lives" | Blood drive in which each donor receives a direct gift entailing a ticket to the cinema. | |
| | <i>Kilómetros solidarios (charity kilometres)</i> | Portal de la Marina staged this charity challenge for the third straight year. Combined, the participants ran/walked more than 40,000 km and all for a good cause: to cover the Denia Hospital Observation Room's ceiling with art. Moreover, as a reward for the participants' selflessness, Portal de la Marina and Decathlon ran a social media giveaway of several gift cards for use at its facilities. | |
| | Sponsorships and collaborations | Blood drive in which each donor receives a direct gift entailing a ticket to the cinema. | |
| | Playroom | Free service offered by the shopping centre to Club of the Disfrutones members, whereby they can leave their children to do workshops, activities or play video games with qualified staff when they visit the centre. | |
| | RECICLOS machines | Space set aside for two packaging recycling machines (drinks cans and plastic bottles). | |
| | Recycling month giveaway | Social media giveaway to celebrate environment month with four recycling bins. | |
| | Earth Hour | Portal de la Marina joins the Earth Hour initiative and switches off the lights of its façade for an hour. | |
| | Solidarity space | Space set aside free of charge for NGOs and associates to promote their initiatives and sign up members. | NGOs and Foundations |
| | Ukraine aid | Collection of medical supplies and winter clothes for the war in Ukraine. Collection of cardboard boxes (operators) and plastic bags (Carrefour) for the war in Ukraine. Solidarity stand to contribute to several associations and NGOs. | |

| Asset | Action | Description | Domain |
|---|--|---|---|
|  | Ecozone - Clothing and shoe drive | An area was set up to collect used clothes and shoes to give them a second life. | Government authorities and general public |
| | Ecozone - Bottle caps for a new life | A heart-shaped structure was set up for visitors to dispose of lids and caps. The monetary proceeds from recycling go to help cure children with rare diseases. | |
| | Ecoembes RECICLOS machines | A drinks can and bottle recycling container was set up with a charity reward system. | |
| | Caritas con Ucrania (Caritas with Ukraine) | Fund-raising campaign with publications of bank account and Bizum numbers for donations to Ukraine. | NGOs and Foundations |



| Asset | Action | Description | Domain |
|---|--|--|---|
|  | Used clothing container | Installation of a container in the shopping centre for donating used clothes. | Government authorities and general public |
| | Pet friendly | Adaptation of the shopping centre's rules regulations so customers can enter with their pets. | |
| | Sustainable Mobility | Installation in the center of different charging devices for electric vehicles (cars & scooters). | |
| | Women's Day | Initiative to raise awareness about women's role at the retail park. | |
| | Urban vegetable garden | Creation of an urban vegetable garden in the gallery's open area. | |
| | Family workshop on urban vegetable gardens | Family activity to teach the basic steps for creating a space for growing vegetables. | |
| | Sponsorship of a youth regatta | Sponsorship of the 32nd Vela Jose Luis Ugarte school trophy. | |
| | Employment 22 meeting | Meeting between shopping centre operators and people actively looking for a job. | |
| | Donation of gifts to Hospital Universitario de Cruces | Donation of gifts to Hospital Universitario de Cruces's paediatric ward. | |
| | Obtaining Certificate 'Zero Waste Certification' | Implementation of the 'Zero Waste Certificate' (waste management system aimed at the recovery of waste) in the retail park. | |
| | Mobility Plan Implementation | Plan aimed at implementing the necessary changes in the Retail Park, to promote customers and workers mobility under sustainability criteria. | |
| | Operators survey on Mobility | In order to know the transport they use in their displacement to the retail park, and to be able to take more measures to improve towards sustainable mobility | |
| | Installation of light sensors in the car park (concession operators' car park) | Installation of a sensor to improve lighting in the car park based on the level of exterior lighting. | |
| | Change in the CCTV from an analogue to a digital system | Upgrade of the retail park's CCTV to a digital system (except Plot 1). | |
| | Change to LED lights in the Green Car Park's purple section. | Change from conventional bulbs to LED lights in the Green Car Park's purple section. | |
| | Operators Satisfaction Survey | Operators online survey to evaluate their satisfaction degree with the different services and model management. | |
| | Customer Satisfaction Survey | Tactile survey in Infopoint to assess the degree of Customer satisfaction about the service. | |
| | Caritas Bizkaia visit to Ongravity | Collaboration with Caritas Bizkaia on the charity toy drive for families. Visit from Caritas' 'Tipi Tapa' youth support group to the facilities of Ongravity. | NGOs and Foundations |

