

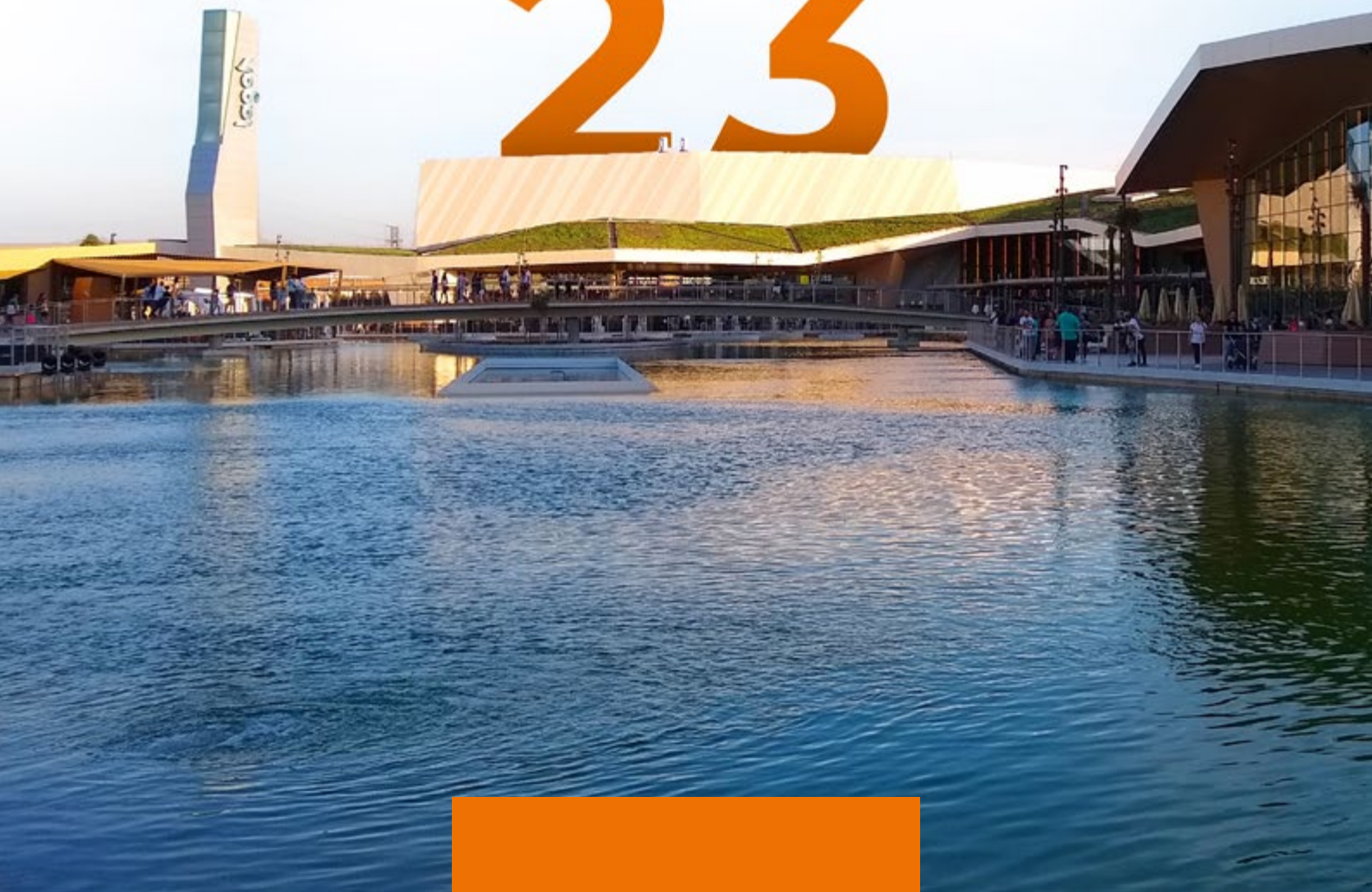


Real Estate

# ANNUAL REPORT



# 20 23



## Letter from the Chairman

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## Letter from the Chairman of the Board of Directors of Lar España

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Mr. José Luis del Valle Doblado

Dear shareholders,

I am writing to you once again this year to discuss two major corporate milestones which I consider to be both success stories and significant. I am referring firstly to the **excellent financial results reported** by Lar España in 2023 and, secondly, to the highly **positive assessment of our first ten years of activity as a listed SOCIMI (Spanish-registered REIT)**, an anniversary we reached on 5 March 2024.

Our company's performance in 2023 is, I believe, the appropriate response to the major uncertainties that the pandemic, interest rate hikes, inflation and international turmoil have sparked for Spanish society -especially its economic performance- and the real sector, specifically the retail segment.

### Virtuous cycle

I firmly believe that Lar España has gone through a **virtuous cycle** in the four years between 2020 and 2023; one in which it not only managed to weather the highly unfavourable macroeconomic, geopolitical and commercial headwinds for Spain, but was also able to **prove the resilience of its business model and consolidate its leadership**. The company therefore saw that its efforts have been unanimously recognised by the market and its various stakeholders.



The **commercial strength and recurring income** of Lar España's assets have once again positively impacted the company's results in 2023, with **total revenue reaching 95 million euros**, a 14% increase compared to those recorded in 2022.



Amongst the many strategies implemented by our corporate and management teams during this cycle, I would like to highlight two that I consider fundamental: in these four years **we have forged a very close alliance with the more than one thousand retailers located at our properties**, to the extent that we now consider ourselves mutual partners in a shared and common project, while our end customers, the millions of people who visit our centres and retail parks every day, **have renewed their trust in us**, spending even longer at our properties and with ever higher levels of spending.

Both factors proved to be pivotal in the first two years of the cycle and have also been key to providing **strength and recurring** trade both in 2022 and especially in 2023. However, the greatest benefits of this major alignment of interests is yet to come. In the short to medium term **digitalisation and technological advances will revolutionise and personalise the retail offering** at each of our shopping centres and retail parks, pointing to a bright future for the performance of our business model.

The strong sales and recurring revenues of Lar España's properties have once again had a positive impact on the company's results in 2023. Our recurring **net profit** continues to trace a clear upward path, rising from Euros 27.1 million in 2021 to Euros 40.3 million in 2022 and Euros **77.2 million** last year, excluding, in all three cases, the accounting impact of changes in real estate valuations.

**Total revenues in 2023 amounted to Euros 94.9 million, an increase of 14%** versus the Euros 83.6 million reported in 2022. This uptick in revenue is all the more noteworthy as it was obtained, since August last year, without the revenues from the Rivas Futura and Vistahermosa retail parks, which were sold on 28 July 2023 for **Euros 129.1 million**, an increase in value of 24% on their acquisition price.

On a like-for-like basis, excluding the revenues of these two retail parks from August to December 2022, the increase in revenues would have been 16.3%.

Retailer loyalty and rental growth have also substantially counteracted the negative effect of rising interest rates and a discount in the valuation of our assets. At 31 December the independent valuation provided by consultants JLL and Cushman & Wakefield for Lar España's twelve centres was Euros 1,313 million.

If we look at 2023 as a whole, **Lar España's assets proved resilient and better offset the decline in valuations across the sector**: just **-2.4%**, compared to an average decline of **-3.7%** among our European retail peers, and **-5.1%** for our Spanish peers.

## Proven financial robustness

The upward trend in revenues and earnings strengthens our positioning for the next real estate cycle, for which most industry experts expect retail to be one of the most attractive segments.

The company's leadership has been further bolstered thanks to having **pioneered the refinancing of corporate debt**, just before the sudden spike in interest rates.

As you are aware, in 2021 Lar España completed two senior unsecured green bond issuances for a total of Euros 700 million, maturing in 2026 and 2028 and with an average fixed interest rate of less than 1.8%. During the year, we have formalized partial repurchases of said bonds for a total combined amount of **119.0€ million**. These operations had a positive effect of Euros **€20.5 million** on the Company's 2023 income statement.

In July 2023, rating agency Fitch confirmed its investment grade rating of 'BBB' with a stable outlook for both Lar España and its total debt, the highest grade rating in the sector. We are financially nimble and well positioned to harness any investment or rotation opportunities that may arise in the future.

In terms of rotation specifically, on 28 July 2023 we completed, under very favourable conditions, **the sale of two mature assets** - the aforementioned Rivas Futura and Vistahermosa - **for Euros 129.1 million, which marks an increase in value of 24%** on their acquisition price. The two sales represent a compelling lever to undertake further investments in assets that are capable of adding value to our portfolio. The most important factor is not to buy quickly, but to buy better, a mantra we have systematically adhered to over the past ten years. Rest assured that we will demonstrate this again when the right opportunity presents itself.

In addition to the two divestments, a further contribution was made through the distribution of an extraordinary dividend. Together with the attractive ordinary dividend, the dividend payout stands at **Euros 0.79 per share**, up to a **total sum of Euros 66.2 million**. If approved at the General Shareholders' Meeting, the dividend yield will continue to rank among the highest of Spanish listed companies. In our case, **the yield will be 12.9% of market cap**, which is particularly commendable as it follows a **cumulative rise in our share price of 45.6% over the past year**.

If you decide to approve the proposed dividend distribution, **our company will have paid out a total of Euros 391.2 million in its first ten years**, excluding the three share buybacks carried out to date, in which 13.4% of our share capital was redeemed.

Regarding the stock market performance of our shares, I would like to think that we still have some upside potential. The analysts tracking our share price continue to place the target price above the current listed value, which itself is still well below the actual value of our assets.

I believe we have the commercial strength and revenue resilience required to continue making headway on the stock market.

## Ten years of fulfilling our commitments

Looking back over these first ten years of activity, I want to stress what I consider to be the bedrock of our corporate activity from the outset. I am referring to the conviction that **Lar España is an industrial real estate project with a long-term vocation**.

Our listing on **Spain's Continuous Market** forms part of that vocation. Thanks to our transparency and good corporate governance. Thanks to our commitment to shareholders, investors and our remaining stakeholders.

Over the past ten years we have acquired 30 real estate assets and divested 18. Our assets have accumulated **an average rise in value of 73% on their acquisition price**.

These figures are highly compelling and are due first and foremost to a consistent policy of specialising in retail, **selecting the retail parks and shopping centres in our portfolio on a case-by-case basis**. As a matter of corporate policy, we only purchase properties, shopping centres or retail parks which, analysed individually, are in a position to diversify and improve the quality of our portfolio and our results.

From the outset our SOCIMI has believed in the resilience of retail. It believed above all that the right path lay in forming a real estate industrial project that is committed to the environment and that generates wealth for society as a whole.

A demanding policy that is both our hallmark and our raison d'être, but one that has enabled us to grow steadily and **to deliver reliable and increasing profitability to our shareholders and stakeholders.**

We work with the market's best commercial partners and outsource asset management to the most capable hands, those of Grupo Lar.

I am convinced that their real estate experience, active management skills and extraordinary involvement in the project have all been key to consolidating our position as an industry leader.

Over these past ten years **we have made a commitment to cultivating our environmental, social and governance strategy.** Despite being a medium-sized company, we have consistently insisted on good governance criteria that are on a par with large IBEX-listed companies.

In this regard, decarbonisation, the water footprint, reducing consumption, certification, accessibility, sustainable mobility, a commitment to society and our stakeholder engagement on ESG standards are concepts on which we have made significant progress and on which we continue to work every day.

As for the Board of Directors, we are also committed in terms of decision-making, ensuring that decisions are always in the best interests of shareholders and investors, including our more than four thousand minority shareholders, as well as professionals, tenants and end customers. **Control and maximum transparency** have always presided over our actions.

In short, ladies and gentlemen, we now have ten years and a few days of constant effort behind us, which ensures we are in the best position for tomorrow. I would like to highlight once again the

tireless and dedication of our teams: Grupo Lar, the Lar España corporate team and the Board of Directors that I have the honour of presiding are key to understanding the results posted.

It has been a very intense ten years, which have passed by extremely quickly. Despite this, the excitement has not faded. On the contrary, it continues to grow. You can rest assured, ladies and gentlemen, that with **your trust as shareholders and our commitment, the best for Lar España still lies ahead.** Year by year and target by target.

Many thanks.

**Mr. José Luis del Valle Doblado**

Chairman

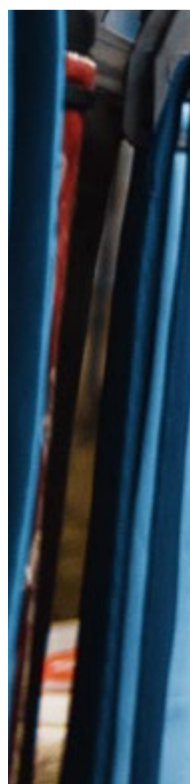
April, 2024

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# Lar España: Our business

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# 1.1 Main milestones

## 2023

### January

- We bought back Euros 110 million of green bonds to pay down debt.

### February

- Termination of the liquidity contract with JB Capital Markets.

### March

- Signing of liquidity contract with GVC Gaesco.
- Annual General Shareholders Meeting.

### April

- Dividend payment.

### May

- Lagoh awarded Best New Shopping Centre.

### July

- Fitch upholds Lar España's 'BBB' rating.
- Divestment of Rivas Futura and Vistahermosa retail parks.

### September

- Accolades at The District Show 2023.
- Award for Best ESG Model at the 19<sup>th</sup> Spanish Association of Shopping Centres and Retail Parks (AECC) 2023 Awards Ceremony.
- Winners of the 2023 Iberian Property Investment Awards in the Corporate Social Responsibility category for the 'Kilómetros Solidarios' initiative.

### December

- Lar España receives an 'A' rating in the global MSCI ESG Ratings index.
- Updating of our Decarbonisation Strategy.



## 2024

### January

- Award for Excellence in the Best Real Estate Track Record.
- Celebration of our tenth anniversary.



Click here to expand information on Lar España's relevant events

## 2023

### January

#### Buyback of green bonds

**We bought back Euros 110 million of green bonds to pay down debt.** As a result of the transaction, we reduced our debt level from 38.9% to 37.6% of our total asset value. This debt reduction had a positive impact of around Euros 20 million on the income statement for 2023.

### February

#### Termination of the liquidity contract with JB Capital Markets

The liquidity contract entered into with JB Capital Markets, Sociedad de Valores, S.A.U. (effective from 11 July 2017), has been terminated with effect from 23 February 2023. The execution of this contract was announced to the market by means of the relevant event notice published on 10 July 2017 (registration number 254,421).

### March

#### Signing of liquidity contract with GVC Gaesco

The liquidity contract **is in keeping with the standard contract** included in Circular 1/2017, and a copy thereof has been sent to the CNMV for the purposes set forth in section 3 of Rule Four of Circular 1/2017.

#### General Shareholders' Meeting

Our **General Shareholders' Meeting**, at which we approved the various resolutions submitted for consideration, was held on 31 March 2023. The monitoring of the event could be done both physically and telematically through streaming.

### April

#### Dividend

Dividend payment to shareholders, following approval by the shareholders at the General Meeting. The dividend amounted to a total of **Euros 0.60/share**.



## May

### Lagoh awarded *Best New Shopping Centre*

On 16 May 2023, the Lagoh retail and leisure complex was named **Best new European shopping centre over 70,000 square metres** at the 2023 Design and Development Awards organised by the **European Council of Shopping Places** in partnership with the Italian and German Councils of Shopping Places.

## July

### Fitch upholds Lar España's 'BBB' rating

The rating agency Fitch **has upheld the 'BBB' stable Investment Grade rating** awarded to both SOCIMI Lar España and its two active green bond issues, worth Euros 590 million.

### Divestment of Rivas Futura and Vistahermosa retail parks

**Divestment of Rivas Futura and Vistahermosa retail parks for Euros 129.1 million.** We have finalised the sale of our Rivas Futura and Vistahermosa retail parks, which offer a combined gross lettable area (GLA) of 70,210 square metres, for Euros 129.1 million. The sale price represents a **value uplift of 24% on the acquisition price.**

## September

### Accolades at The District Show 2023

We received the award for *Best Real Estate Fund, Management Company or Investment Group 2023*, in addition to consolidating ourselves as finalists in the category of *Best Real Estate Operation with the Greatest ESG Impact*. The jury **highlighted our expertise in the retail sector and our efficient asset management model.**

### Award for Best ESG Model

**Award for Best ESG Model at the 19<sup>th</sup> Spanish Association of Shopping Centres and Retail Parks (AECC, per its Spanish acronym) 2023 Awards Ceremony.** We received the award for the best corporate ESG model. This achievement recognised our exemplary track record in the area of sustainability and corporate governance, which has been shaped, since our foundation in 2014, as part of the framework established by our [Sustainability/ESG Policy](#) and the design of our ESG Master Plan.

### Winners of the 2023 Iberian Property Investment Awards

**Investment Awards in the CSR category for the 'Kilómetros Solidarios' initiative,** through which we aim to enhance the patient experience at Denia Hospital. The jury highlighted that Lar España is an example of how the real estate industry can be an agent of change in society.

2024

## December

## Lar España receives an 'A' rating in the global MSCI ESG index

The global MSCI ESG index **has upgraded Lar España's rating to 'A'**, placing it in the top 18% of all companies evaluated.

## Update on our Decarbonization Strategy

Approved by the Board of Directors and **aligned with our responsibility** within the real estate sector according to the international Science Based Targets initiative (SBTi) and the sectoral tool Carbon Risk Real Estate Monitor (CRREM).

## January

## Award for Excellence

Award for Excellence in the Best Real Estate Track Record category at the 6<sup>th</sup> Edition of the Capital Radio Awards.

## Celebration of our tenth anniversary

This milestone comes ten years after our official incorporation on 17 January 2014 and our historic IPO on 5 March of that same year, when we became the first company to go public on the Spanish stock exchange since 2011 and the first in the real estate sector since 2007.



## 1.2 Key figures 2023

### Portfolio

GAV<sup>(1)</sup>

# 1,313

Million €

# 12

Assets

WAULT

# 2.5

years

# 99%

collection rate<sup>(2)</sup>

GLA

# 480,226

sqm

### Financial information

Revenues<sup>(3)</sup>

# 94.9

Million €

EPRA Earnings/Ordinary<sup>(4)</sup>

# 76.4/56.0

Million € (0.91/0.67 €/share)

EBITDA

# 65.4

Million €

Profit

# 36.8

Million €

Financial debt

# 651.0

Million €

EPRA NTA

# 898.5

Million € (10.74€/share)<sup>(5)</sup>

Net LTV

# 31.0%

Average cost of debt

# 1.8%

Dividend

# 66.2

Million € (0.79€/share)

(1) Information based on valuations carried out by independent valuers on 31 December 2023. / (2) Percentage of amounts collected in 2023 in relation to rents and expenses invoiced to tenants in 2023. In addition, in 2023, €3.9 Mn have been collected corresponding to previous years. / (3) Rental income and Other income. / (4) Excluding the positive effect of the bonds buy-back. / (5) When analyzing this measure it is important to take into account the dividend paid in Q2 2023 (0.60€/share).