| Asset | Action | Description | Domain |
|---|--|--|--------|
|  | Customer satisfaction survey | | |
| | Blood drive | Space was made available for a blood donation bus in which 46 donations were made with an invitation to a snack at the MR&EM cafeteria in the shopping center. | |
| | Earth Hour with WWF | We joined the global initiative Earth Hour, organized by WWF, by turning off the lights of our signs from 8:30 pm to 9:30 pm. | |
| | World Water Day | On World Water Day we proceeded to promote water saving techniques among our customers. A stand was set up in the center's plaza where all customers who presented a purchase receipt for an amount equal to or greater than 10 euros were given a water regulator (an easy-to-install accessory that reduces water flow without loss of comfort). | |
| | Women's Day | Initiative carried out on Women's Day: participatory mural filled with inspirational messages about women. | |
| | Trufa del Cerrato (Cerrato truffle) event | Provision of a space during March 5 th in the center for a talk regarding the black truffles of Cerrato. | |
| | Food drive for dogs with Scooby | Provision of a space for the animal protection organization to actively collect food for the animals and to publicize them for adoption. On Saturday, they proceed to present several of the dogs for adoption at the main entrance of the center to the public. | |
| | Sponsorship of the Avenida de Madrid road race | Collaboration involving the giving out of T-shirts and provision of a space for the neighborhood association's 25 th anniversary race. | |
| | Sustainable mobility week | Collaboration with the Palencia City Council during mobility week (September 12 th to 17 th) with 3 actions: Provision of parking space for the workshop with electric scooters (day 17), an online drawing contest on sustainable mobility and a sponsorship of the GPS contest. | |
| | World Clean Up Day | Communication giving advice regarding tips on social relations for the conservation of nature in celebration of WCD on September 17 th . | |
| | Diario Palentino newspaper reading corner | Collaboration with Diario Palentino in the installation of a reading point in the center's plaza where they provide two daily newspapers for free reading for our customers. | |
| | Acércate a la discapacidad (learn about disabilities) campaign | Provision of a space on day 3 for an educational activity for children due to the celebration of Children's Month. The activity teaches children the difficulties of living with various types of physical disabilities. | |

| Asset | Action | Description | Domain |
|---|--|--|---|
|  | Red Cross toy drive | Space available from 9 to 11 for the collection of new toys in favor of the Red Cross. | NGOs and Foundations |
| | Space set aside for Red Cross | Assignment of a space to publicize its work and recruit members. | |
| | Space set aside for Red Cross | Assignment of a space in the center's plaza for the Red Cross on the 17 th , 18 th and 19 th . | |
| | World Hypertension Day with Red Cross | Assignment of a space for the Red Cross for the celebration of the Hypertension Day on May 17 th . Free blood pressure tests were taken and CPR techniques were taught free of charge to customers. | |
| | Space set aside for ALCER | Provision of a space for ALCER for the celebration of Organ Donor's Day. | |
| | Space set aside for AECC | Space available for AECC to actively publicize the organization. | |
| | Space set aside for Action Aid | Space available for AYUDA EN ACCIÓN from August 1 st to the 5 th . | |
| | Space set aside fo Red Cross | Provision of a space on the 3 rd , 5 th and 6 th for the Red Cross in collaboration with the hypermarket for the collection of school supplies for underprivileged families. | |
|  | Space available in the shopping centre for the collection of school supplies | From 5 th to 10 th September. | Government authorities and general public |
| | Collaboration efforts with the City Council | Collaboration with the Irun town council's consumer affairs department in the form of shopping vouchers for the 14 th Consumer Competition 2022. | |
| | Collaboration with CRIS against Cancer | Space set aside in the commercial gallery to run awareness campaigns and raise money for the CRIS against Cancer foundation. | NGOs and Foundations |
| | Space set aside in the commercial gallery for the Mi Dulce Guerrero Association charity stand. | Provision of a space in the commercial gallery for the Association <i>Mi Dulce Guerrero</i> : Carried out in December 10 th to raise funds for type 1 diabetes disease. | |
| | Collaboration with Banco de Alimentos | Space set aside in the commercial gallery for the <i>Banco de Alimentos en la Gran Recogida</i> food bank: November 25 th and 26 th . | |
| | Collaboration with the Red Cross | Space set aside in the commercial gallery for the Alcampo food drive organised by the Red Cross. Red Cross: from 28 th November to 3 rd December. Red Cross: from 15 th to 17 th December. | |
| | | | |