## Operating results

Occupancy

**97.1%**<sup>(1)</sup>

GRI

**+8.0%**<sup>(2)</sup>

VS 2022

NOI

**+9.8%**<sup>(2)</sup>

VS 2022

## GAV (%)



## Revenues by asset class (%)



■ Shopping centres
 ■ Retail parks

*(1) Physical occupancy calculated in square meters.*

*(2) Like for Like including the retail parks Rivas Futura and Vistahermosa up to the divestment date (July 2023).*

*(3) Above CPI/indexation adjustments.*

## Leasing activity

Rotated area

**42,326**

Negotiated rent

**11.4**

Million €

Operations

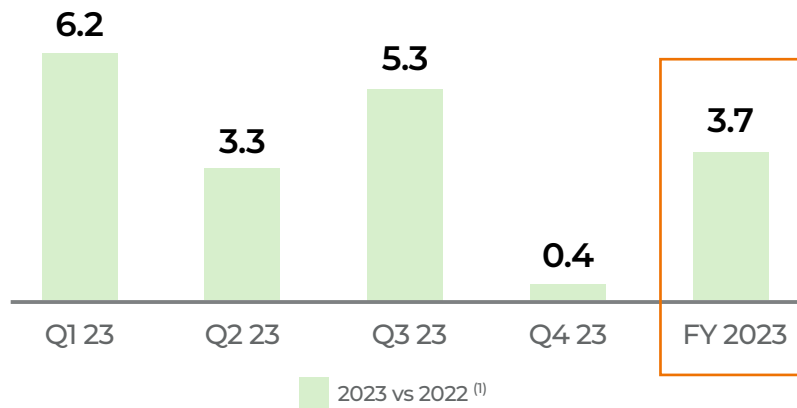
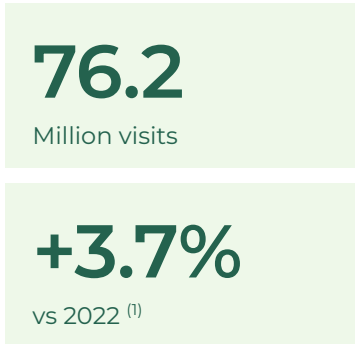
**179**

Rent uplift

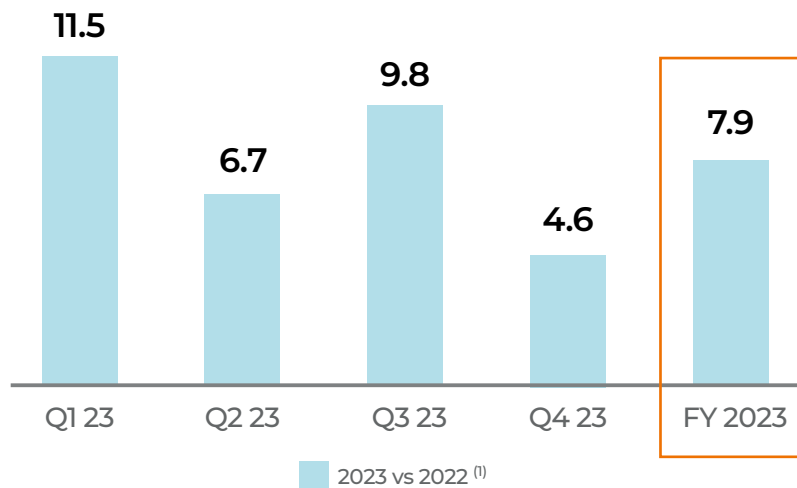
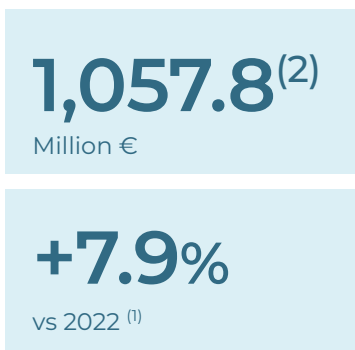
**+8.1%**<sup>(3)</sup>



## Visits 2023



## Sales 2023



(1) Like for Like excluding the Rivas Futura and Vistahermosa assets.

(2) Declared sales.





## Corporate governance

6

directors,  
of which five are  
independent and  
one is proprietary.

33.3%

of Board members  
are women.

100%

of our debt is  
considered **green**  
(BEI loan + 2 green  
bond issuances).

Members of **IBEX  
Gender Equality  
Index**.

119 M€

invested in **buyback  
of green bonds** in  
2023

17

**internal governance  
rules** and policies that  
are reviewed on an  
ongoing basis.

+480

**meeting with  
investors**



The Board of  
Directors met

13

times in 2023.

16

**roadshows**  
in 2023

'**BBB**'  
Fitch Credit Rating

**ESG Rating 'A'**  
MSCI

Ninth consecutive  
year **EPRA Gold  
Award** for the  
quality of financial  
information and sixth  
year for sustainability  
information

We comply with almost 100% of the  
recommendations set out in the  
CNMV's Good Governance Code.

## Social

We apply **variable remuneration measures** tied to ESG objectives to our four employees and executives.

# 100%

of our employees have **annual performance evaluations**.

An average of

# 61

**training hours** per employee.

**Backbone action (Dumbo) for inclusive leisure** in collaboration with more than **46 local associations** that work with people who are deaf-mute or have other disabilities.

# +2,300 h.

spent on actions and initiatives in conjunction with more than **165 bodies** and other entities, representing **social investment** of close to **Euros 360,000** plus over **Euros 55,000 in grants, donations and sponsorships**.

**UNE-170001 Universal Accessibility** certification for

# c.70%

of the portfolio.

**Satisfaction surveys**

**4.5/5** average score among users

**3.6/5** average score among tenants

A tax contribution of

# +24M

for the social and economic development of our communities.

# +550,000 €

**Investment in the local environment** with infrastructure and services through public use concessions.

# 96%

of our suppliers **are national**.

Creation of the

## Social Impact Committee

## Environment

**100%**

of our BREEAM-certified assets, **98%** in terms of GAV are rated **"Excellent"** or **"Very Good"**.

**97%**

of our assets (in GAV terms) are **ISO 14001** and **ISO 45001** certified.

**-4.1%**

**fall in the electricity used** in communal areas of the properties in LfL terms compared to 2022.

**-3.6%**

**decline in energy intensity per sqm** in LfL terms compared to 2022.

**-7.0%**

**decline in energy intensity per visitor** in LfL terms compared to 2022.

**-21.9%**

**drop in Scope 1+2 (market-based)** in LfL terms compared to 2022.

**-24.7%**

**Scope 1+2 emissions intensity per visitor** according to market-based criteria, in LfL terms compared to 2022.

Conducting **energy audits** on all assets with operational control for the subsequent design of specific action plans.

**+17.8%**

**increase in the amount of waste reused**, recycled, composted or treated using energy recovery techniques in LfL terms compared to 2022.

**-1.0%**

**lower water consumption intensity** per visitor compared to 2022.

**Water footprint analysis** in accordance with ISO 14046.



In April 2024, Lagoh has achieved the BREEAM "In Use" certificate with an "Exceptional" rating. This certification makes Lagoh the shopping center in Spain with the highest BREEAM In-Use rating in the latest version (V6) of its manual, achieving a double Exceptional rating, in both Part 1 (Building) and Part 2 (Management).

## 1.3 A business model focused on value creation

### 1.3.1. Corporate strategy and positioning

Lar España Real Estate SOCIMI, S.A. is listed in Spain and was incorporated as a **“Real Estate Investment Trust”** in March 2014. Our activities are centred on investment in the Spanish real estate sector, specifically in the *retail* segment, where we lead the Spanish market with close to 500,000 square metres under lease and assets worth 1,313 million Euros.

**Our mission is to lead the real estate industry through the size of our portfolio, quality of our assets and efficiency of our management model.**

Continuous improvement in respect of these three objectives enables us to deliver maximum value to shareholders, tenants and end users alike.

**Our distinctive vision is based on providing our customers with unique shopping experiences** by combining a quality retail and leisure offer through an exclusive **omni-channel approach**, capable of integrating, coordinating and boosting both physical and online shopping.

Our qualitative approach to the market is based on a **particularly resilient portfolio of assets** combined with **active, professional asset management**.

#### MISSION

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

#### VISION

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

#### VALUES

##### Corporate focus:

→ Responsibility

##### Customer focus:

→ Quality

→ Respect

##### Market focus:

→ Innovation

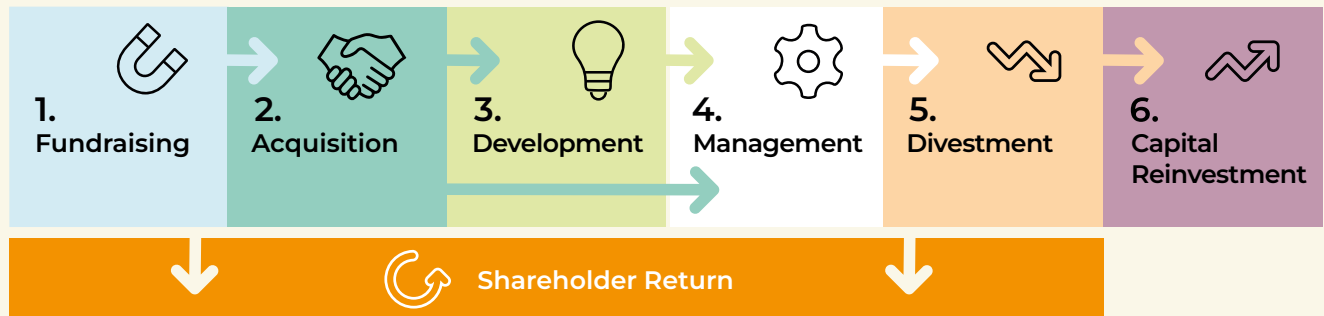
##### Investor focus:

→ Transparency

→ Honesty

**At Lar España we work to maintain our leadership in the retail sector, underpinned by a distinctive asset portfolio in terms of size and quality and a unique management model, which enable us to obtain a financial return for our investors, while driving sustainable development in the sector by creating shared value for the environment and society.**

## A unique business model



### 1. Fundraising

**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. Acquisition

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

### 3. Development

**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 impact.

### 4. Management

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. Divestment

Divestment 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.

## Assets at the forefront of their catchment areas

Our investment strategy focuses on assets located in key areas, with limited competition in the immediate vicinity and high GDP per capita, thus enabling the progressive development of retail activities. In short, **our shopping centres generate economic growth** and opportunities in the regions in which we operate.

## Unique and diversified portfolio

Our **varied range of assets**, which include shopping centres and retail parks, allows us to present a diversified offer directed at different groups of people. This makes the Company's portfolio resilient to changing trends and able to adapt quickly to business demands.

## Optimal tenant mix

We have a solid and diversified tenant base, including major brands. Each property houses a large proportion of leading international firms and an optimal mix of retail, leisure and restaurant offerings, which are key to attracting and retaining the **various types of user**.

## Omni-channel strategy

We see online commerce as an additional opportunity for our activities, not as a risk. E-commerce has ushered in a new way of reaching customers, multiplying the reach of traders and giving rise to the coexistence of the physical and *online* channels.

It is therefore complementary to our business, in that users are offered instant online shopping, but with linked physical services such as in-store pick-up or return, which has ultimately led to a connection between the two channels. The essential role of **stores as showrooms** is thus enhanced, improving the physical experience and services, as well as the logistical burden on brands.

## Management strategy

Lar España is the full owner of most of its asset portfolio, enabling it to **swiftly and responsively execute action plans** tailored to each individual asset.

Management excellence is guaranteed, as management is outsourced to Grupo Lar, a company with more than 50 years' experience in the real estate sector. We also implement a responsible management strategy, which incorporates ESG criteria across the board.

## Stakeholder management

The strategy that we have adopted in respect of our *key stakeholders* includes a stable and attractive dividend policy based on profit, profitability, balance sheet protection and responsible use of resources.

In addition, we develop strategies that maximise returns by harnessing market opportunities, as in the case of the "green" bond buybacks performed in 2023. Our primary objective is thus to generate **high returns** for our shareholders by paying out significant annual dividends and creating value by increasing the Company's EPRA NTA/NAV figures.

At the same time, we are constantly in touch with our stakeholders so that we are aware of their views and expectations at any given time and can take specific action to meet their needs.

**Our current business strategy is to invest exclusively in assets forming part of the retail sector**, following the successful completion of a process to gradually dispose of assets pertaining to other kinds of activities that were less strategic for the Company.

As a result, we hold **prime assets** that are positioned at the forefront of their respective catchment areas and offer a range of management opportunities:

#### → Strategic assets

Namely, shopping centres and retail parks with strong growth potential.

#### → Investment opportunities

In assets that offer significant management potential, avoiding highly competitive segments.

#### → Risk diversification

By focusing primarily on investment in Spain and on the development of retail properties.

Our **new strategic plan for the coming years** is based on the following pillars:

→ **Maintaining the high occupancy levels** for which we are renowned.

→ **Maintaining our relationships with tenants.**

→ **Investing in assets that need it most** in terms of various image- and positioning-related aspects (retail offering, sustainability, innovation), promoting profitable operations and solutions.

→ **Working closely** with retailers to implement new projects and formats in respect of our assets.

→ **Asset rotation policy.**

→ **Attractive dividend distribution policy.**

A further example of our endeavours to **maximise our value and ensure the long-term sustainability of our business model** lies in our commitment to the integration of ESG criteria and the creation of shared value with our stakeholders.

**We are firmly committed to conducting our business in an ethical, responsible, innovative and sustainable manner.** In this connection, we identify our stakeholders' various needs and expectations and steer corporate investment and our own business development towards the **creation of value in the community in the short-, medium- and long-term.**

## Short-, medium- and long-term strategic objectives

### Short

#### At business level:

- To maintain our position as a *retail* leader in Spain.
- To continue to develop a business model that contributes to the creation of shared value in the communities in which we operate.
- To invest in assets at the forefront of their respective catchment areas.
- To include an innovative offering based on the latest technological advances.
- To invest in assets with potential for improvement, in order to align them with our industry-wide standards.
- To follow up on climate risks affecting our portfolio.

#### At governance level:

- To publish corporate information in line with new regulatory requirements, such as the European Taxonomy and the CSRD.
- To continue to participate in international indexes, such as GRESB, S&P and MSCI, among others, as well as carrying out our first participation in CDP.
- To renew our commitment to the UN Global Compact.
- To actively participate in Spanish sustainability associations, such as DIRSE and Forética.
- To design a supplier selection process.

#### At social level:

- To assess tenant and customer satisfaction levels and identify areas for improvement.
- To extend UNE-170001 Universal Accessibility criteria throughout the portfolio.

#### At environmental level:

- To monitor the established decarbonisation targets in line with SBTi.
- To analyse the purchase of emission absorption/offsetting projects.
- To make progress in the measurement and control of our Scope 3 carbon footprint.
- To install photovoltaic energy at our properties
- Develop energy efficiency plans for each asset, with quantitative targets.
- To analyse the water footprint across the portfolio and response and mitigation plans.
- To improve waste management.
- To implement other management certificates, such as ISO 50001.

### Medium

#### At business level:

- To update the rating of our properties in terms of energy efficiency.
- To adapt our properties to the new BREEAM or sustainability certification requirements.

#### At governance level:

- To continue to collaborate with international indexes and national and international *reporting* standards for continued leadership in transparency.
- To ensure compliance with the applicable business and ESG legislation.
- To monitor our contribution to the achievement of the 2030 Agenda.
- To incorporate identified climate risks into the corporate Risk Map, including the corresponding monitoring, response and mitigation plans.
- To publish corporate information in line with new regulatory requirements, such as the CSRD, with which Lar España will need to comply by 2026.
- To develop procedures for the setting of targets in the value chain, in accordance with the approved Procurement and Outsourcing of Services Policy.

#### At social level:

- To comply with our roadmap on social contribution and the tracking of impact KPIs.
- To analyse our social impact in accordance with the required measurement standards.
- To analyse our contribution to the protection and defence of Human Rights.
- Continuation of our Social Impact Committee.

#### At environmental level:

- To achieve our four-year action plans, primarily in respect of:
  - Decarbonisation of our activities
  - Energy efficiency
  - Water footprint
  - Installation of renewable energy for self-supply
  - Improved waste management
- To consolidate total environmental performance data for the assets.



## Long

### At business level:

- To build a portfolio of unique, sector-leading assets.
- To adapt to any social, economic and environmental changes or challenges that may affect our activities.
- To monitor climate change scenarios with a view to updating our risk map in line with the forthcoming climate change disclosure frameworks.
- To monitor progress made with respect to innovation in the various fields to ensure that our assets remain in line with market demands.

### At governance level:

- To continue to be corporate governance role models thanks to a robust governance structure.
- To maintain market trust and value generation.
- To ensure that all Company information, including our value chain, is integrated for improved transparency, information tracking and compliance with the legislation in force in the area of corporate reporting.

### At social level:

- To continue to contribute to the development of cities of the future by fostering contact with local communities and attracting investment to improve the regions in which we operate.
- To work to drive job creation.
- To make a continued contribution through our activities, by providing an extensive service offering.
- To analyse new channels for listening to and engaging with our stakeholders, so that we can take their needs into consideration and thus achieve a positive impact on our business development and results.

### At environmental level:


- To achieve the long-term objectives set out in our decarbonisation plan.
- To adapt the assets to make them resilient to climate change and other associated risks.
- To work to minimise our impact on the environment by exploring new biodiversity-related initiatives and measures.
- To continue to position our assets as sector leaders in environmental terms.
- To form part of the transition of Spain and the European Union to a prosperous, modern and competitive economy in the real estate and *retail* sectors.





## Lagoh: an example of a unique portfolio that leads the field and embraces sustainability as a key management factor


An example of how sustainability factors have been embedded into our management model is the development of the Lagoh shopping centre, which was named *Best new European shopping centre over 70,000 square metres* at the Design and Development Awards organised by the *European Council of Shopping Places* in 2023.

The shopping centre was built in 2019 and its subsequent operation has given rise to a significant positive impact, encouraging the development of new mixed-use projects in the area. Furthermore, sustainable criteria have been embedded into its management and design:


 **70.000 sqm**  
floor space


 **Almost 150**  
retails units  
and stalls


 **Nature-based**  
Positive  
environmental  
and social impact  
on the city


 **Materials**  
Stone, wood, metal  
and recycled  
building materials


 **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 Accessibility  
- UNE-170001


 **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

 **Biophilic design**  
Improving  
connections  
between nature  
and human beings

 **Partnership**  
with the research  
foundation of the  
University of Seville

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

 **Lake (6.500 m<sup>3</sup>)**  
→ Purification and  
aeration system  
→ Local cooling effect  
during summer season  
→ Captures carbon  
dioxide particles



In April 2024, **Lagoh has achieved the BREEAM "In Use" certificate with an "Exceptional" rating.** This certification makes Lagoh the shopping center in Spain with the highest BREEAM In-Use rating in the latest version (V6) of its manual, achieving a double Exceptional rating, in both Part 1 (Building) and Part 2 (Management).



### 1.3.2 Lar España's current contribution to sustainable retail


We are aware of the importance of sustainability in business leadership. For this reason, we evolve continuously to ensure that **our commitment to sustainable development forms an integral part of all phases of our business model.**

Above all, we understand that business integrity and good corporate governance are the building blocks for contributing to a more sustainable future.

We therefore **create value for shareholders** through responsible and transparent management, ensuring financial solvency and long-term sustainability, as a way to contribute to human, economic and environmental development while fostering the social advancement of the communities in which we operate. Moreover, our shareholding structure and commitment to excellence in the management of our assets enable us to attract international investment for value creation.

Against this backdrop, **we have mainstreamed sustainability** across all key decision-making processes, from the design of development projects and analysis of investments in new assets, to the maintenance of our real estate and improvements in our relationships with tenants and the end customer experience. We seek to do all of this in conjunction with stakeholders such as local authorities and other players in the communities in which we operate.

Because we specialise in retail properties, our business has a significant impact on creating shared value in the communities in which Lar España operates. We play a **key role in society**, developing high-quality assets that improve the urban environment and increase the value of the areas in which we operate, while providing security and enhancing the quality of the network of public spaces and facilities. In this way, we help to strengthen the city's image and positioning through our range of services and our retail proposal, which in turn attract investment in new developments, infrastructure improvements, etc.



**Our activity contributes value in a unique way, by improving the quality of life and lifestyle of communities to create more sustainable cities.**

Shopping centres and retail parks encourage interaction while fostering social cohesion and wealth in the area. In addition, we lease retail floor space to companies across a range of sectors – fashion, leisure, food, health, services, and more – which in turn create **jobs** and enhance the regionally available **range of services**, contributing to socio-economic progress.

Meanwhile, the users who visit our properties create opportunities for interaction within the social sphere giving rise to a distinctive form of value creation and closer **social cohesion**.

With a focus on the responsible management and ongoing repositioning of our properties, we work mostly with national suppliers, thereby having a positive impact on **wealth generation** in the areas in which we operate our assets.

We promote a form of management that ensures participation, communication and transparency by working with tenants, customers and the community, maintaining regular contact with the stakeholders identified and making investments that promote **sustainability** across a range of aspects, having regard at all times to the principle of respect for people while minimising the impact of our activity on nature.

The company also runs activities to raise awareness among our stakeholders.

To promote this, we have a Board-approved [Sustainability/ESG Policy](#) in place, which seeks to generate a business model that creates long-term value, satisfies the needs and expectations of stakeholders and generates socially responsible externalities.

**Our business model includes ethical, social and environmental considerations as we are aware that sustainability and responsibility are key to long-term success in the retail sector.**



Lar España's deep commitment in this regard is reflected in our **Sustainability Strategy**, which is based on the following pillars:

## G | Transparent and responsible management

- Governing bodies that appropriately represent the Company's interests with clearly defined roles and responsibilities.
- Value creation for shareholders and investors to guarantee long-term financial strength and sustainability, while also enhancing the economic development of cities.
- Risk management and control systems to ensure appropriate management.
- Tax responsibility and compliance with the legislation in force.
- Unbiased, transparent, objective and equitable product selection and procurement processes.
- Responsible communication and transparency practices that ensure that we listen to, enable the participation of and guarantee ongoing communication with tenants, customers, the community and other stakeholders alike.
- Promotion of and compliance with the 2030 Agenda and its Sustainable Development Goals (SDG), with a particular focus on those considered a priority for our activity and supply chain.
- Observance of the Organisation for Economic Co-operation and Development (OECD) Guidelines for responsible business conduct in a global context.
- Observance of fundamental rights and principles such as the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
- Zero-tolerance of any type of discriminatory or intimidating behaviour or conduct that violates the human rights of others in accordance with the United Nations Universal Declaration of Human Rights.
- Credibility and trust in the short, medium and long term for a business environment of excellence having regard to best market practices.
- Investments that promote social and environmental sustainability.

## S | Sustainable future for people

- Fostering of social interaction and relationships, creating an urban community and enhancing urban quality.
- A stimulating, safe and healthy working environment, within a framework of equal opportunities, non-discrimination and diversity, as well as a fair remuneration policy.
- Optimal air quality inside our facilities to ensure customer, user, partner and employee wellbeing.
- Creation of jobs and wealth for the socio-economic development of our host communities.
- Integration of the Universal Accessibility criteria.
- Active engagement with our stakeholders.
- Corporate volunteering initiatives.
- Cooperation with institutions, non-governmental organisations, private companies and others, for the effective implementation of social actions.
- Promotion of more sustainable means of mobility to enable citizens to reduce their carbon footprint.

## E | Sustainable future for the planet

- Responsible use and consumption of resources, based on energy efficiency, a circular economy and climate change mitigation and adaptation.
- Environmental management in line with recognised certificates to respond to environmental trends and technologies in the real estate and *retail* sector.
- Automatic monitoring of our environmental performance as a fundamental tool for the analysis of specific indicators and the development of asset-specific action plans to respond to the environmental challenges facing society.
- Urban biodiversity projects to give more space to nature in the cities of the future.
- Incentives to encourage tenants to progress with their sustainability goals.



As part of this quest to achieve sustainable development and a positive impact on our surroundings, we have defined the above lines of action for each of the three pillars, all of which are aligned with our material issues and the SDGs under the 2030 Agenda.

We also continuously monitor compliance by setting short-term priorities that are defined in accordance

with our business strategy to estimate the necessary investments and the latest trends and requirements.

**This roadmap is presented to the Board of Directors of Lar España** and is supervised by the **ESG Committee**, led by Lar España's Corporate and Financial Management and made up of the heads of the different departments involved in promoting and managing the various aspects of sustainability at corporate and operational level.

### 1.3.3 Recognition of our strategic positioning

The assessment of our practices and performance by international indexes and ratings agencies offers an objective perspective of our business, strategy and commitment to sustainability.

These assessments not only reflect the degree to which our operations are aligned with sustainability principles and industry standards for business development, but also provide us with valuable information that enables us to continue improving and strengthening our business practices.

**The ratings and recognitions obtained validate our business strategy** and encourage us to continue moving towards a business model that is focused on generating financial returns while being more sustainable and responsible with the environment and the communities in which we operate.

Thus, at Lar España, we endeavour to comply with the most stringent international standards of **transparency, comparability and engagement**, publishing high-quality information that is accessible to our different stakeholders.

#### European Public Real Estate Association (EPRA)



In line with this commitment, Lar España is a member of the **European Public Real Estate Association (EPRA)**, a leading international body that seeks to promote the comparability of financial and sustainability reporting by listed real estate

companies, through the development of a range of standardised indicators that permit the consistent measurement of performance of companies across the sector. Each year, the EPRA analyses the information published by companies and their alignment with the established requirements.

In 2023, Lar España was again awarded the **EPRA Gold Award** (the maximum distinction awarded by the EPRA as one of Europe's leading international entities in the real estate sector) in both the financial and sustainability categories.

This represents international recognition of the quality of Lar España's reporting to shareholders and stakeholders, having achieved this recognition for the **ninth year running** for its financial reporting and **the sixth year running** for its sustainability reporting, in a clear example of the transparency we seek to implement.

It should be noted that all ESG/sustainability-related EPRA indicators included in this report have been **verified by an independent** third party. The independent review report is explained in [Appendix 5.6](#).

#### MSCI



In 2023, we earned an **'A' rating** on the international **MSCI<sup>(1)</sup> ESG Ratings** index, in collaboration with MSCI-IPD and its IPD Spain Annual Property Index. This places us among just 18% of companies in the sector that have achieved this index rating.

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The results continue to reflect our **leadership in corporate governance practices**, placing us among the highest ranked in the industry, and confirming our robust governance structure. All of this demonstrates our alignment with stakeholder and market demands.

This rating also evidences our **excellent asset management**, which was demonstrated in the results obtained in 2022 in relation to our performance in terms of greenhouse gas emissions, energy consumption and asset efficiency. We are also a leader in terms of transparency, promoting the disclosure of information on sustainability, for example, having registered our Carbon Footprint for the last five years and obtained the “Reduction” seal, making us the first listed real estate company to do so.

The index also highlights the **quality of our assets**, with 100% of our portfolio being BREEAM certified and thereby outperforming the industry average of 39%. Over the past year we have also continued to work on extending the inclusion of green clauses in our commercial contracts, encouraging our tenants to align with our strategy and objectives.

This excellent ranking in one of the market’s most important international sustainability indices continues to demonstrate our industry leadership in ESG.

#### Fitch Ratings agency



We maintained our “BBB” investment-grade credit rating in 2023, with a stable outlook for both Lar España and its two green bond issues.

#### IBEX Gender Equality Index



We are also one of the constituents of the IBEX *Gender Equality Index*, which recognises Spanish companies that stand out for their gender equality and corporate responsibility practices.

#### GRESB and FTSE4Good



For the sixth consecutive year, Lar España participated in the GRESB (Global Real Estate Sustainability Benchmark) assessment, the standard for evaluating commitment to environmental, social and governance (ESG) issues in the property sector. We also continue to form part of the FTSE Russell FTSE4Good index.

#### 2023 Informe Reporta



Further proof of our commitment to transparency and our reporting efforts are the results obtained in the **Informe Reporta in 2023**. This study assesses the quality of the reports made available to shareholders and stakeholders by listed companies, on the basis of four fundamental aspects: commitment to, and relevance, transparency and accessibility of the information.

In 2023, we ranked 27<sup>th</sup> out of 108 in the overall ranking, 15.2 points above the average and at practically the same level as the IBEX35 companies.



## Collaboration with business organisations

We also consider **our collaboration in the business organisations** that exist in Spain to be fundamental, always keeping in mind both the furthering of sector-specific interests and the alliances that confirm the vital role played by corporates in sustainable development.

With this in mind, we are members of the following associations to ensure that we are fully aligned with trends and best practices:

### DIRSE



Since the end of the year, Lar España, represented by Mr. Jon Armentia Mendaza, has been a member of the **Spanish Association of Sustainability Managers (DIRSE)**, dedicated to supporting, promoting and recognising sustainability professionals in any sector who are changing how value is created in their organisations.

A decade since its foundation, DIRSE now boasts more than 700 members and has representatives in 12 of Spain's autonomous regions. Along with its counterparts in Italy, the UK and Germany, DIRSE is part of the European Association of Sustainability Professionals (EASP).

Lar España thus stands out as the only listed REIT to collaborate with this association, demonstrating its commitment to responsible investment and operations from an environmental, social and good governance perspective.

### Forética



Since January 2024, we have been a member of Forética, one of the leading **sustainability-related business associations in Spain**. The Company will thus work to continue promoting the integration of social, environmental and good governance aspects via the various training programmes or clusters offered. Of its 200+ member companies, Lar España is the first from the listed real estate companies category.

### Spanish Association of Shopping Centres and Retail Parks (AECC)



The AECC is an **independent, plural, non-profit**, private and state-wide organisation that brings together professionals, companies and institutions whose activity is directly related to the shopping centres and retail parks sector.

The main aim of the Association, which was created in 1980, is to engage in activities aimed at furthering knowledge, fostering relationships and representing the interests of the sector.

### Association of Owners of Retail Space (APRESCO)



We are members of APRESCO, a voluntary, non-profit organisation that **brings together the corporate owners of retail spaces** (centres, parks and other retail properties) in Spain. Its members include the leading, most representative companies in the sector, entrusted with managing and investing in retail spaces throughout Spain.

The Association was created in July 2021 with the main objective of contributing to the sector's development, modernisation and adaptation to a new context and reality.

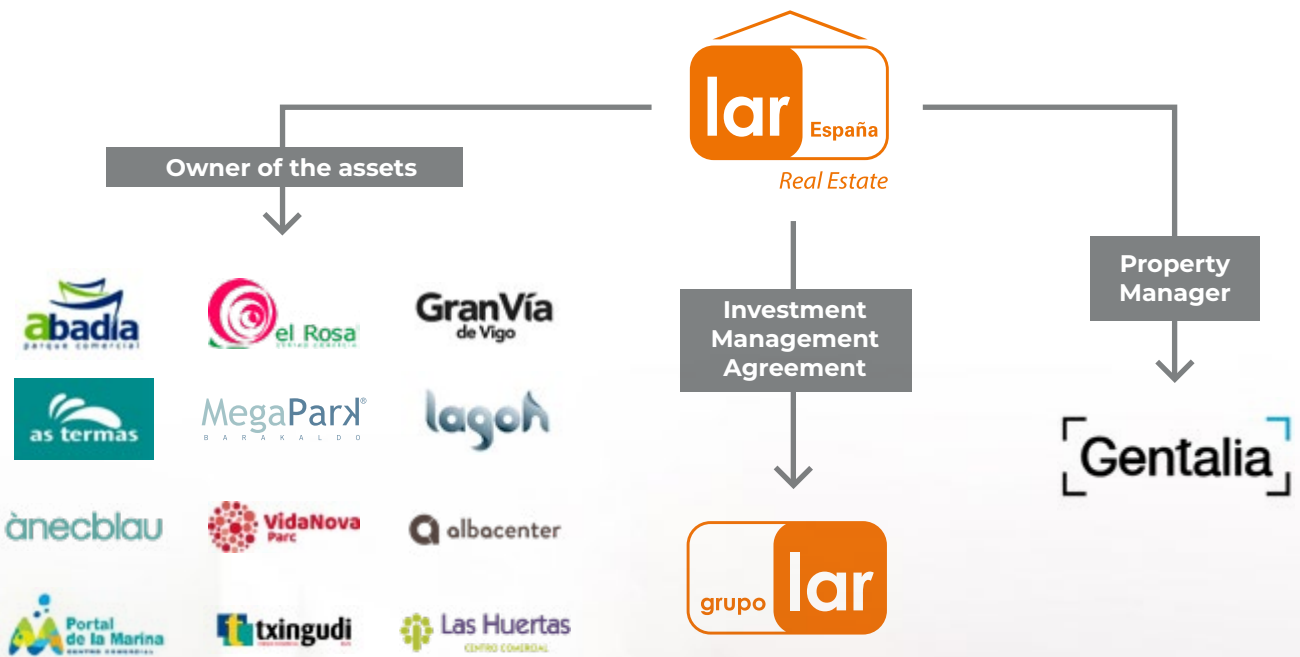
### Association of Real Estate with Rental Assets (ASIPA)



ASIPA defends the interests of Spanish real estate companies with rental assets, including shopping centers and retail parks. Thus, it has been representing their interests for over 40 years with the aim of consolidating and modernizing their sector, essential for the country's economy and development.

# 1.4 Grupo Lar, Lar España's manager

Lar España is under the exclusive management of Grupo Lar, a highly regarded family-owned Spanish property firm with an international track record of real estate development, investment and management spanning over 50 years.



## 1.4.1 Competitive advantages of Grupo Lar

As a prestigious Spanish real estate company with over 50 years of experience in the development and management of, and investment in, real estate assets, it has several competitive advantages that contribute to its outstanding position in the market. Some of these advantages include:

### Stable ownership and sound corporate governance

The Company's stability is rooted in its long-standing ownership by the Pereda family. It implements advanced corporate governance practices, assisted by respected professionals in the financial and real estate sectors.

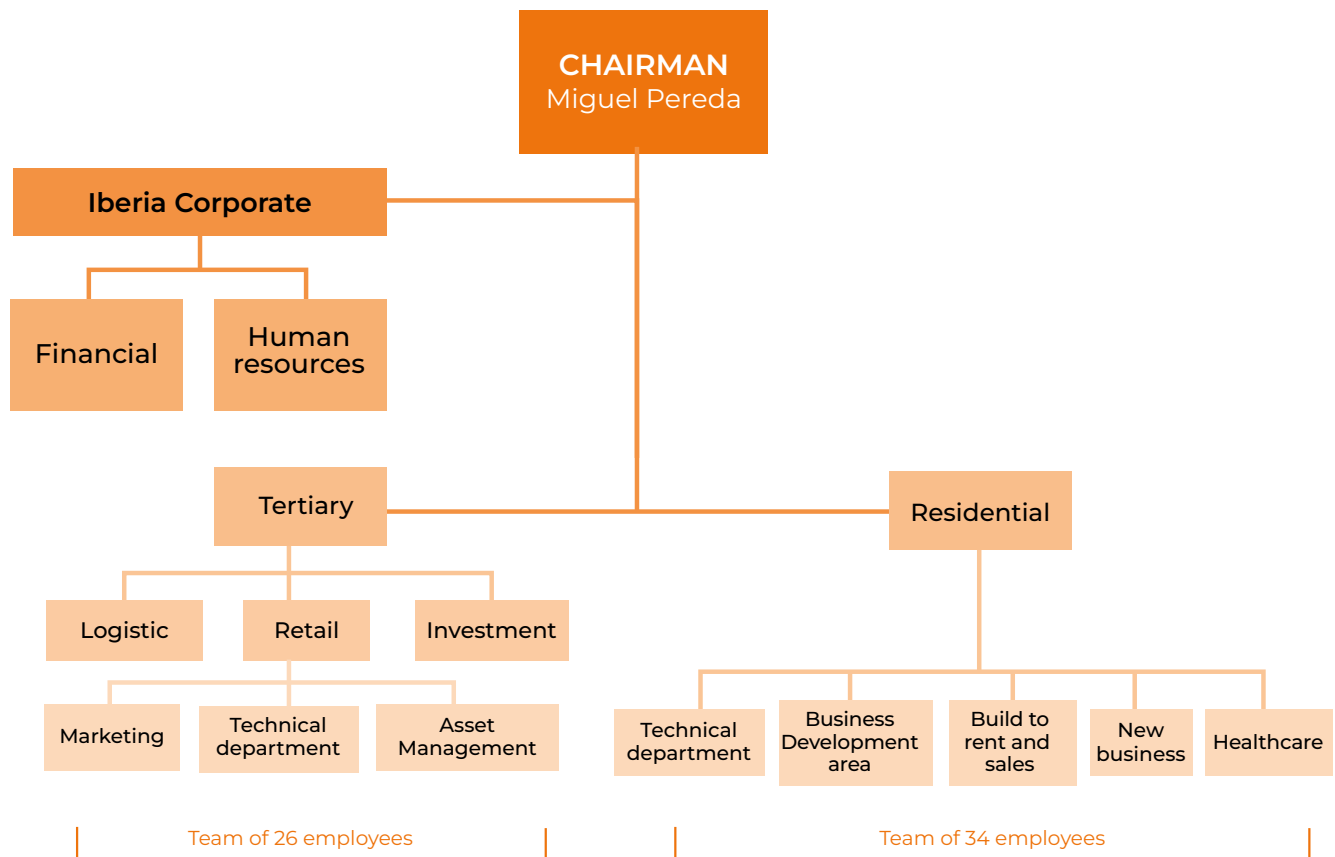
### Strong management team

Operating in five countries, Grupo Lar's **multidisciplinary team was made up of 270 professionals** in 2023.

The Company runs training programmes and talent selection processes to continue strengthening its middle management and hire qualified sector professionals.

The team boasts broad-ranging experience of and expertise in the Spanish and international real estate markets.

Below is the organizational chart of the Grupo Lar team in Iberia::



These collective competitive advantages position Grupo Lar as a reliable and successful entity in the real estate market, enabling it to rise to market challenges and capitalise on opportunities effectively.

### Geographical diversification

Grupo Lar has a particularly **extensive international presence**, managing a portfolio that spans five countries across Europe and the Americas. At the end of 2023, the Grupo Lar managed a portfolio valued at Euros 3,939 million.

2023 weighting (%) of each country in the Grupo Lar's portfolio:

- 58% Spain      → 18% Mexico      → 3% Poland
- 14% Peru      → 7% Brazil

### Product diversification

Grupo Lar **stands out as a real estate investor, developer and manager** specialising in several sectors, including shopping centres and retail parks, offices, residential property, and industrial and logistics assets.

GAV managed by Grupo Lar at 31 December 2023 by asset type (%):

- Shopping centres and *retail* parks 33%
- Residential property 65%
- Logistics 1%
- Other 1%

### Trusted manager and partner

Grupo Lar acts as a co-investor and industrial partner to institutional investors and hedge funds. Its strong track record of joint ventures and alliances with top-tier investors and corporate clients **are proof of its capacity** to maximise return on investment thanks to its invaluable experience in and knowledge of the real estate sector.