Ànec Blau Shopping Centre

5.4

Independent review



KPMG Asesores, S.L.
P^a de la Castellana, 259 C
28045 Madrid

Independent Assurance Report on the Annual Report of Lar España Real Estate Socimi, S.A. for 2022

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the management of de Lar España Real Estate Socimi, S.A.:

We have been engaged by Lar España Real Estate Socimi, S.A. (hereinafter Lar España) management to perform a limited assurance review of the accompanying Annual Report for the year ended 31 December 2022 (hereinafter, the Report). Our work was limited exclusively to providing assurance on the information contained in the "GRI & EPRA sBPR Index" of the Annual Report of Lar España Real Estate Socimi, S.A.

Responsibility of the Parent's Directors and Management

Management of Lar España is responsible for the preparation and presentation of the Report with reference to the *Sustainability Reporting Standards* de Global Reporting Initiative (GRI Standards). The Directors are also responsible for the information and assertions contained within the report, for determining Lar España's objectives in respect of the selection and presentation of sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 (ISQM1), which requires us to design, implement and maintain a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.



2

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

Procedures performed

Our work consisted of making inquiries of management, as well as of the different units and areas of Lar España that participated in the preparation of the Report, reviewing the processes for compiling and validating the information presented in the Report and applying certain analytical procedures and sample review tests, which are described below:

- Verification of Lar España's processes for determining the material issues, and the stakeholder participation therein.
- Verification, through interviews with management and relevant staff at group level and selected business unit level, of the presence of sustainability strategy and policies and corporate responsibility to attend to material issues, and the implementation of these across the business of Lar España.
- Assessment of the consistency of the description of the application of Lar España's policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of consistency of information comparing the Universal Standards with internal systems and documentation.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Lar España.
- Comparison between the financial information presented in the Report and those included in Lar España's Annual Accounts audited by independent third parties.
- Procurement of a representation letter from the Directors and management.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.



3

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Annual Report of Lar España Real Estate Socimi, S.A. for the year ended 31 December 2022 has not been prepared, in all material respects, with reference to the *Sustainability Reporting Standards* of Global Reporting Initiative (GRI Standards), which includes the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions.

Other Matters

On 26th April 2022 a different assurance provider issued a favourable independent assurance report on the Annual Report of Lar España Real Estate Socimi, S.A. for 2022.

Use and Distribution

In accordance with the terms of our engagement letter, this Report has been prepared for Lar España Real Estate Socimi, S.A. in relation to its Annual Report and for no other purpose or in any other context.

KPMG Asesoras, S.L.