### Robust financial structure

Grupo Lar's robust financial position enables it to adapt to changes in the real estate market. Its strength is rooted in its diversification in terms of both geography and assets, which enables it to effectively navigate all types of market conditions.

### Gentalia

Grupo Lar is the sole shareholder of Gentalia, **one of the largest retail property managers in Spain**.

With over 22 years of experience in the industry, Gentalia's activity encompasses **consultancy services, management and marketing of real estate and assets, and marketing of shopping centres and retail parks**, among others.

As a result, Gentalia is one of the strongest, most active and innovative companies in Spain, which explains why it was selected by Lar España to manage part of its portfolio.

It has its **own team**, ensuring that it is managed separately and encouraging tenant loyalty. At the same time, Gentalia takes advantage of economies of scale to **streamline operating costs** at shopping centres and retail parks.

As a result, Gentalia's portfolio currently comprises **26 shopping centres and retail parks** throughout Spain.

All in all, these account for a gross leasable area (GLA) exceeding **880,000 sqm** and call for the company to be in constant communication with market retailers, including the **more than 1,800 tenants** operating at managed properties.

In recent years, Gentalia has successfully participated in several development projects, including **Lagoh** (Seville - 70,000 sqm) and **Bahía Real** (Santander - Retail Park 20,000 sqm), and the pre-opening and subsequent management of **Caleido** (Madrid).

In 2022, it began managing the **build to rent residential lettings platform** created as a *joint venture* between Grupo Lar and Primonial, under the **Vivia** brand. It currently manages **6 developments and 690 residential properties** and has committed to a pipeline that will result in it managing **13 developments and over 1,650 residential properties** before the end of the first half of 2025.

For further information, please consult the [Non-financial Information Statement available](#) on the Grupo Lar corporate website.

## 1.4.2 Grupo Lar's fees in 2023

In January 2022, the management agreement with Grupo Lar, known as the Investment Management Agreement (IMA), was renewed. This agreement includes new terms and conditions that contribute to greater alignment of interests between the two companies.

The new management agreement has a **term of five years**, running from 1 January 2022 to 31 December 2026. The renewal of this agreement emphasises the continuity and trust placed in our relationship with Grupo Lar for the efficient management of our real estate assets.

This agreement establishes a fee structure as explained below:

### Base fee:

- Under the Investment Management Agreement (IMA), the base fee is calculated using the Net Asset Value (EPRA NAV/NTA) of Lar España at the previous year-end.
- A base fee of **0.62%** of the Net Asset Value (EPRA NAV/NTA) is applied, resulting in a base fee of **Euros 5,669 thousand** being recognised in Lar España's consolidated statement of comprehensive income for the year ended 31 December 2023.

Base Fee	(Thousands of Euros)
<b>EPRA NAV 31.12.22</b>	<b>914,332</b>
Gross fee	5,669
Grupo Lar expenses incurred by Lar España	-
<b>BASE FEE</b>	<b>5,669</b>

### Performance fee:

The revised management agreement maintains Grupo Lar's right to an **annual performance fee** based on the **return obtained by the shareholders** of Lar España.

The performance fee is to be calculated on the basis of any increase in EPRA NAV/NTA per share and the performance of Lar España's share price. This amount is settled on an annual basis, and will be **limited to a maximum amount of 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.

EPRA NAV/NTA evolution	(Thousands of Euros)
EPRA NAV/NTA 31.12.22	914,332
EPRA NAV/NTA 31.12.23 <sup>(1)</sup>	901,806
<b>Gross difference</b>	<b>(12,525)</b>
2022 dividend distributed in 2023	50,000
<b>Net difference</b>	<b>37,475</b>
<b>INCREASE % 31.12.22 - 31.12.23</b>	<b>4.10%</b>
Return above 8.5%	0.00%
<b>PERFORMANCE FEE</b>	<b>0</b>

No performance fee was accrued, in accordance with the annual increase in the EPRA NAV/NTA recognised.

Furthermore, the **market capitalisation** performance is shown in the table below:

Market capitalisation performance	(Thousands of Euros)
Market capitalisation 31.12.22 <sup>(1)</sup>	365,299
Market capitalisation 31.12.23 <sup>(1)</sup>	509,774
<b>Gross difference</b>	<b>144,475</b>
2022 dividend distributed in 2023	50,000
<b>Net difference</b>	<b>194,475</b>
<b>INCREASE % 31.12.22 - 31.12.23</b>	<b>53.24%</b>
Return above 8.5%	44.74%
<b>PERFORMANCE FEE</b>	<b>3,268</b>

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

Given that the market capitalisation in 2023 **rose by more than 8.5%**, a performance fee of **Euros 3,268 thousand** was accrued, in accordance with the annual increase in market capitalisation.

The aggregate of the *base fee* and the performance fee, **Euros 8,937 thousand**, was recognised under "Other expenses" in the consolidated statement of comprehensive income for the year ended 31 December 2023.

The fees have been included in the calculation of the EPRA Cost Ratios, as detailed in section [4.3 EPRA Information](#) of this report.

#### **Additional variable fee for special actions:**

If the Company undertakes the **development of new assets** or the extension of an existing asset, an additional variable fee is incurred based on a percentage of the total cost (CAPEX less the price of the building plot).

- A **4%** fee on the total costs up to Euros 40 million and **3%** fee on the total costs above **Euros 40 million** are established.
- The refurbishment of assets does not give rise to a fee, and is instead covered by the *base fee*.

**No additional variable fee** in respect of special actions **was accrued in 2023**.



## 1.5 Market context and trends

### 1.5.1 Socio-economic context affecting Lar España<sup>(1)</sup>

It is crucial that Lar España analyses its surroundings and the developments arising in the key sectors related to its activity, in order to **identify the opportunities and risks associated with the development of its business**. By doing so, the Company can **anticipate the trends and expectations of the real estate market, and more specifically, the retail market**, as well as those of society in general.

#### Economic outlook for the mass consumption sector

After the fluctuations witnessed in the mass consumption sector in recent years, the outlook for 2024 indicates **the start of a new cycle characterised by greater stability**.

In 2023, the Spanish economy was already demonstrating resilience by achieving GDP growth of 2.5%, according to the Spanish National Statistics Office (INE).

**Private consumer spending has been the main driver of growth**, thanks to the improved purchasing power of households and the good performance of the labour market, which reported the creation of more than 780,000 jobs in 2023, according to data from the Active Population Survey (EPA).

This economic stability has contributed to a recovery in the **Consumer Confidence Index**, which achieved pre-pandemic levels in January 2024, reaching 8% above the January 2023 index.

Tourism has also achieved excellent results in 2023, with a historic increase in the number of international tourists, exceeding 85 million for the first time.

Despite the favourable data recorded last year, in 2024, the economy, and businesses on the whole, will face obstacles, including high inflation, which remains high despite a decrease of 4.9 points compared to 2022, and rising interest rates.

**Improved economic conditions are expected in 2024** with decreased inflation levels and improved interest rates, which will overall drive growth in consumption and retail sales volumes if the labour market remains strong, according to the Retail Market in Spain Report prepared by JLL and Intelligent Investment - Market Outlook 2024 prepared by CBRE.

(1) Sources: Spanish National Statistics Office (INE); Active Population Survey (EPA); 'Retail Market in Spain' Report prepared by JLL; and the Spanish Association of Shopping Centres and Retail Parks (AECC).

## Shopping centres continue to increase sales and footfall levels

In the past year, the retail sector's operating outlook has been favourable, with dynamic commercial activity and improved occupancy and profitability of quality assets.

As a result, **shopping centres and retail parks have already returned to pre-pandemic sales volumes** and continue to recover footfall levels, as reported by various sources, such as JLL and the Spanish Association of Shopping Centres and Retail Parks.

These good results are attributable to various factors, including the specialisation of these assets in improving the customer experience, and committing to new commercial solutions that enable progress in the implementation of an omnichannel model, driven by the latest technology in digitalisation.

## High demand drives rental growth for quality, benchmark assets in their catchment area

Prior to 2020, rental growth in the retail sector for all commerce categories in Europe had started to slow down due to, inter alia, the growth prospects of online shopping.

However, following the stabilisation of online shopping data and increased awareness of this commerce's future progress, demand for quality retail spaces in strategic locations in Spain currently remains strong, with **occupancy figures at record highs**, which has driven rental growth over the past year.

## Retail parks led investments in 2023, in a year marked by a lack of transactions

According to the latest report published by the consultant JLL, in 2023 the Spanish retail investment market experienced a slowdown in transactions, **mainly due to the rise in interest rates**. Forecasts for 2024 point to a recovery over the course of the year, supported by positive forecasts and greater stability in the financial markets.

In 2023, medium-sized retail spaces and retail parks accounted for 52% of retail investment in Spain, with investments totalling Euros 545 million, up 80% compared to 2022. Interest in this type of asset is expected to continue in 2024 due to attractive returns and limited risk. Evidence of this is that 90% of the new projects scheduled to open this year are this type of asset.

Investment in shopping centres accounted for Euros 130 million in the past year (-63% compared to the previous year, due to the scarcity of large volume operations). In any case, **shopping centres are expected to regain their leading position in retail investment in Spain in 2024**, given the expected opportunities and ongoing transactions.

**It is important to highlight that even in periods of increased uncertainty, shopping centres and retail parks have proven to be a resilient asset, having recorded excellent operating results during the year with intense commercial activity and improvements in occupancy and rent levels.** Their attractiveness to investors is therefore expected to improve over the coming years.



## 1.5.2 Challenges and opportunities of the retail sector<sup>(1)</sup>

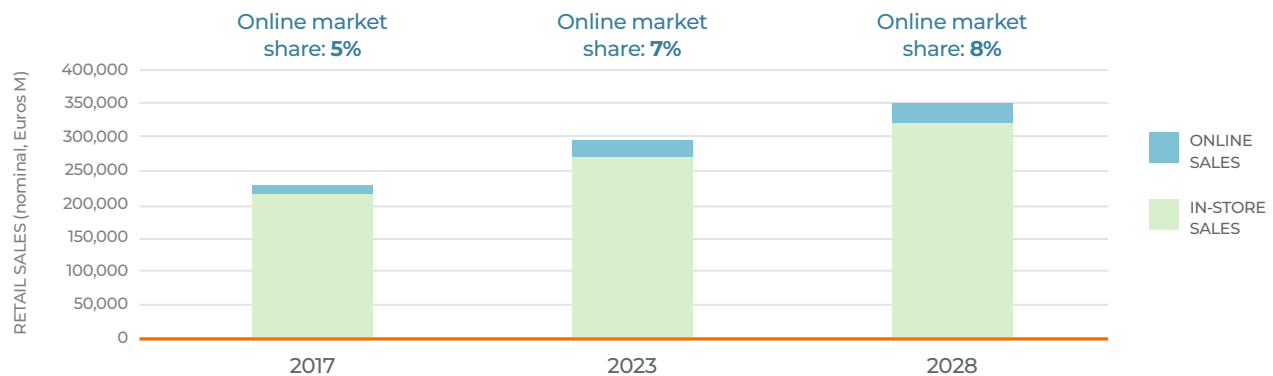
A number of challenges and opportunities that may shape the performance of the real estate and retail sectors in general, and that of shopping centres and retail parks in particular, are identified below.

### E-commerce stabilises

The pandemic led to an increase in online retail sales compared to those recorded in brick-and-mortar stores. However, this increase has proven to be temporary as, following the return to normality, the **penetration of e-commerce stabilised considerably.**

In this regard, although the market share of e-commerce is expected to continue increasing slightly, forecasts point to its growth stabilising, as can be seen in the following graph, which shows the percentage of market share estimated for 2028, according to the consultant JLL.

In-store sales and online sales in Spain



Source: JLL Research

**In-store commerce** will continue to evolve, implementing technological solutions focused on offering a unique customer experience.

Thus, retailers will continue to focus on creating omnichannel experiences that seamlessly combine

the online with the in-store to offer a streamlined shopping experience, with a variety of solutions at their disposal, and in-store services that increase customer satisfaction and enable a better insight into customers.

(1) Sources: Emerging Trends in Real Estate® Europe 2024 de PwC y el Urban Land Institute; Informe Perspectivas Europeas 2024 de Cushman & Wakefield; Shopping Centres: Why are their fundamental promising for the coming years? de CBRE; El mercado Retail en España de JLL 2024; e Intelligent Investment – Market Outlook 2024 de CBRE

## Omnichannel and digitalization as allies of sustainability

Following current **shopping trends**, it is vital that retailers have brick-and-mortar sales spaces by means of a solid portfolio of stores, especially in countries such as Spain, where consumers are more accustomed to shopping in brick-and-mortar stores and in many cases requiring the assistance of professionals. Testament to this is that in recent years some chains that were initially focused purely on online shopping, such as Aliexpress, which in fact has a point of sale in our Lagoh shopping centre, have opened brick-and-mortar stores to enhance customer relations and be able to reach out better to all types of customers.

As a result, the **positioning of brick-and-mortar stores** as a key asset in the strategy of attracting and retaining customers will persist, although companies should focus on opening higher quality spaces with a clear commitment to innovation, and a shopping model that seamlessly integrates the connection between the brick-and-mortar and digital channels.

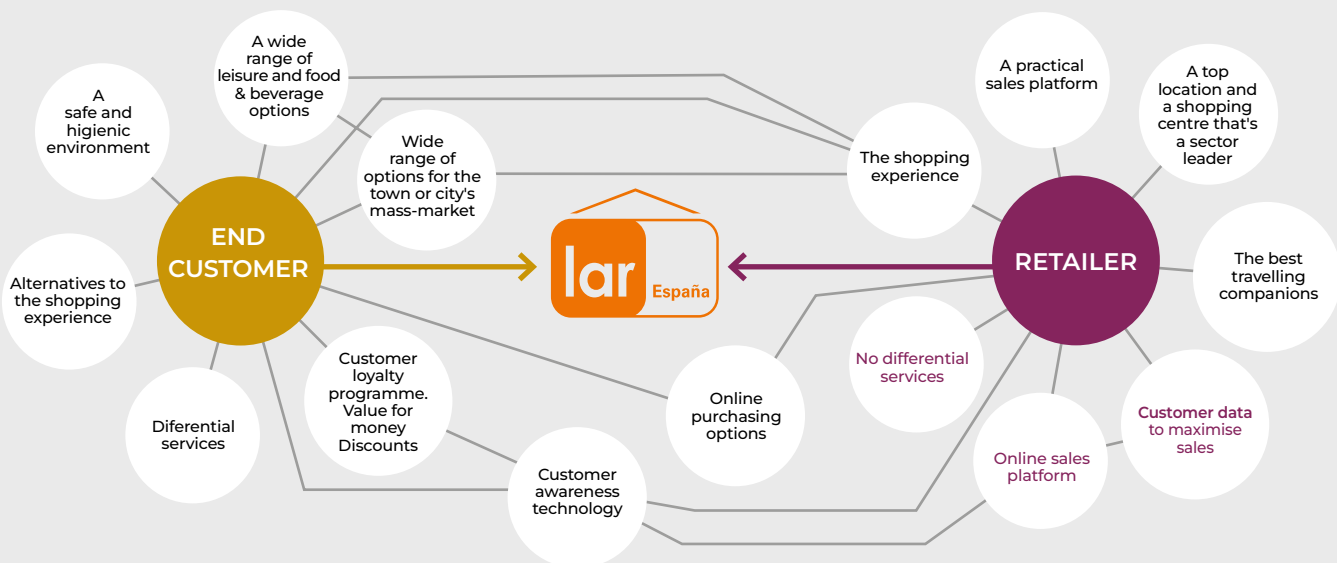
The **shopping process** is moving towards a model that **merges the different channels**, something that is present in our assets. For example, a purchase can begin via the online channel and then be collected at one of the brand's brick-and-mortar stores. Even

solutions that allow direct contact with the shop manager are emerging, such as shopping via Whatsapp, which has already been implemented in our Lagoh shopping centre, allowing users to check what **stock** is available in store and get the necessary advice. Thus, the user's shopping journey can be seen to go beyond the visit to the centre, resorting to different resources that make the purchasing process dynamic and not limited to a single support.

All of this also makes it possible to **gain a better insight into customers**, in order to work on increasing customer satisfaction and adapting the range of services on offer to what is sought, based on the latest trends.

In this context, within our portfolio, it is worth highlighting the presence of the Inditex Group, with 62 stores of its various commercial brands. Additionally, since 2018, they have increased their commercial space by more than 2,500 sqm in order to enhance their brand and catalyze the implementation of the latest news in innovation, including the integration of physical and digital channels.

Accordingly, our business model serves as a link and meeting point between customers and brands:

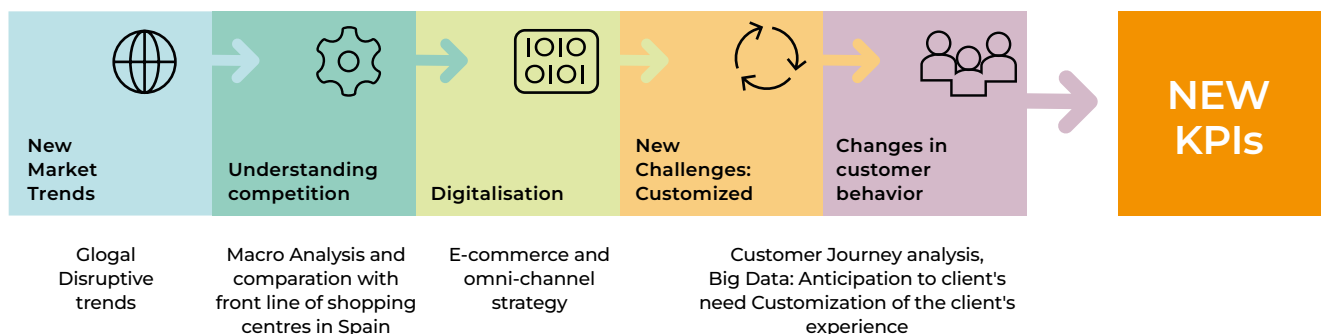


## Other key trends

- **Close communication between tenants and owners**, with the aim of aligning strategies to increase customer satisfaction and gain a better insight into customers, without losing sight of the value their co-operation offers to achieve synergies and meet ESG objectives.
- **Attractive and flexible spaces** with modern elements that offer complementary services, focused on increasing the proximity and comfort of users, achieving longer dwell times and, consequently, a potential increase in the average spend in-store.
- **New consumer trends**, with a strong focus on socialising and entertainment, as well as the food, health and beauty sectors. It is also important for owners to consider the changing expectations of customers seeking spaces where there is a mix of tenants from different sectors, allowing for revenue diversification.
- Increasing importance of **sustainability criteria in decision-making**, driven by growing consumer awareness, leading to new investments in line with market and societal expectations, which incentivises the transformation of the retail activity. In this context, the decarbonisation of real estate assets has become key in recent years, with it being essential that any action in this connection is aligned with current legislation. Thus, stakeholders are paying more attention to Energy Performance Certificates (EPCs) or specialised technical certificates such as BREEAM, which, in our case, play a key role when tenants are selecting the spaces in which they want to operate. The implementation of commercial solutions that reduce the environmental impact will also be key, such as reducing last mile journeys.