(Signed on original in Spanish)

Marta Contreras Hernández

March 30, 2023



Shopping Centre
Portal de la Marina (Alicante)

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 | | | | |
| Organizational Profile | 2-1 | N/A | Name of the organization | 32, 301 |
| | 2-6 | N/A | Activities, brands, products, and services | 23-26, 61 |
| | 2-1 | N/A | Location of the organization's headquarters | 205, 343 |
| | 2-1 | N/A | Location of operations | 26, 213-228 |
| | 2-1 | N/A | Ownership and legal form | 32-33 |
| | 2-6 | N/A | Markets served | 32, 61 |
| | 2-6 | N/A | Scale of the organization | 33, 100 |
| | 2-7 | N/A | Information on employees and other workers | 34-40, 50, 102 100% of the employees have a permanent employment contract and they work on a daily basis complete in Spain |
| | 2-6 | N/A | Description of the organization's supply chain | 154-155 |
| | 2-6 | N/A | Significant changes to the organization and its supply chain | 13-19, 154, 301 |
| | 2-23 | N/A | Precautionary principle or approach | 125-135, 168 |
| | 3-3 | | | |
| | G4-15 | N/A | A list of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses | 42-45, 62-68 |
| | 2-28 | N/A | Membership of associations | 42-45, 309-324 |
| Strategy | 2-22 | N/A | Statement from senior decision-makers | 5-8, 34-37, 97, 102 |
| | N/A | N/A | Key impacts, risks, and opportunities | 61, 125-135, 303-308 |
| Ethic and integrity | 2-23 | N/A | Values, principles, standards, and norms of behavior | 136-138 |
| | 2-26 | N/A | Mechanisms for advice and concerns about ethics | 138-139 |

| Category | GRI | EPRA sBPR | Indicator | Page/Comments |
|---------------------|------|-----------|---|--|
| General disclosures | | | | |
| Governance | 2-9 | N/A | Description of the organization's governance structure | 95-124 |
| | 2-13 | 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 | 96 |
| | 2-13 | N/A | Indication as to whether the organization 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 | 90, 96, 97-119, 303-305 |
| | 2-12 | N/A | Description of the processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics | 143-145 |
| | 2-9 | Gov-Board | Composition of the highest governance body and its committees | 90, 97-119 |
| | 2-11 | N/A | Indication as to whether the chair of the highest governance body is also an executive officer in the organization. If so, a description of his or her function within the organization's management and the reasons for this arrangement | The President of the Board does not hold an executive position |
| | 2-10 | 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 | 102-109 |
| | 2-15 | Gov-Col | Description of the processes for the highest governance body to ensure conflicts of interest are avoided and managed | 136-139, 229-230 |
| | 2-12 | N/A | Description of the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics | 23-29, 95-102 |
| | 2-17 | N/A | Itemization of the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics | 39, 87, 105-111 |
| | 2-18 | 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 | 111-113 |

| Category | GRI | EPRA sBPR | Indicator | Page/Comments |
|---------------------|------|-----------|--|---|
| General disclosures | | | | |
| Governance | 2-12 | 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 | 95-97, 125-135 |
| | 2-12 | N/A | Description of the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics | 95-97, 125-135, 303-308 |
| | 2-12 | 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 |
| | 2-14 | N/A | Indication of which is the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered | Annual report is reviewed by the main board |
| | 2-16 | N/A | Description of the process for communicating critical concerns to the highest governance body | 113, 137-138 |
| | 2-16 | 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 website |
| | 2-19 | N/A | Description of remuneration policies for the highest governance body and senior executives for the following types of remuneration | 110, 113, 121 |
| | 2-20 | 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 | 110, 121 |
| | 2-20 | 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 | 99, 101, 121, 156 |
| | 2-21 | N/A | Total annual compensation ratio of the best person paid from the organization in each country where they carry out significant operations with full remuneration average annual of the entire workforce (excluding the person best paid) of the corresponding country | Not applicable. The Company has only four employees. |
| | 2-21 | N/A | Ratio of the percentage increase in total compensation Annual of the highest paid person in the organization in each country where significant operations are carried out with the percentage increase of the total annual remuneration average of the entire workforce (not counting the best person paid) of the corresponding country | Not applicable. The Company has only four employees. |

| Category | GRI | EPRA sBPR | Indicator | Page/Comments |
|------------------------|------|-----------|--|---|
| General disclosures | | | | |
| Stakeholder engagement | 2-29 | N/A | A list of stakeholder groups engaged by the organization | 141-145 |
| | 2-30 | N/A | Percentage of total employees covered by collective bargaining agreements | 35 100% of the employees are covered by Collective Agreement |
| | 2-29 | N/A | The basis for identification and selection of stakeholders with whom to engage | 141-142 |
| | 2-29 | N/A | The organization'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 | 141-146 |
| | | 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 | 57-60, 141-146 |
| Reporting practice | 2-2 | N/A | Entities included in the consolidated financial statements | 30 |
| | 3-1 | N/A | Definition of report content and topic boundaries | 301-302 |
| | 3-2 | N/A | List of material topics | 58-60 |
| | 2-4 | N/A | Restatements of information | 301-302 |
| | 3-2 | N/A | Changes in reporting | 301-302 The Company have not implemented changes in the criteria of elaboration. |
| | 2-3 | N/A | Reporting period (e.g., the fiscal or calendar year) | 301-302 (1 January from 2022 to 31 of December 2022) |
| | N/A | N/A | Date of most recent report, if applicable | 27 April 2022 |
| | 2-3 | N/A | Reporting cycle (annual, biennial, etc.) | Annually |
| | 2-3 | N/A | The contact point for questions regarding the report or its contents | 302 |
| | 2-5 | N/A | External assurance | 326-328 |

| Category | GRI | EPRA sBPR | Indicator | Page/Comments |
|----------------------|---------------------------|-----------|------------|---|
| General disclosures | | | | |
| Economic Performance | Economic performance | 201-1 | N/A | Direct economic value generated and distributed 154-157, 164 |
| | Indirect economic impacts | 203-1 | N/A | Development and impact of infrastructure investments and services supported 270-278 |
| Environment | Energy | 302-1 | Elec-Abs | Energy consumption within the organization 180, 185-191, 199-205 |
| | | 302-1 | Elec- Abs | Total electricity consumption 180, 185-191, 199-205 |
| | | 302-1 | Elec-LfL | Like-for-like total electricity consumption 180-184, 185, 189-191, 199-200, 203, 205 |
| | | 302-1 | DH&C-Abs | Total district heating & cooling consumption 180-184, 185, 189-191, 199-200, 203, 205 |
| | | 302-1 | DH&C-LfL | Like-for-like total district heating & cooling consumption 180-184, 185, 189-191, 199-200, 203, 205 |
| | | 302-1 | Fuels-Abs | Total fuel consumption 180-184, 185, 189-191, 199-200, 203, 205 |
| | | 302-1 | Fuels-LfL | Like-for-like total fuel consumption 180-184, 185, 189-191, 199-200, 203, 205 |
| | | 302-3 | Energy-Int | Energy intensity 180-184, 185, 189-191, 199-200, 203, 205 |
| | | 302-5 | N/A | Reducing the energy needs of products and services 170 Lar España is currently working in an Energy Efficiency Plan for each one of its assets. |
| | | 302-4 | N/A | Reduction of energy consumption 189-191, 197-200, 203, 205 |
| | | 302-5 | N/A | Reduced energy usage 189-191, 197-200, 203, 205 |
| | | CRE1 | Energy-Int | Reductions in energy requirements of products and services 189-191, 197-200, 203, 205 |
| | Water | 303-1 | Water-Abs | Water abstraction by source of origin 196, 197-203, 205 |
| | | 303-1 | Water-LfL | Total volume of water withdrawn 196, 197-203, 205 |
| | | 303-5 | Water-Abs | Like for like total water consumption 196, 197-203, 205 |
| | | CRE2 | Water-Int | Building water intensity 183, 196, 197-203, 205 |