With these issues in mind, our commercial and operational management strategy aims to **manage a portfolio of retail real estate assets that are dominant in their area** and with high customer acquisition opportunities. We are also working to implement the latest developments in innovation that allow us to advance in understanding our users' preferences and needs, considering all the current challenges

At Lar España, we are always in a process of continuous improvement, addressing all our strategic challenges.



## 1.6 Materiality assessment

We believe that the identification and disclosure of our **material ESG topics** as a result of our materiality analysis plays a key role in providing us with a strategic and focused view, enabling effective prioritisation of the most relevant issues and informed decision making in our management of the business.

**The results of our materiality study guide our corporate activity and ensure that our strategy is aligned with the expectations of our stakeholders.**

In 2021, we updated the corporate materiality analysis to align it with the latest demands and trends.

As there have been no significant changes in the real estate sector or in our business, the decision was made to maintain this analysis in place during 2023. However, our corporate strategy for 2024 foresees updating the materiality analysis **according to the double materiality methodology**, thereby complying with the latest sustainability reporting regulations and pre-empting the compliance deadlines that apply to Lar España as a small listed company in accordance with Directive (EU) 2022/2484 of the European Parliament and of the Council of 14 December 2022 (CSRD Directive).

In our 2021 materiality analysis we identified the **most significant aspects** for Lar España, considering both an internal and external perspective:

- **Internally**, we consulted a number of the Company's employees to assess the sustainable impact of our operations.
- **Externally**, we analysed the priorities and expectations of our stakeholders, and identified new trends in the sector that should be included in our activities. We also assessed the new non-financial reporting requirements and the requirements of ESG analysts. This analysis was based on:
  - **Standard-setters:**
    - ESG risks identified by the World Economic Forum (WEF).
    - Macrotrends and disruptions identified by the World Business Council for Sustainable Development (WBCSD).
    - United Nations 2030 Agenda
  - **Reporting frameworks:**
    - Global Reporting Initiative (GRI).
    - Non-financial and diversity information law 11/2018.
    - European Public Real Estate Association (EPRA).
    - Sustainability Accounting Standards Board (SASB).
    - WEF metrics and disclosures.
  - **ESG analysts:**
    - S&P.
    - MSCI.
    - Global Real Estate Sustainability Benchmark (GRESB).

This methodological approach has enabled us to **comprehensively address the internal and external aspects relevant to our strategy.**

As a result of this analysis we identified **20 material topics** for Lar España:

<p><b>E</b>   Environmental topics</p> <ul style="list-style-type: none"> <li>→ Energy efficiency</li> <li>→ Management of climate change risks and opportunities</li> <li>→ Water management</li> <li>→ Sustainable use of resources</li> <li>→ Circular economy</li> <li>→ Atmospheric pollution</li> </ul>	<p><b>S</b>   Social topics</p> <ul style="list-style-type: none"> <li>→ Talent management</li> <li>→ Human rights</li> <li>→ Employee health, safety and wellbeing</li> <li>→ <i>Stakeholder</i> engagement model</li> <li>→ Diversity and equal opportunities</li> <li>→ Customer/user experience</li> <li>→ Sustainable supply chain</li> </ul>	<p><b>G</b>   Corporate governance and ethics topics</p> <ul style="list-style-type: none"> <li>→ Good corporate governance</li> <li>→ Ethics and compliance</li> <li>→ Sustainable and responsible investment</li> <li>→ ESG risk management</li> <li>→ Innovation and new technologies</li> <li>→ ESG reporting</li> <li>→ Cybersecurity and data protection</li> </ul>
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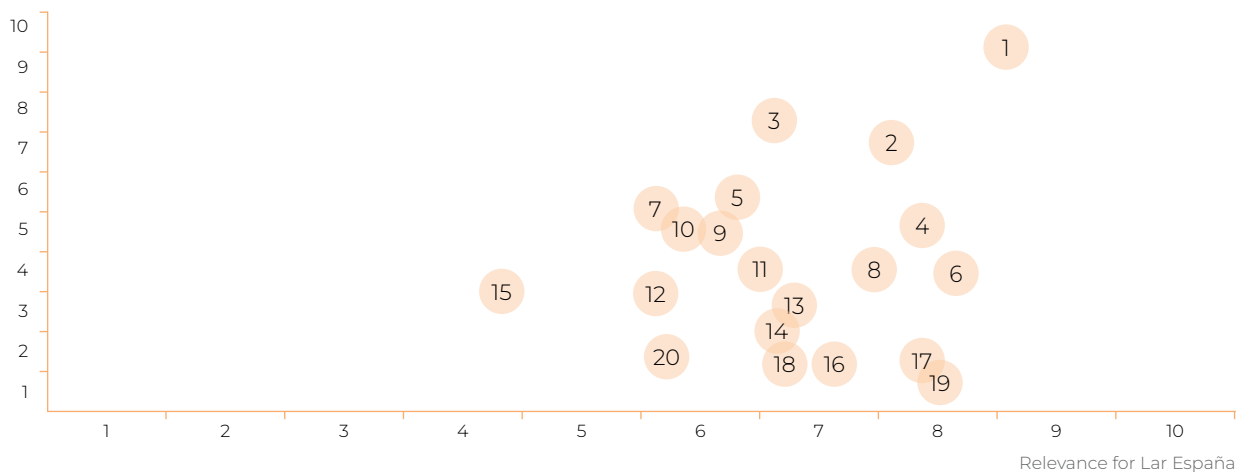


We effectively prioritise our material ESG topics through materiality analysis and a comprehensive methodology in which a dual internal and external perspective is applied.

We prioritised these 20 material topics using a scoring system included in the following materiality matrix that collates the views of our stakeholders.

This assessment enables the integration of the most relevant topics, **considering both external and internal materiality.**

Relevance for our stakeholders



- |  |                                |   |   |
|--|--------------------------------|---|---|
| 1 Energy efficiency and carbon emissions         | 6 Water management             | 11 Stakeholder engagement model           | 16 Innovation and new technologies          |
| 2 Good Corporate overnance                       | 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 established by the ratio between external materiality and internal materiality enables us to establish an order of priority for the material topics.

The materiality matrix graph shows that the topics located in the right quadrant are particularly relevant for the business and our stakeholders.

The analysis reveals that **energy efficiency and carbon emissions** (1<sup>st</sup> place) are topics of great importance to our Company and that they are also of external relevance.

Other notable key topics include **climate change risk and opportunity management, water management** and the **circular economy**, highlighting Lar España's awareness of the importance of these issues.

This is reflected in our initiatives, which are focused on caring for the environment and on our commitment to monitoring environmental management indicators.

As for social and governance aspects, the indicators for **good corporate governance** (2<sup>nd</sup> place), **ethics and compliance** (4<sup>th</sup> place) and **talent management** (5<sup>th</sup> place) occupy the top positions in our list of material topics, together with the environmental topics. These results indicate the importance we place on business ethics, good corporate governance and talent management as key elements in our comprehensive approach to sustainability and responsible corporate governance.

As will be seen throughout this report, we have prioritised the management of these topics in the development of our corporate strategy, as they have been identified as the most relevant for our business. Thus, in recent years we have developed specific projects to address these topics and establish a roadmap at portfolio level, such as a decarbonisation plan, an energy efficiency plan, the conducting of climate risk analysis and a water footprint study.



## 1.7 Dialogue with our stakeholders

We are constantly in touch with our stakeholders so that we may be aware of their views and expectations at any given time.

We have accordingly established a **management model** that incorporates a wide range of tools for consultation and discussion with each stakeholder.

This model comprises the following stages:

1. | **Identifying and classifying** stakeholders.
2. | **Aligning** internal and external **expectations**.
3. | **Jointly setting strategic** goals with shared targets.
4. | **Responding to stakeholder expectations** with specific actions.
5. | **Regularly reviewing the communication** channels to ensure their effectiveness and efficiency.

We have various **communication and discussion channels** in place to gather the expectations voiced by stakeholders, facilitating the definition of corporate targets and the implementation of specific actions in response to their needs and expectations.



Understanding the social, economic and environmental context is essential to us. Integrating these issues into our daily activities reflects our commitment to respond to the needs and expectations of our stakeholders.



## Response to social issues

Stakeholders	Relevance	Communication channel	Stakeholder expectations	Shared objective	Response action
<b>Employees</b> (primarily employees of Lar España, Grupo Lar and Gentalia)	Our employees contribute to making us one of the leading players in the Spanish and international real estate market.	<ul style="list-style-type: none"> <li>→ Direct personal contact</li> <li>→ Ethics and whistleblowing channel</li> <li>→ Meetings to monitor professional development</li> <li>→ Regular newsletters</li> </ul>	<ul style="list-style-type: none"> <li>→ Equal opportunity and non-discrimination</li> <li>→ Professional development</li> <li>→ Safe and healthy environment</li> <li>→ Work-life balance</li> <li>→ Transparent compensation policy</li> <li>→ Ethics, integrity and compliance</li> </ul>	<ul style="list-style-type: none"> <li>→ Retaining talent</li> <li>→ Fostering of equality and non-discrimination</li> <li>→ Professional training of employees</li> <li>→ Responsible corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>→ Employee training</li> <li>→ Remuneration policy based on roles and responsibilities</li> <li>→ Promotion of an ethical working environment and integrity. Internal Code of Conduct</li> <li>→ Equality plans for all employees</li> <li>→ Internal Reporting System Policy</li> <li>→ Personal data protection legislation</li> </ul>
<b>Local community</b> (citizens, businesses, organisations, city council)	Our business has a direct impact on the community in which we operate; therefore the wellbeing and involvement of local stakeholders influences the long-term sustainability and success of our real estate initiatives.	<ul style="list-style-type: none"> <li>→ Pre-project meetings with local organisations</li> <li>→ Opinion polls in shopping centres and retail parks</li> <li>→ Technological tools to learn about local habits and preferences</li> </ul>	<ul style="list-style-type: none"> <li>→ Respect and promotion of culture</li> <li>→ Management of indirect impact on local businesses</li> <li>→ Promotion of local employment</li> <li>→ Creation of shared value</li> </ul>	<ul style="list-style-type: none"> <li>→ Integration of projects into local culture and customs</li> <li>→ Creation of local employment</li> <li>→ Creation of local businesses</li> </ul>	<ul style="list-style-type: none"> <li>→ Projects take into account local culture and circumstances</li> <li>→ <i>Start-up</i> and innovation events open to local businesses</li> <li>→ Contracting of local suppliers</li> <li>→ Sporting event and cultural sponsorships with local communities</li> </ul>
<b>Users</b> (end customers, visitors, accompanying persons)	Our activity directly contributes to the local community, as it provides modern public spaces for users, offering leisure alternatives that are equipped and adapted to all types of people.	<ul style="list-style-type: none"> <li>→ Opinion polls</li> <li>→ Suggestion channels in shopping centres and retail parks</li> <li>→ Satisfaction and quality audits</li> </ul>	<ul style="list-style-type: none"> <li>→ New products and services</li> <li>→ Connectivity and accessibility</li> <li>→ Safe and healthy environment</li> <li>→ Modernity and design</li> <li>→ Knowledge of events and tenants' offers</li> </ul>	<ul style="list-style-type: none"> <li>→ Assets offering unique experiences</li> <li>→ Attractive assets</li> <li>→ Accessible and adapted assets</li> <li>→ Safe and comfortable spaces</li> </ul>	<ul style="list-style-type: none"> <li>→ Digital tools to recognise trends and offer the best experience</li> <li>→ Centres certified in Universal Accessibility</li> <li>→ Recruitment of persons with disabilities</li> <li>→ Design spaces and renowned architects</li> <li>→ Promotion of high health and safety standards</li> </ul>

## Response to economic issues

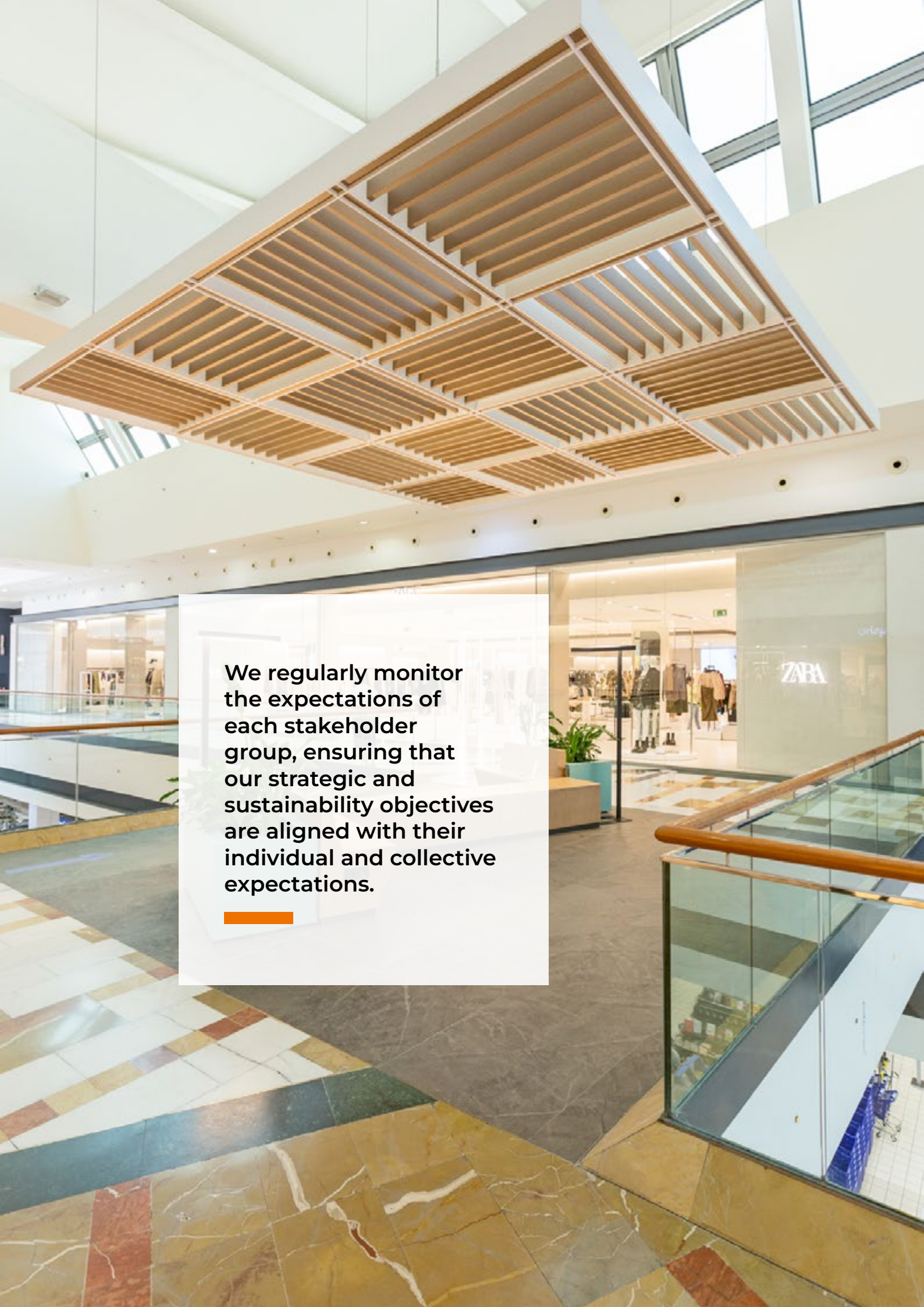
Stakeholders	Relevance	Communication channel	Stakeholder expectations	Shared objective	Response action
<b>Investors and investment managers</b> (Shareholders, banks, analysts, regulators, investment managers, funds)	Investors and shareholders analyse our financial situation and assess the trust it generates among financial institutions.	<ul style="list-style-type: none"> <li>→ One to one meetings</li> <li>→ Conference calls</li> <li>→ Investor days</li> <li>→ Road shows</li> <li>→ Promotion and participation in sector events</li> <li>→ Updated section of website devoted to shareholders</li> <li>→ Corporate inbox</li> <li>→ Annual General Meeting for shareholders</li> <li>→ Ethics and whistleblowing channel</li> </ul>	<ul style="list-style-type: none"> <li>→ Good governance and transparency</li> <li>→ Ethics and regulatory compliance</li> <li>→ Risk management</li> <li>→ Return on investment and monitoring of share price</li> <li>→ Prevention of corruption and money laundering</li> <li>→ Corporate, financial and sustainability strategy</li> </ul>	<ul style="list-style-type: none"> <li>→ Operation in accordance with best practices in corporate governance</li> <li>→ Regulatory compliance</li> <li>→ Annual profitability</li> <li>→ Ongoing improvement in results</li> <li>→ Minority shareholder support</li> <li>→ Transparency in reporting results to the markets</li> </ul>	<ul style="list-style-type: none"> <li>→ Code of conduct</li> <li>→ Information, Communication and Involvement Policy in place with shareholders, investors and proxy advisors</li> <li>→ Risk management and control</li> <li>→ Reports: Annual, Corporate Governance, Remuneration</li> <li>→ Publication of portfolio valuations</li> <li>→ Internal Code of Conduct in the Securities Markets</li> </ul>
<b>Media</b> (hard copy press, online press, specialised publications)	We are currently followed by the main economic and general media in Spain, in addition to around 10 specialised publications and the local media where we have assets.	<ul style="list-style-type: none"> <li>→ Meetings with the media</li> <li>→ Participation of our directors in sector events</li> <li>→ Press releases</li> <li>→ Economic articles, roundtables</li> </ul>	<ul style="list-style-type: none"> <li>→ Good governance and transparency in relationships</li> <li>→ Transparency in communication</li> <li>→ Mutual trust in business relationships</li> </ul>	<ul style="list-style-type: none"> <li>→ Upholding of the Company's good reputation</li> <li>→ Oversight of the transparency of the information published via the press to the markets and society.</li> </ul>	<ul style="list-style-type: none"> <li>→ Information, Communication, Contact and Involvement Policy in place with shareholders, investors and proxy advisors</li> <li>→ Regular internal press</li> <li>→ Monitoring and updating of the "inside information" posted on websites and with regulators.</li> </ul>
<b>Suppliers</b> (asset managers, services, products, IT, innovation)	Thanks to our suppliers, we have the capacity to offer a wide range of services to our customers and users, something that is key in the search for customer satisfaction and is very relevant for us, and which we assess by means of satisfaction surveys.	<ul style="list-style-type: none"> <li>→ Meetings with suppliers</li> <li>→ Contract follow-up meetings</li> <li>→ Attendance at supplier fairs</li> <li>→ Contact details on the website</li> <li>→ Ethics and whistleblowing channel</li> <li>→ Contact through asset managers</li> </ul>	<ul style="list-style-type: none"> <li>→ Transparency in business relations</li> <li>→ Long-term vision and security</li> <li>→ Risk management</li> </ul>	<ul style="list-style-type: none"> <li>→ Establish long-term relationships with suppliers</li> <li>→ Continuous improvement of our assets</li> <li>→ Technological innovation</li> </ul>	<ul style="list-style-type: none"> <li>→ Long-term contracts with suppliers</li> <li>→ Selection of offers based on transparent criteria</li> <li>→ Procurement and Outsourcing Services Policy</li> <li>→ Information Security Policy</li> </ul>