| Category | GRI | EPRA sBPR | Indicator | Page/Comments | |
|---------------------|-----------------------|----------------------|-----------------------|--|---|
| General disclosures | | | | | |
| Environment | Emissions | 305-1 | GHG-Dir-Abs | Total direct greenhouse gas (GHG) emissions (Scope 1) | 193, 197-203, 205 |
| | | | GHG-Dir-LfL | Like-for-like total direct greenhouse gas (GHG) emissions | 193, 197-203, 205 |
| | | 305-2 | GHG-Indir-Abs | Total indirect greenhouse gas (GHG) emissions (Scope 2) (generated off asset during combustion of the energy source) | 193, 197-203, 205 |
| | | | GHG-Indir-LfL/GHG-Int | Like-for-like total indirect greenhouse gas (GHG) emissions | 193, 197-203, 205 |
| | | CRE3 | GHG-Indir-LfL/GHG-Int | Like-for-like total indirect greenhouse gas (GHG) emissions | 193, 197-203, 205 |
| | | 305-4 | GHG-Int | Greenhouse gas (GHG) emissions intensity | 183, 193, 197-203, 205 |
| | | 305-5 | N/A | Reduction of greenhouse gas (GHG) emissions | 193, 197-203, 205 |
| | | Discharges and waste | 306-2 | Waste-Abs | Total weight of waste by type and disposal method |
| | Waste-LfL | | | Like-for-like total weight of waste by disposal route | 194-195, 197-203, 205 |
| | Regulatory compliance | | 2-27 | N/A | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations |



| Category | | GRI | EPRA sBPR | Indicator | Page/Comments |
|---------------------|----------------------------------|-------|--------------|---|--|
| General disclosures | | | | | |
| Social performance | Occupational health and safety | 403-1 | N/A | Occupational health and safety and safety at work | 38, 97, 149, 173, 175 |
| | | 403-9 | H&S-Emp | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 38 |
| | | 416-1 | H&S-Asset | Assessment of the health and safety impacts of product or service categories | 38, 160-162, 173-175 |
| | | 416-2 | H&S-Comp | Cases of non-compliance relating to health and safety impacts of product and service categories | 38 |
| | Labour practices and decent work | 404-1 | Emp-Training | Average hours of training per year per employee by gender, and by employee category | 38 |
| | | 404-2 | N/A | Programmes for upgrading employee skills and transition assistance programs | 38-39, 105 |
| | | 404-3 | Emp-Dev | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | 38,39 100% of the employees receive evaluations of performance and training |
| | | 401-1 | Emp-Turnover | New employee recruitment and staff turnover | 38 There have been no new hiring in the 2022 financial year |
| | Training and education | | | | |
| | | | | | |

| Category | | | GRI | EPRA sBPR | Indicator | Page/Comments |
|---------------------|---------|-----------------------------------|-------|---------------|---|---|
| General disclosures | | | | | | |
| Social performance | Society | Diversity and equal opportunities | 405-1 | Diversity-Emp | Diversity of governance bodies and employees | 34-38, 105-110, 122 |
| | | | 405-2 | Diversity-Pay | Remuneration ratio of men to women | 35, 102, 107, 110 |
| | | Local communities | 413-1 | Comty-Eng | Percentage of operations with implemented local community engagement, impact assessments and development programmes | 164-166, 309-324 |
| | | Anti-corruption | 205-2 | N/A | Communication and training on anticorruption policies and procedures | 124, 136-139 |
| | | | 205-3 | N/A | Confirmed incidents of corruption and actions taken | No incidents of corruption were confirmed in 2022 |
| | | Regulatory compliance | 2-27 | 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 2022 |



| Category | | | GRI | EPRA sBPR | Indicator | Page/Comments |
|---------------------|---------------------------------|-------------------------------|------|------------|--|--|
| General disclosures | | | | | | |
| Environment | Energy | | CRE1 | Energy-Int | Building energy intensity | 189-191, 197-200, 203, 205 |
| | Water | | CRE2 | Water-Int | Building water intensity | 183, 196, 197-203, 205 |
| | Emissions | | CRE3 | GHG-Int | Greenhouse gas emissions intensity from buildings | 183, 193, 197-203, 205 |
| Social performance | Labor practices and decent work | Training and education | CRE6 | N/A | Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system | 148-149, 174-175 |
| | 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 | 174-178 |





Retail Park
Megapark (Vizcaya)

5.6

Glossary

| | |
|---|---|
| EBT Earnings before tax. | EPRA LTV EPRA ratio that assesses the Company's leverage by the ratio of net debt (including issuances, bank financing, short and long term trade liabilities), and the fair value of assets (considering property at market valuation, as well as the value of intangible assets and receivables). |
| EBIT Earnings before interest and tax. | EPRA Net Disposal Value Represents 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. |
| EBITDA Earnings before interest, tax, depreciation and amortisation. | EPRA Net Initial Yield (NIY) Annualised rental income based on the cash rents passing at the reporting date, less non-recoverable property operating expenses, divided by the market value of the property, increased by (estimated) purchasers' costs. |
| Net profit/(loss) Profit/(loss) for the period after tax | EPRA Net Reinstatement Value Assumes that entities never sell assets and aims to represent the value required to rebuild the entity. |
| ROE (Return on Equity) Return on assets, calculated by dividing profit for the last 12 months by the Company's average equity of the last four quarters. | EPRA Net Tangible Assets Assumes that entities buy and sell assets, thereby providing visibility into certain levels of unavoidable deferred tax. |
| 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. | EPRA topped-up NIY Adjusted EPRA NIY by assuming expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents). |
| 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. | EPRA Vacancy Rate Estimated Market Rental Value (ERV) of vacant space divided by the ERV of the entire portfolio. |
| Solvency ratio The Company's financial capacity to meet its payments obligations with all the assets and resources available. It is calculated by dividing equity plus non-current liabilities by non-current assets. | EPRA Cost Ratio Administrative and operating costs (including direct vacancy costs) divided by gross rental income. |
| EPRA European Public Real Estate Association. | |
| EPRA Earnings Earnings from operations. . | |



**EPRA Cost Ratio
(excluding direct vacancy costs)**

Administrative & operating costs (excluding direct vacancy costs) divided by gross rental income.

GAV (Gross Asset Value)

Gross market value of assets.

GLA

Gross Leasable Area in sqm.

WAULT

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from the current date until the first break option, weighted by the gross rent of each individual lease contract.

Net LTV (Loan to Value)

Ratio that measures the total amount of outstanding principal, less available cash, against the value of the assets.
Calculated as Net Debt/GAV.

Dividend Yield

Ratio that expresses as a percentage the return obtained by shareholders from dividends. Calculated as Dividend/average EPRA NAV of the year's four quarters.

Gross Annualised Rent

Gross annual investment return excluding temporary rental discounts or rent-free periods.

Average maturity period (years)

Represents the average maturity term of the Company's debt.

Reversionary Yield

Yield calculated as the ratio between the rental income that would be 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 less 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 shareholders calculated as the sum of the annual change in EPRA NAV/NTA and dividends distributed divided by the year-end EPRA NAV/NTA of the Company.

Prime rents

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 GHG emissions.

GHG – Dir – LfL

Like-for-like total direct GHG emissions.

GHG – Indir – Abs

Total indirect GHG emissions.

GHG – Indir – LfL

Like-for-like total indirect GHG emissions.

GHG – Int

GHG emissions intensity derived 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 total water consumption.

Water-Int

Water consumption intensity.

Cert-Tot

Total number of certificates.

Diversity-Emp

Employee diversity.

Diversity-Pay

Ratio of remuneration of men to women.

Emp-Training

Employee training.

Emp-Dev

Employee career development.

Emp-Turnover

Employee turnover.

H&S-Emp

Employee health and safety.

H&S-Asset

Asset assessment of health and safety.