Stakeholders	Relevance	Communication channel	Stakeholder expectations	Shared objective	Response action
<b>Tenants</b> (Tenants and their employees)	Leasing retail floor space is at the core of our business; therefore tenants play a key role in achieving the objectives we set and in the way we deliver value to the community.	<ul style="list-style-type: none"> <li>→ Digital communication platforms</li> <li>→ Attendance at sectoral events of the different brands operating in the sector</li> <li>→ Contract follow-up meetings</li> </ul>	<ul style="list-style-type: none"> <li>→ Transparency in business relations</li> <li>→ Speed in asset management</li> <li>→ Coordination and balance between tenants</li> <li>→ Optimal operation of the asset</li> </ul>	<ul style="list-style-type: none"> <li>→ Implementation of strategies to increase sales</li> <li>→ Operation of the centre in the best conditions</li> <li>→ Reasonable and sustainable affordability rates over time</li> </ul>	<ul style="list-style-type: none"> <li>→ Digital tools to understand tenant and user trends</li> <li>→ Digital tool for communication between operators and managers</li> <li>→ Online platform to advertise assets to tenants</li> </ul>
<b>Competidores</b> (SOCIMIs -Spanish REITs-, investment funds)	They provide us with vital insights into the dynamics of the real estate market, enabling us to adapt strategies and maintain a strong competitive position.	<ul style="list-style-type: none"> <li>→ Promotion of sectoral events</li> <li>→ Participation in trade fairs and sectoral events</li> </ul>	<ul style="list-style-type: none"> <li>→ Good governance and transparency</li> <li>→ Enhancement of the image of the sector</li> <li>→ Fair competition and regulatory compliance</li> <li>→ Stable employment and training</li> </ul>	<ul style="list-style-type: none"> <li>→ Enhancement of the reputation of the sector</li> <li>→ Attraction of talent</li> <li>→ Encouragement of training of the sector's employees</li> </ul>	<ul style="list-style-type: none"> <li>→ Training of Grupo Lar's and our employees</li> <li>→ Social media campaign on the positive aspects of the sector</li> <li>→ Internal tools</li> <li>→ Timely monitoring of our peers</li> </ul>



## Response to environmental issues

Stakeholders	Relevance	Communication channel	Stakeholder expectations	Shared objective	Response action
<b>Social and environmental organisations</b> (NGOs, foundations, local organisations, sector associations)	Their active participation and expertise contribute to enriching our sustainable practices and strengthening our commitment to social wellbeing and the environment in the communities where we operate.	<ul style="list-style-type: none"> <li>→ Holding events at assets for the participation of social groups</li> <li>→ Surveys and requests for information</li> <li>→ Contact details on the website</li> </ul>	<ul style="list-style-type: none"> <li>→ Projects with low environmental impact</li> <li>→ Standardised ESG reporting</li> <li>→ Impact management and damage remediation</li> <li>→ Cooperation with other companies to promote <i>knowledge sharing</i></li> </ul>	<ul style="list-style-type: none"> <li>→ Best practices in environmental design</li> <li>→ Standardised information reporting (GRI / EPRA)</li> </ul>	<ul style="list-style-type: none"> <li>→ Sustainability/ESG Policy</li> <li>→ Risk Control and Management Policy</li> <li>→ Obtaining independent certificates</li> <li>→ Verification of information by independent third parties</li> <li>→ Annual report integrated with sustainability</li> </ul>
<b>Regulators</b> (control bodies)	Regulators' collaboration and regulatory compliance ensures that our real estate operations are aligned with legal regulations and standards, contributing to sustainability and transparency in our business practices.	<ul style="list-style-type: none"> <li>→ Requests for information in early stages of compliance projects</li> <li>→ Mandatory documentation in the drafting and approval of projects</li> </ul>	<ul style="list-style-type: none"> <li>→ Good governance and transparency</li> <li>→ Standardised ESG reporting</li> </ul>	<ul style="list-style-type: none"> <li>→ Regulatory compliance</li> <li>→ Compliance with procedures</li> </ul>	<ul style="list-style-type: none"> <li>→ Analysis of environmental legislation and strict compliance</li> <li>→ Internal environmental information gathering systems</li> <li>→ Corporate governance policies</li> <li>→ Timely and transparent information to regulated markets (CNMV)</li> </ul>
<b>Authorities</b> (European Union, State, Autonomous Regions, Municipalities)	Their direct influence on regulations, policies and legal frameworks affecting the real estate sector, and their decision-making role, have an impact on the Company's development and operations at regional and national level.	<ul style="list-style-type: none"> <li>→ Meeting with authorities through sector forums</li> <li>→ Two-way discussion regarding sector expectations and possible collaborations</li> </ul>	<ul style="list-style-type: none"> <li>→ Urban resilience</li> <li>→ Rehabilitation and conservation of buildings</li> <li>→ Environmental impact assessment</li> <li>→ Climate change mitigation</li> <li>→ Biodiversity and natural environment impact management</li> </ul>	<ul style="list-style-type: none"> <li>→ Improving the local environment</li> <li>→ Meeting local needs</li> <li>→ Projects aligned with international and national plans on climate change and other environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>→ Assessment of the environmental impact of our projects through internationally recognised methodologies</li> <li>→ Sustainability strategy that improves on existing regulations</li> </ul>



**We regularly monitor the expectations of each stakeholder group, ensuring that our strategic and sustainability objectives are aligned with their individual and collective expectations.**

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## 1.8 Contribution to 2030 Agenda and to SDGs

We have supported the United Nations Global Compact since 2020, the year in which we initially signed the letter of commitment. Since that point we have consistently demonstrated our clear intention to align our Sustainability/ESG strategy with the United Nations 2030 Agenda.

Lar España is also an active participant in the 'Decade of Action' advocated by the United Nations. The purpose of this initiative is to transform the world through the support of all sectors of society in order to deliver the 17 Sustainable Development Goals (SDGs). As a private-sector player, we understand the importance of undertaking transformative action that contribute to the achievement of these goals.

Lar España thus continues to support the 2030 Agenda by implementing an **effective action plan**, one based on a methodology that enables us to identify material topics and tie them into the SDGs.

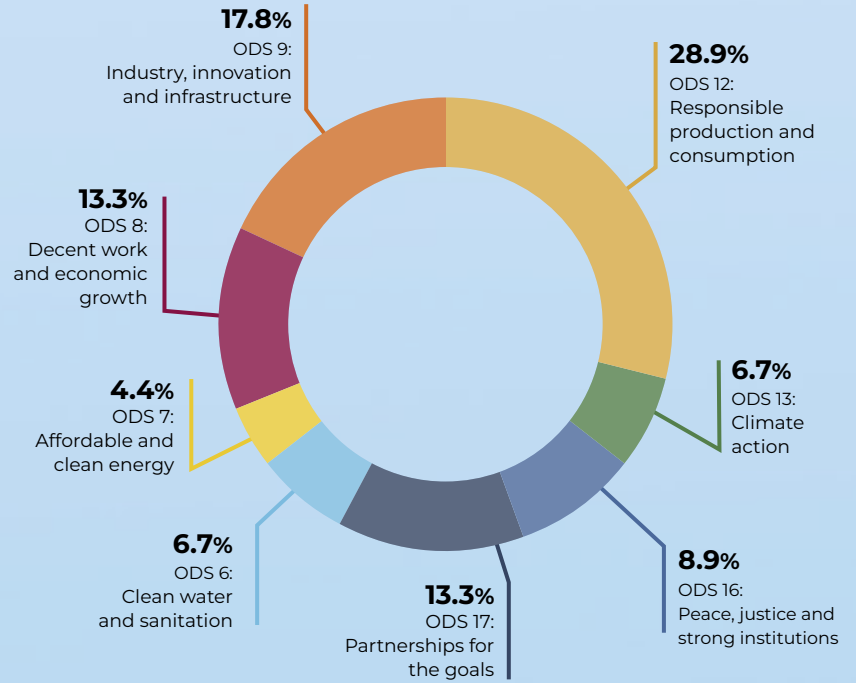
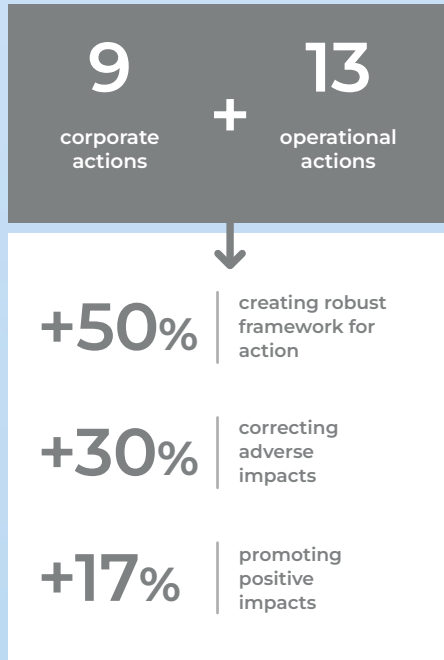
To this end, we analysed our **materiality matrix**, the impacts on our value chain, the stakeholders involved and the most widespread practices amongst our peers.

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

As a result, we grouped together the 15 material topics and identified the critical points in the supply chain, drawing a distinction between the **head office actions** not directly related to the day-to-day management of the assets and **operational aspects**, i.e. those directly linked to the hands-on management of the assets.



We continue to support the 2030 Agenda by implementing an ambitious and effective strategy



Our analysis enabled us to identify the **eight priority SDGs** relating to the head-office and operational functions within our value chain. To move towards achieving these priority SDGs and the individual objective they contain, we defined specific courses

of action to align our strategy with the Company's management model. Work has been ongoing in this area, as can be observed in the content of this Annual Report



## Identification of the priority SDGs and their relevance to Lar España's business:

SDG	Strategic goals	Milestones reached 2023
 6 CLEAN WATER AND SANITATION	Environmental and social management.	<ul style="list-style-type: none"> <li>→ The development of the water footprint calculation and new Water Consumption Action Plan for the portfolio.</li> <li>→ Extend green clauses in lease contracts and categorise tenants to ascertain and monitor rational water use by each activity at shopping centres and retail parks.</li> </ul>
 7 AFFORDABLE AND CLEAN ENERGY	Environmental and social management, ESG investment	<ul style="list-style-type: none"> <li>→ Extend and update the corporate Energy Efficiency Plan by carrying out energy audits at the properties in order to design Action Plans with new Energy Saving Measures (ESMs).</li> <li>→ Arrange energy from renewable sources at all portfolio properties and commitment to install renewable energy generation solutions.</li> <li>→ Extend green clauses in lease contracts and categorise tenants to ascertain and monitor energy consumption and energy efficiency measures for each activity at the shopping centres and retail parks.</li> <li>→ Updating the <a href="#">Good practice guide for retail spaces</a> aimed at our tenants to promote the sustainable use of assets.</li> </ul>
 8 DECENT WORK AND ECONOMIC GROWTH	Ethics and compliance, talent retention and training, workplace health and safety.  ESG risk management, community relations and local job creation, channels for communicating with the local community, workplace health and safety.	<ul style="list-style-type: none"> <li>→ Create operational <i>reporting</i> system at the level of each individual property based on standardised data collection.</li> <li>→ Extend green clauses in lease contracts and categorise tenants to ascertain and monitor the social aspects for each activity at the shopping centres and retail parks.</li> <li>→ Create a Social Impact Committee that will work to draft a corporate contribution strategy to improve the strategic planning of social initiatives, taking into account the economic aspects in decision-making and impact measurement.</li> <li>→ Develop talent, provide ongoing training for our teams and put in place a remuneration policy that ensures equal pay.</li> <li>→ Foster an inclusive working environment and monitor the percentage of indirect employment generated for people with disabilities.</li> <li>→ Promote a comprehensive culture of safety, health and wellbeing.</li> <li>→ Renew the ISO 45001 certification for all our operationally controlled assets that are already certified.</li> </ul>
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Sustainability in product marketing, new experiences and services, transparency in business relations.	<ul style="list-style-type: none"> <li>→ Communicate with tenants to raise awareness of ESG factors, paying special attention to energy efficiency and the responsible use of resources.</li> <li>→ Create an operational reporting system at the level of each individual property based on standardised data collection.</li> <li>→ Extend green clauses in lease contracts and categorise tenants to ascertain and monitor responsible consumption patterns of each activity at the shopping centres and retail parks.</li> <li>→ Implement a waste management improvement project to bring about better traceability ahead of future reporting requirements and as a key aspect of our Scope 3 emissions.</li> </ul>
 9 INDUSTRY INNOVATION AND INFRASTRUCTURE	ESG risk management, workplace health and safety, contemporary design and features, new experiences and services.	→ Assess the climate change-related financial risks within the TCFD framework.
 13 CLIMATE ACTION		<ul style="list-style-type: none"> <li>→ Update the Decarbonisation Plan, including analysis of assets using the Carbon Risk Real Estate Monitor (CRREM) tool and aligning the strategy with the principles set out in the international Science Based Targets Initiative (SBTi).</li> <li>→ Verify the 2022 Carbon Footprint for registration with the Ministry of Ecological Transition and Demographic Challenge (MITERD), to once again obtain the "Reduzco" (reduction) seal.</li> </ul>
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Good governance, ethics and compliance, ESG risk management, transparency in business relations, anti-corruption and anti-money laundering.	<ul style="list-style-type: none"> <li>→ Compliance with the highest standards of good governance and close to 100% of the recommendations of the Code of Good Governance for Listed Companies issued by the Spanish National Securities Market Commission (CNMV), as well as international best practices.</li> <li>→ Deliver ongoing training on anti-money laundering procedures, crime prevention and data protection.</li> <li>→ Comply with the most stringent reporting standards as an effective demonstration of our commitment to transparency.</li> </ul>
 17 PARTNERSHIPS FOR THE GOALS	Risk management, ESG, responsible investment.	→ Form corporate-level partnerships with various bodies, industry associations and NGOs to implement a range of initiatives.



Our corporate response, featuring specific steps, enables us to **integrate the achievement of the SDGs into our day-to-day operations** and actively contribute to the 2030 Agenda.

This proactive approach reflects our commitment as a key private sector player, aligning our goals and actions with the SDGs.

Through the implementation of specific action plans across our value chain, we continue to move towards actions with a positive and measurable impact, thus consolidating our role as an agent of change that places us firmly on the path towards a more sustainable future.

In 2023 we also participated in the third edition of the **SDG Ambition** Accelerator programme, where we made headway on strategic management in terms of sustainable development goals and business performance.

**We demonstrate an active commitment to the “Decade of Action” and the Sustainable Development Goals through an effective strategy and clear priorities.**



After six months of continuous training, we were one of the companies selected for their global closing event, to which more than 470 Global Compact partner companies from over 60 countries were invited. The event was a great opportunity to learn from and network with all manner of players involved in corporate sustainability at an international level.

We are also part of the Spanish Global Compact Network's **Climate Ambition** programme, alongside a further 75 companies. The purpose of this initiative is to continue acquiring knowledge about international standards, calculation methods and progress made in innovation, as well as to learn about the different initiatives created to establish science-based and quantifiable emission reduction targets that are aligned with international bodies such as the *Science Based Targets Initiative* (SBTi).

Thanks to this initiative, we can devise specific actions plans to achieve the associated goals and broaden our understanding of other standards developed by, for example, the *Carbon Disclosure Project* (CDP), the UN Global Compact, the World Resources Institute and the World Wide Fund for Nature, among others.

Looking ahead to 2024, we are one of 60 Spanish companies and more than 800 globally taking part in the second edition of the **Business and Human Rights** accelerator programme to learn about the key concepts underpinning our responsibilities in this area and the international principles that shape our business behaviour.

## 1.9 Transformation: Digital culture and innovation

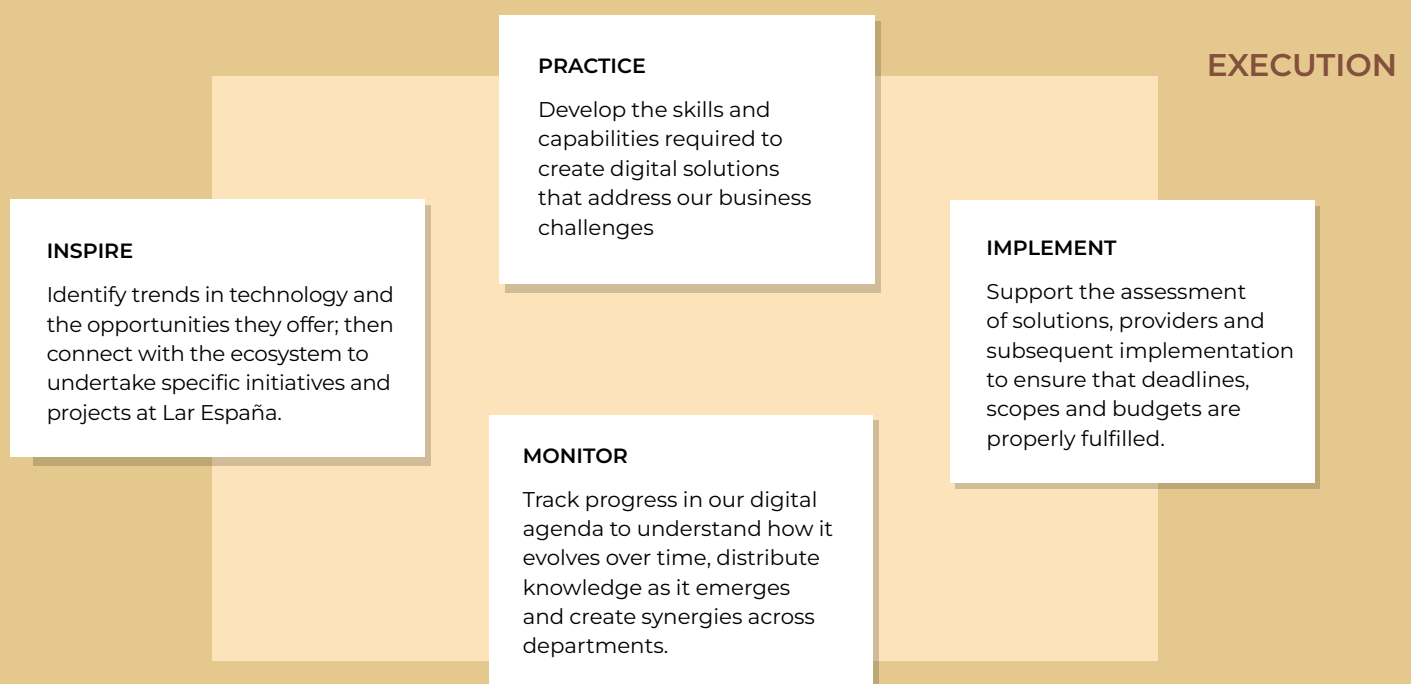
We focus on *retail* assets, where the shopping experience is crucial. Our projects seek to gain an understanding of users' profiles and behaviours so that we can meet their expectations. We draw on technological initiatives to gather insights on customers' buying habits, enabling us to make decisions that are tailored to the latest trends and generate new opportunities.

We are moving towards a **hybrid omni-channel model** that combines brick-and-mortar stores with *online* shopping. To do this we look at the needs of tenants, end-customers, investors and others to find innovative solutions that adapt to the shifting market needs and that meet the expectations of our primary stakeholders.

The **goals** of our innovation initiatives include:

- Driving digital transformation and innovation in business development.
- Taking the lead in the digital transformation of the *retail* sector, creating new ways of efficient and digital interaction with external and internal customers.
- Creating shared value to lead social and economic progress, generating an impact on society, helping to improve quality of life and promote socio-economic progress.
- Supporting sustainability by implementing technologies that enable a more efficient property management and greater environmental control over them.
- To increase our knowledge of our clients.

The purpose is to leverage technology to strengthen our business and implement new value propositions. The strategy is based on four inter-related concepts:



Based on these concepts we have defined five target categories that we aim to hit through our digital innovation projects, mainly in the following areas:

- Talent development and culture.
- Improvement of products and services by developing digital platforms.
- Optimisation of processes and operations through digitalisation.
- Data management through data capture, processing and analysis to generate business intelligence and streamline decision-making.
- Involvement in open innovation through programmes such as LarTech, Retail Innovation Lab and Wonderful.

Given the asset class at the core of our activity, three categories can be distinguished, each of which group together the various action plans and initiatives drawn up by the Company, the most salient of which in 2023 are as follows:

**In 2023, we launch WhatsApp Shopping by Lagoh a pilot where users can make queries and make purchases through a manager for later later pick it up at the centre or have it delivered to their home.**

## Customer-centred approach

In this area, our initiatives mainly focus on assessing and measuring 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:

### **'Club de los Disfrutones' customer loyalty club:**

The Disfrutones Club is the clearest example of our commitment to having **exhaustive knowledge of the end user and to be able to digitalise the physical visits** that our centres receive each year.

For end customers, the loyalty club provides members with easily accessible discounts, prize draws, events and exclusive services, in real time over their mobile phone via an app.

The objective is to generate customer loyalty and increase footfall, resulting in higher sales in the asset's commercial premises, as well as better understanding consumer preferences and profiles, thereby improving the shopping centre offering.

The application adds another communication channel and represents a key facet in the **creation of a digital community**.

The shopping centres launched numerous events, promotions and discounts in 2023, offering additional value to Club members.

In addition, various developments have been carried out to enhance the members' user experience.

## Click & Shop

Omnichannel sales platform available at seven portfolio shopping centres to **promote products and discounts offered by tenants' brands**, thereby acting as a catalyst for footfall to the brick-and-mortar stores and offering an additional service that boosts digital sales.

Customers can make their purchases via different methods, fostering the omnichannel approach.

Achievements: 39,162 total visits / 15 affiliated brands / 409 products posted on platform

## LOCKERS

Self-service parcel delivery facility offered by both Amazon (available at: Albacenter, Ànec Blau, As Termas, El Rosal, Gran Vía de Vigo, Lagoh, Portal de la Marina, VidaNova and Parque Abadía) and Impost (at Albacenter, Ànec Blau and As Termas).

Located in accessible areas, these facilities are conveniently close to the shops. Customers can key in a unique pickup code on the locker's touchscreen to collect their order, while going about their shopping at the property.

## Customer Journey, Lagoh

This project involved mapping out the customer experience at the Lagoh Shopping Centre in order to redesign user experiences and devise a **unique positioning strategy**.

- Gain an understanding of the visitor experience at each point of contact with Lagoh and identify pains & gains.
- Identify key customer archetypes and map their experience.
- Come up with solutions to address any pains identified, prioritise them according to their business impact and propose possible prototyping and testing.

Once the pain points have been identified, we create solutions to address them and decide which ones to implement.

## Interactive directories

Proposed installation of **interactive directories** to enhance the visitor experience, digitalise the properties and to save customers time. A pilot scheme was installed at Portal de la Marina in 2023.



## Digital channels

This initiative is one of our approaches to adapt to the digital transformation of the market, by elevating the asset's offering beyond the physical world, opening up a new communication channel for retailers and positioning the asset as a catalyst for footfall/traffic and sales.

### Lar Conecta

Completed in December 2023, this initiative offered retailers digital communication channels that are specific to the shopping centre where they are located, and the *online* traffic these generate. These channels act as a visibility multiplier, enabling operators to reach a wider audience for their products and services. This initiative helps them promote their brands and increase their sales.

### WhatsApp messages

We operate a WhatsApp group as an additional communication channel so that tenants can market their goods in an agile, easy-to-use way, representing another step towards a **360° service**. Thanks to this new initiative, customers receive a personalised service without first having to make a trip to the brick-and-mortar premises, thus boosting the number of transactions with brands and opening an opportunity for tailored consumer advice.

**Achievements:** Since WhatsApp is already an extremely popular and well-known communication platform, the target audience is very large, as the barrier that is downloading an unknown app has been removed. This service is available at all centres.

### WhatsApp Shopper by Lagoh

This initiative stems from our commitment to offer an omnichannel service. The service enables users to receive assistance and advice from a personal assistant. If the customer is finally interested in buying the product, the assistant makes the purchase in the stores at the shopping centre, before offering the option of pickup at the shopping centre or home delivery. The pilot scheme was launched at the Lagoh Shopping Centre in 2023.

**Objective:** To offer users a fresh communication and shopping channel to make their purchases more conveniently online.

### Employee training at Aula Lar (Lar Classroom)

Grupo Lar's *online* platform that can be accessed by Lar España's four employees. It offers monthly training pills on topics of general interest, as well as those focused on technology that can be applied to the sector's digital ecosystem. Thanks to this platform, employees can keep up to date with the latest trends and contribute directly to staff training and professional development.

## Business development:

### SEO positioning

SEO positioning is the visibility of a website in the organic search results of the Internet's leading search engines. Via this project, we continue to enhance the visibility of our properties over and above the competition.

### Marketing reports

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 make 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 initiatives (data on marketing expenditure, participants, acquisition costs, social media community, number of members, consumption, coupons downloaded, bookings, and more).

### Salesforce marketing report

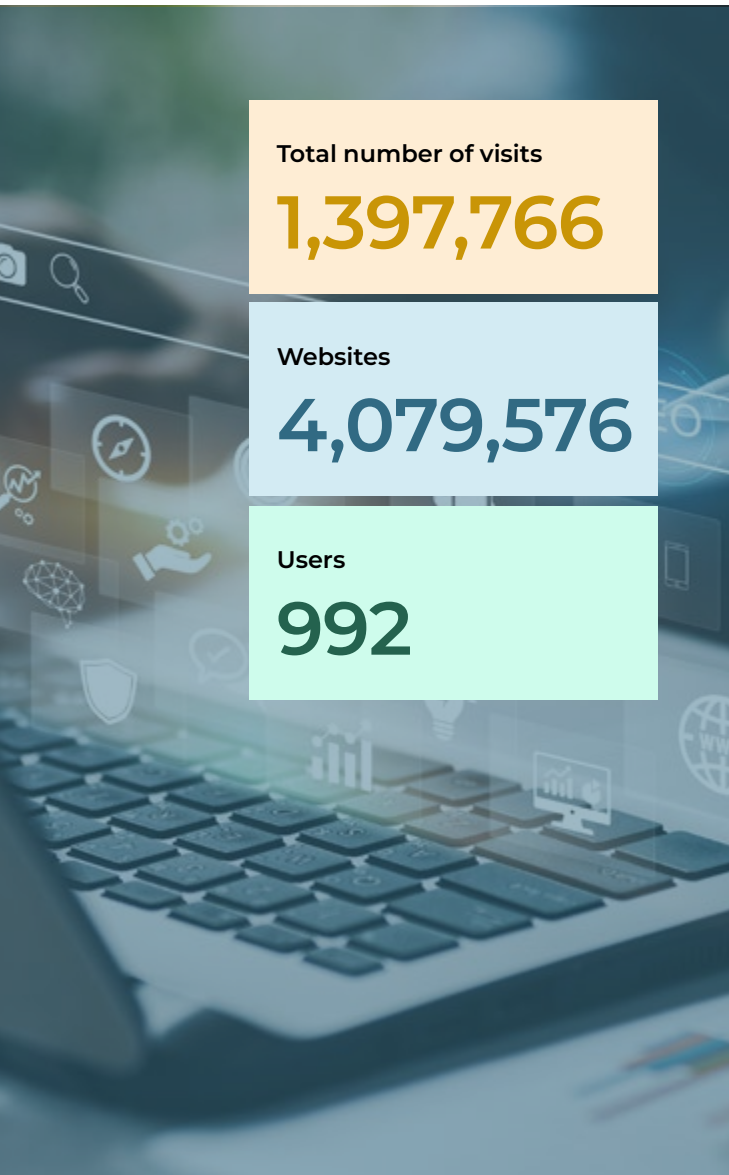
Creation of a single dashboard combining the main KPIs of the Disfrutones Club. This initiative enables queries to be made quickly and easily.

### Customer experience for tenants

The purpose of this research programme is to assess the experience of tenants so as to improve our relationship with them. This serves to strengthen the partnerships with our tenants through an array of new services and additional value creation.

- Improve the tenant experience at our shopping centres and retail parks.
- Learn about best practices, trends and new business models in the *retail* sector.
- Position Lar España at the forefront of the *retail* sector.

Once the exploration and ideation phases are complete and the proposed solutions have been received, we will prioritise the most suitable solutions for implementation.



### Market surveys

We conducted several market surveys in 2023 (Ecosystem, El Rosal Situation, Lagoh Tourists and As Termas Visitors) that helped us to gather more information about the assets and our visitors, all of which serves as a tool in our decision-making process.

### Smart Mall

The Smart Mall project involves rolling out data collection points, data processing tools and display panels that combine all relevant information for customers visiting our shopping centres. The aim is to install key points that generate and collect relevant information on the quality of each customer's visit and their social and demographic features and consumption habits.

The **hyper-connected shopping** centre offers a unique opportunity to study customers' interactions with the various points of contact during their stay at the shopping centre.

We can use the resulting insights to shape a more consistent shopping centre, improve our offering and meet the customer's expectations, thus creating a higher quality relationship.

### Mallcomm

Mallcomm is a 360° platform that opens a communication channel between tenants and the various management levels and services of the shopping centre: shop assistants, managers, and so on. Tenants' sales figures, employee discounts, job offers, events and *marketing*, security, critical communication, maintenance and cleaning can all be uploaded. There is also an option to post comments.

It improves asset management thanks to a real-time tool that enhances communication and speeds up administrative tasks. The platform has been rolled out in seven portfolio shopping centres.

### Seeketing

This platform integrates the information generated by the shopping centre channels through the cross-referencing and analysis of data, enabling us to do the following:

- Implement localised marketing actions to enhance footfall and improve customer satisfaction.
- Generate value for customers.
- Optimise shopping centre management through advanced analytics.
- Identify unique visitors to the shopping centre.
- Measure footfall by individual shop and area and gauge visit frequency and dwell times.

We forged ahead in 2023 with the initiative begun the year before, which involved localised *marketing* actions that targeted users who had been identified via Wi-Fi networks. We achieved very strong conversion results for targeted and participant users. The initiative is active at five shopping centres in our portfolio: Albacenter, ÀnecBlau, As Termas, El Rosal and Portal de la Marina.

## Sustainability / ESG

### Automated platform for operational data capture

We have a platform at Lar España that is tailored to our activity. It enables us to analyse and track data on the use of resources at our assets (water and energy), as well as steps to mitigate their environmental impact (waste, air quality and GHG emissions).

We have also been working to put in place a remote *submetering* system to obtain real-time fine-grained data on the status of each property. This has provided us with a more granular level of analysis on the performance of our properties in terms of consumption and emissions.

In addition to the increased and improved control and monitoring of the asset's operational data, the platform has also enabled us to report data on a half-yearly basis. For further information, please refer to the environmental section [2.3.1 Lines of action 2023](#).

### Sustainable mobility

Agreements are being entered into at all our properties for the installation of electric vehicle recharging stations. These will join the charging points already deployed at all our portfolio properties. For further information see section 2.2.6. Sustainable mobility. [2.2.6. Sustainable mobility](#).

### Air quality

We continue to make headway on measuring the indoor air quality of our assets. The implementation of specialised *software* to monitor air quality has enabled us to optimise operation of the climate control equipment and, as a result, enhance the energy efficiency of the assets.

Regular monthly reports can now be received on a systematic basis. The indicators analysed in these reports demonstrate that optimal indoor air quality was maintained at our assets in 2023. For further information, refer to section [2.2.4 Health and safety](#).

### Return and rewards schemes

Action taken in conjunction with Ecoembes at various portfolio assets aimed at promoting sustainability and recycling. These consisted of the installation of Return and Reward Schemes that reward responsible environmental behaviour through the innovative RECICLOS system.

By harnessing innovation in this field, a scheme has been developed for consumers whereby they are rewarded every time they deposit used cans and bottles in the designated yellow containers. Returns are recorded on the RECICLOS system and both consumers and the environment benefit.

The initiative has a twofold beneficial outcome. Points earned via the scheme can be donated to the Spanish cancer research association to support 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 degraded area.



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# ESG (Environmental, Social and Governance)

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<b>2.1</b> Corporate Governance (G) 74	<b>2.2</b> Social (S) 116	<b>2.3</b> Environmental (E) 153
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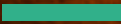


A young man and woman are smiling and looking at each other in a shopping cart. The man is wearing a red and white varsity jacket and sunglasses. The woman is wearing a yellow top and sunglasses. They are outdoors at sunset, with a warm orange glow. The background shows a building and a clear sky.

**Lar España's commitments to its economic, corporate, social and environmental surroundings have been with us since our beginnings and have materialised in the operation of our shopping centres and retail parks. We have developed a responsible and transparent management model to strengthen the retail sector in Spain and raise the performance of our portfolio under the highest standards.**



**10 years  
committed to  
growth centred  
around corporate  
sustainability**



Lar España's commitments to its economic, corporate, social and environmental surroundings have been with us since our beginnings and have materialised in the operation of our shopping centres and retail parks. We have developed a responsible and transparent management model to strengthen the retail sector in Spain and raise the performance of our portfolio under the highest standards.

From the outset, ESG criteria have been integrated into the development of our business, having implemented the principles outlined in our ESG Master Plan and various corporate policies.

In recent years, Lar España has consolidated its position as a SOCIMI with a solid and ambitious strategy for sustainable development.

## 2018

First participation in GRESB.

100% of our shopping centres BREEAM certified.

First EPRA Gold Award sBPR recognition for the quality of sustainability reporting, leading the way in transparency.

First asset certified in Universal Accessibility.

## 2014-2017

Approval of Sustainability/ESG policy.

Preparation of the ESG Master Plan.

Implementation of the Risk Management and Control Policy and development of the first Integrated Risk Management System.

Approval of various internal governance rules such as the Corporate Governance Policy, the Selection and Diversity Policy, the Code of Conduct, the Crime Prevention Policy, among others.

Publication of detailed sustainability information with data on our corporate governance, our social contribution and a breakdown of consumption and emissions data for the portfolio.

Implementation of measures to increase the energy efficiency of the portfolio.

Wonderful Summit programme to boost entrepreneurship.

Portfolio audited in Universal Accessibility

## 2019

Approval of Energy Efficiency and Waste Management plans.

Design and implementation of our own automated platform for gathering operational data.

Promotion of actions for sustainable mobility.

Strategy to improve indoor air quality at the properties.

## 2021

Issuance of two unsecured green bonds for a combined amount of Euros 700 million.

93% of the portfolio was BREEAM certified.

First Strategic Decarbonisation Plan, with internal targets, and carbon footprint registration.

Implementation of green clauses in lease and supplier contracts.

Monitoring of air quality in our assets.

Members of the IBEX Gender Equality Index.

25% increase in the GRESB rating.

100% of the portfolio with ISO 14001 and 45001 certified quality<sup>(1)</sup>.

Start of the study for the installation of photovoltaic energy.

## 2020

Adherence to the UN Global Compact initiative in Spain.

Creation of the ESG Committee.

First recording of the corporate carbon footprint for 2018 and 2019.

3 more assets certified in Universal Accessibility.

25% increase in the GRESB rating.

Lagoh rated "Very good" in BREEAM New Construction certification.

MSCI ESG rating of 'BBB'.

<sup>(1)</sup> 100% of the portfolio under operational control is certified under ISO standards.

## 2023

BREEAM ratings above "Very good" for almost 100% of our assets.

Update of the portfolio's energy efficiency audits, incorporating the emissions study.

Award from the Spanish Association of Shopping Centres and Retail Parks for the best corporate ESG model.

Update of the Decarbonisation Plan, communicating targets to the market and adherence to the SBTi.

Completion of the climate risk analysis (TCFD).

Water Footprint analysis under ISO 45046 and extensive study to reduce consumption.

Participation in the UN Global Compact Climate Ambition accelerator programme.

Creation of the Social Impact Committee.

Development of internal procedures for cross-cutting sustainability management with the participation of the teams involved in asset management.

Upgrade of our MSCI rating from 'BBB' to 'A' and maintenance of our GRESB rating.

## 2022

100% of the portfolio BREEAM certified.

First 'Calculo y Reduzco' seal after four years of registering our carbon footprint with the Ministry of Ecological Transition and Demographic Challenge (MITERD).

Continued development of sustainable mobility solutions.

Start of climate risk analysis in accordance with TCFD recommendations.

First mobility study in one of the assets.

Full monitoring of environmental performance data for the assets.

Participation in the SDG Ambition accelerator programme.

GRESB score of 85 points.



Our initiatives and projects at corporate and operational level are carried out in a cross-cutting, ethical and responsible manner in order to ensure financial strength and drive sustainable retail for the future.

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We work on the three pillars of sustainability: on "E" to drive an efficient portfolio based on continuous improvement and respect for the environment; on "S" to empower internal talent and create shared value within our value chain and communities to generate the shopping and leisure space of tomorrow's cities; and on "G" with corporate governance based on a robust and strictly compliant structure for an honest corporate culture in accordance with the applicable standards and regulations.

## Next steps: For another 10 years full of initiatives and projects

### **E** Environment

Development of measures in line with the objectives set out in our Decarbonisation Strategy, within the SBTi framework:

- Renewal of equipment to improve efficiency and reduce environmental impact.
- Continuation of our policy of obtaining electricity from renewable sources with guarantees of origin.
- Promotion of renewable energy installations for self-supply.
- Progress in the quantification of our Scope 3 emissions.
- Analysis for investment in offset projects, with a focus on allowances and/or absorption projects.
- Update of the Energy Efficiency Plan, in accordance with the energy audits carried out.
- Start of the implementation of projects for the installation of photovoltaic energy in our properties.
- Progress in waste management towards compliance with Law 7/2022, of 8 April 2022, on waste and contaminated soil for a circular economy.
- Complementation of our water footprint analysis with action plans for efficient water consumption, according to the needs of each asset.
- Establishment of an Energy Management System under ISO 50001 for subsequent certification for our portfolio under operational control.



## S Social

- Promotion of the training and development of talent in the teams involved in management.
- Extension of Universal Accessibility certification, in accordance with the UNE-170001 management system, to other assets in the portfolio, with certification of Gran Vía de Vigo and Ànec Blau planned for 2024.
- Development of new interaction and active listening activities with stakeholders.
- Design of cross-cutting social actions that allow for a joint contribution of all assets in their different locations.
- Development of a corporate volunteering programme for Lar España employees.
- Development of a social impact analysis in line with standardised methodologies that allow for reliable quantification through established indicators.
- Continued progress on Human Rights and Environmental Due Diligence.
- Progress in the installation of new electric vehicle charging stations and other actions to promote sustainable mobility.