Comty-Eng

Holding of social events in assets.

Gov-Board

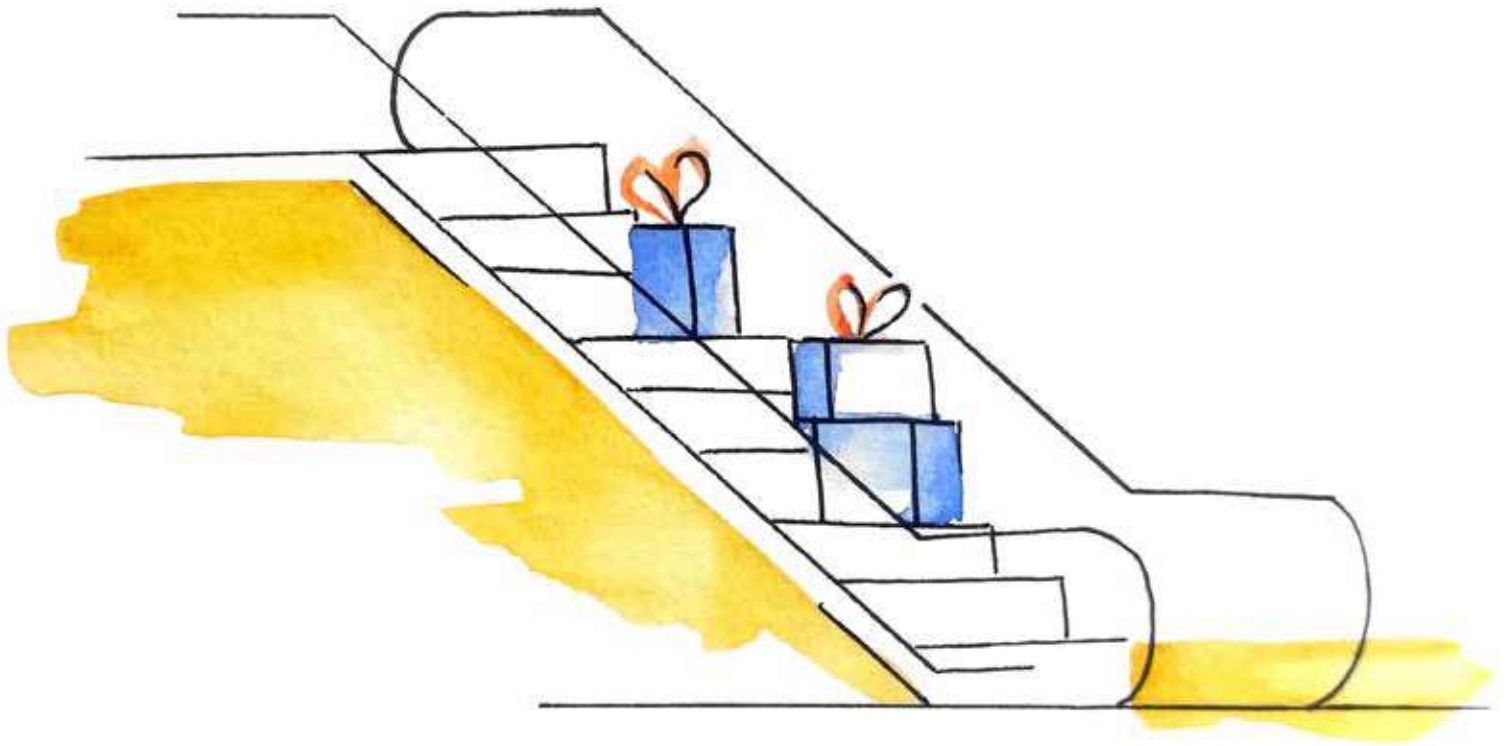
Composition of the highest governance body and its committees.

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.



C/ Maria de Molina 39 Floor 10
28006 Madrid, España
+34 91 436 04 37

www.larespana.com
info@larespana.com