## G Government

- Enactment of the plan for an orderly and staggered renewal of the board of directors, achieving a ratio of women on the board of 40% in 2024.
- Continued risk monitoring, integrating risks related to climate change, following the completion of the in-depth analysis in 2023, published in accordance with the TCFD standard.
- Monitoring of environmental and social sustainability issues through the ESG and Social Impact Committees, as well as through follow-up meetings with the teams involved in the development of the activity.
- Compliance with standards for publication and disclosure of financial and sustainability information to remain a leader in transparency.
- Maintenance of our position as leaders in transparency by integrating new disclosure requirements such as the European Taxonomy and the CSRD Directive.
- Establishment of a supplier contracting procedure that integrates issues related to environmental, social and governance indicators in the assessment carried out, aligned with the new corporate Procurement and Outsourcing of Services Policy.
- Continued participation in international indices such as MSCI, GRESB and S&P, as well as organisations such as the UN Global Compact.
- Participation in the international CDP index.
- Update of the Guide on the fitting-out of retail spaces with recommendations for good practice for tenants of Lar España.
- Update of the materiality analysis applying the double materiality approach: outside-in and inside-out.

## 2.1 Corporate governance (G)

We firmly believe that **business integrity and good corporate governance** are the building blocks to be able to contribute to a more sustainable future. From the outset, the Board set itself the goal of becoming the corporate governance benchmark both at home and abroad.

Our mission is to create value for investors and shareholders alike through responsible and transparent asset management, ensuring financial solvency and our long-term sustainability, as a way to contribute to human, economic and environmental development; one that fosters the social advancement of the communities where we operate.

That is why we are committed to:

- Upholding stringent ethical and compliance standards, fostering a **corporate culture** based on integrity, honesty and, above all, respect for applicable rules and regulations, as well as responsibility in tax matters, in order to be a good governance benchmark.
- Generating **returns for shareholders** and other stakeholders through responsible management that stimulates economic activity.
- Putting in place a robust **risk management and control system** to identify, assess and mitigate potential risks that could impact the Company, and to ensure informed and responsible decision-making.
- Ensuring that governing bodies are **appropriately structured and function properly**, which requires a clear delineation of responsibilities and roles.
- Fostering adherence to Lar España's sustainability commitments in its **commercial relations**.



- Supporting and respecting the **protection of internationally recognised fundamental Human Rights** within our sphere of influence and within the framework of our adhesion to the Ten Principles of the UN Global Compact.
- Adhering to and complying with the principles and rights enshrined in the eight Core Conventions referred to by the **International Labour Organization Declaration** on Fundamental Principles and Rights at Work.
- Fostering promotion of and compliance with the SDG and the **2030 Agenda** in our operations and across the supply chain.
- Making **investments** that promote social and environmental sustainability.
- Promoting **innovation** and new technologies that aid efficient and responsible management and that generate positive user experiences.
- Fostering the maximum **transparency and engagement** both inside and outside the Company, promoting the disclosure of relevant information and facilitating engagement and cooperation with all stakeholders, including shareholders, employees, customers, suppliers and local communities.

These commitments not only contribute to inspiring trust in and the credibility of the Company; they also help to build a fairer, more responsible and more sustainable business environment over the long term.





**At Lar España we believe corporate governance is built on four core elements: an appropriate structure and functioning of governance bodies; strict ethics and compliance standards; a robust risk control and management system; and maximum transparency and engagement.**

**Gran Vía de Vigo**





## 2.1.1 Good governance

Lar España's corporate governance model is organised around its [Corporate Governance Policy](#), which covers the Company's main aspects and commitments in matters of corporate governance. The policy was drawn up taking into account applicable Spanish 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.

**Its purpose** is to convey to our shareholders and the broader market the foundations of the organisation and functioning of our governance bodies; to inspire trust and transparency for shareholders and domestic and international investors; and to improve our internal control and best ESG practices. It obliges us to disclose relevant information on its implementation and trends, as well as to ensure the appropriate segregation of functions, duties and responsibilities, all from the standpoint of maximum professionalism and rigour.

Throughout 2023, we continued to make **strides and headway on the corporate governance front** in a bid to further improve the functioning and effectiveness of our governing bodies.

We are committed to a corporate governance model that promotes best practices, both domestically and internationally, while offering a stable and consistent oversight framework that addresses the increasing demands of regulators, investors and shareholders.

As for Lar España's commitment to the recommendations of the CNMV's Good Governance Code, we comply with practically all the recommendation of the CNMV, ranking us among the top companies in terms of good corporate governance practices.

We comply with almost **100% of the recommendations** of the CNMV's Good Governance Code, ranking us among the top companies in terms of **best corporate governance practices**.

Additionally, our [Annual Corporate Governance Report](#) (ACGR), which is posted on the corporate website, includes detailed information on the structure and functioning of our governing bodies and on the oversight of corporate governance best practices and recommendations.

## 2.1.2 Governing bodies

General Shareholders' Meetings	Representation of all Lar España shareholders.		
Board of Directors	<b>Mr. Jose Luis del Valle</b> <i>Chairman and Independent Director</i>	<b>Ms. Isabel Aguilera</b> <i>Independent Director</i>	<b>Mr. Juan Gómez-Acebo<sup>(1)</sup></b> <i>Secretary</i>
	<b>Mr. Alec Emmot</b> <i>Independent Director</i>	<b>Ms. Leticia Iglesias</b> <i>Independent Director</i>	<b>Ms. Susana Guerrero<sup>(1)</sup></b> <i>Deputy Secretary</i>
	<b>Mr. Roger Maxwell Cooke</b> <i>Independent Director</i>	<b>Mr. Miguel Pereda</b> <i>Proprietary Director &amp; Deputy Chairman</i>	
Audit and Control Committee	<b>Ms. Isabel Aguilera</b> <i>Chair</i>	Lar España Management Team	<b>Mr. Jon Armentia</b> <i>Corporate Director and CFO</i>
	<b>Mr. José Luis del Valle</b> <i>Member</i>		<b>Ms. Susana Guerrero</b> <i>General Counsel and Board Deputy Secretary</i>
	<b>Ms. Leticia Iglesias</b> <i>Member</i>		<b>Mr. Hernán San Pedro</b> <i>Head of Investor Relations and Corporate Communication</i>
	<b>Ms. Susana Guerrero</b> <i>Secretary</i>		<b>Mr. Jose Ignacio Domínguez</b> <i>Internal Audit Director</i>
	<b>Mr. Juan Gómez-Acebo</b> <i>Deputy Secretary</i>		
Appointments, Remuneration and Sustainability Committee	<b>Mr. Roger Maxwell Cooke</b> <i>Chair</i>	ESG Committee (operational body)	Led by the Corporate and Financial Management of Lar España and comprised of the heads of the various areas involved in asset management.
	<b>Mr. Alec Emmott</b> <i>Member</i>		
	<b>Mr. Miguel Pereda</b> <i>Member</i>		
	<b>Ms. Leticia Iglesias</b> <i>Member</i>		
	<b>Ms. Susana Guerrero</b> <i>Secretary</i>		
	<b>Mr. Juan Gómez-Acebo</b> <i>Deputy Secretary</i>		

At Lar España we firmly believe that a **robust corporate governance structure** is key to sound decision-making, the smooth operation of any company, market trust, value generation, and ultimately, long-term **sustainability**.

(1) Not a member of the Board of Directors

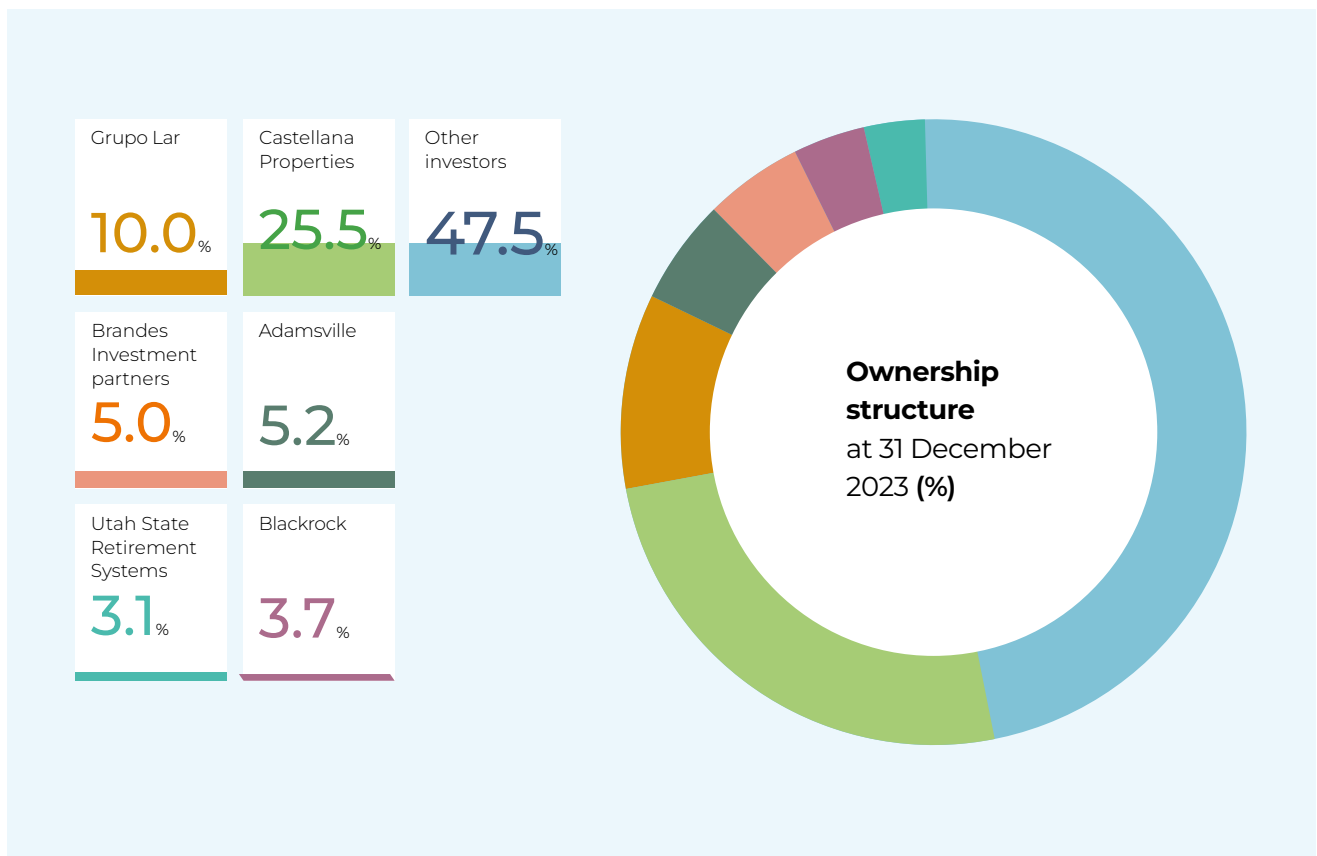
### 2.1.2.1 General Shareholders' Meetings

The General Shareholders' Meeting is Lar España's **main and highest decision-making and oversight body**. It offers shareholders the opportunity to exercise their right to be involved in the basic decisions affecting the Company that fall within their purview.

Its functions include:

- Approving the financial statements and corporate performance and deciding on the allocation of profit or loss.
- Approving the Director Remuneration Policy.
- 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 share capital increases and decreases, issuances of bonds and other marketable securities, transformations, mergers, spin-offs, global asset and liability assignments and appointing the Company's liquidators, among others.

Our shareholders include some of the world's leading investment and financial groups:



In 2023, Lar España's share capital stood at:

Share capital

**167,385,938€**

Euros

Number of shares

**83,692,969**

Free float

**64.2%**

The **General Shareholders' Meeting** was held on 31 March 2023, at which the following resolutions were passed, among others:

- Approval of the individual annual accounts of the Company and the consolidated annual accounts of the Company and its subsidiaries for 2022.
- Approval of the Company's individual and consolidated group management reports for 2022.
- Approval of the Board of Directors' management and activities during 2022.
- Approval of the proposed allocation of profits and dividend distribution for 2022.
- Re-election of the Company's statutory auditor.
- Re-election of the Company's directors:
  - **Mr. José Luis del Valle Doblado** as an independent director of the Company.
  - **Mr. Miguel Pereda Espeso** as a proprietary director of the Company.
  - **Mr. Roger Maxwell Cooke** MBE as an independent director of the Company.
  - **Mr. Alec Emmot** as an independent director of the Company.
- Waiver of the prohibitions contained in article 229 of the Spanish Companies Act pursuant to the provisions of article 230 of the aforementioned law in relation to the director Mr. Miguel Pereda Espeso.
- Approval of the revised Articles of Association.
- Advisory vote on the Annual Report on Director Remuneration for 2022.
- Note for the record on the amendment to the Board of Directors' Regulations and to the Regulations of both the Audit and Control Committee and the Appointments, Remuneration and Sustainability Committee.

**All these agreements were approved with majorities exceeding 98%.**



With a view to generating trust and transparency for our shareholders and investors, we have an [Policy for communication of information, contacts and involvement with shareholders, institutional investors, asset managers, proxy advisors and other interest groups](#) aimed at fostering ongoing dialogue and interaction with them, developing instruments, channels, and mechanisms of communication and information to facilitate it. Our strategy for financial, sustainability, and corporate communication is a faithful reflection of our commitment to transparency with said stakeholders and other interest groups.

Approved by the Board of Directors in 2017, and updated in 2023, the policy is based on the following principles:

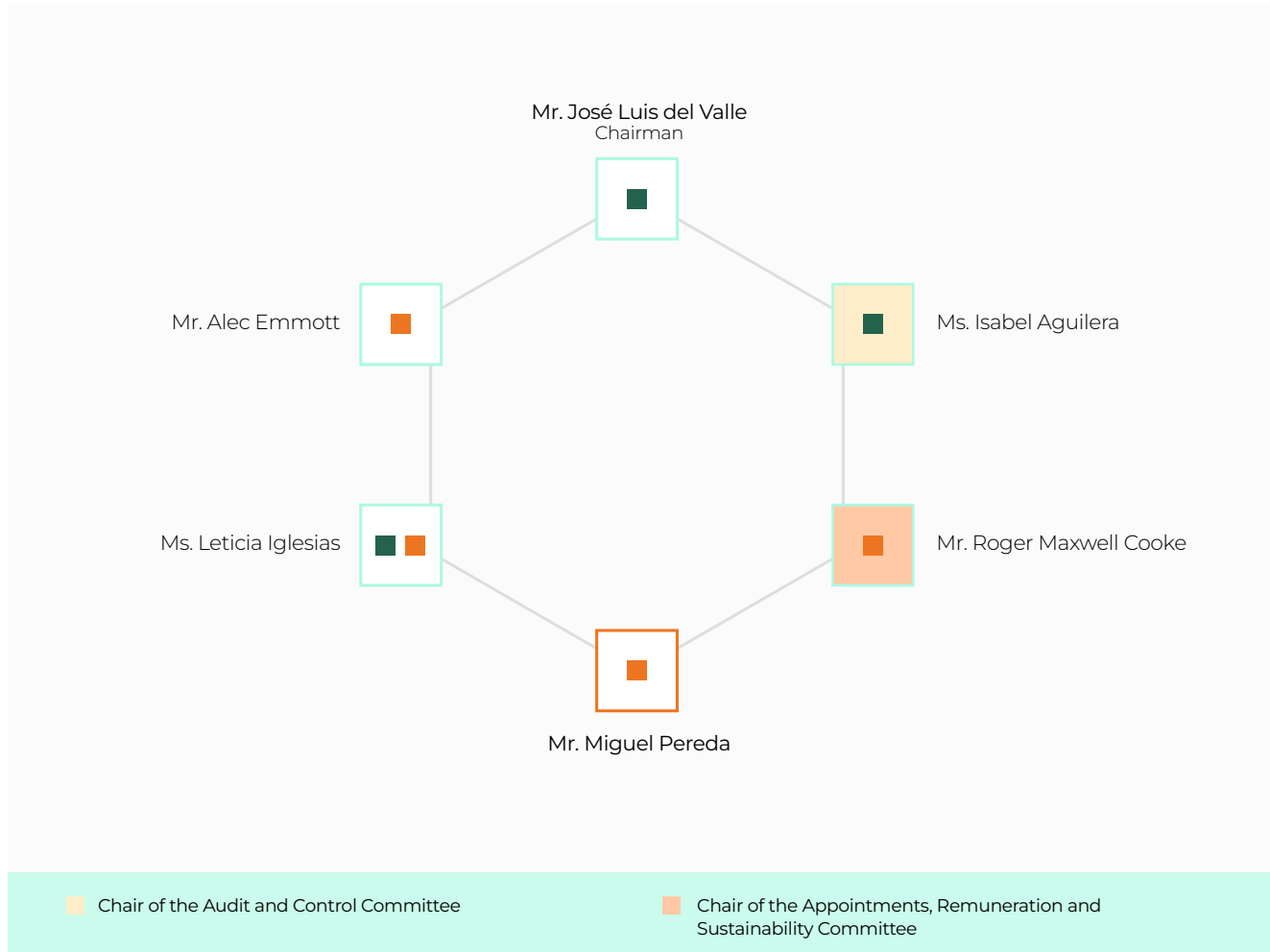
- Truthful, transparency, clarity and accuracy of the information provided.
- The fostering of trust in the Company by underscoring the quality of the information disclosed to stakeholders.
- Respect, equality of treatment and non-discrimination, ensuring that the lawful rights and interests of all shareholders.
- Symmetrical reporting of information among the various stakeholders.
- Continuous dialogue, accessibility, availability and rapidity of information.
- Commitment to promoting the active and responsible involvement and informed engagement of shareholders in the Company.
- Innovation, improvement and development in the use of new technologies.
- Compliance with current legislation and Lar España's Corporate Governance System.
- The policy also defines a **communication strategy** for reporting economic-financial, sustainability and corporate information that contributes to maximising the dissemination and quality of the information reported to the market and stakeholders, whilst respecting applicable regulations on insider information.



### 2.1.2.2 Board of Directors

The Board of Directors is the **highest governing body** and responsible for oversight of company management. It has the shared goal of upholding the organisation’s corporate interest.

As regards its **composition**, at 31 December 2023 it was made up of six directors, five of whom are independent (83.3%) and one proprietary director (representing Grupo Lar), with no executive directors.



All members of the Board of Directors hold or have held senior management positions in listed companies in the financial and real estate sectors.



At the behest of the Appointments, Remuneration and Sustainability Committee, the Board approved the [Selection, appointment, re-election and evaluation of the Directors and diversity policy](#). The policy establishes objective requirements to be taken into account when selecting potential board members, as well as an impartial director selection, appointment, re-election and evaluation procedure. The goals sought by the Policy include fostering diversity in terms of experience and knowledge, education, age, disability and gender of the members of the Board of Directors.

The Board of Lar España is **balanced, cohesive and diverse** in terms of nationality, age, skills and gender.

The Appointments, Remuneration and Sustainability Committee reviews the Board composition and size on a regular basis to verify compliance with the stipulations of the director selection, appointment, re-election and evaluation policy. This ensures (i) diversity in terms of viewpoints, experiences and genders, and (ii) that the board composition remains balanced and meets the Company's needs.

On numerous occasions over the course of 2023, the Committee and the Board reviewed the director category held by each member of the Board, determining that their current categories were fully appropriate for their circumstances and that non-executive directors were able to dedicate sufficient time to discharge their duties.

We also have a Skills **Matrix for the Board of Directors**, which was approved for the first time in 2020 and is reviewed on an annual basis. This matrix provides a very succinct summary of the skills which the Board considers most relevant for the management of the Company, indicating the most noteworthy aspects of each director's background.



Further information on the skills matrix can be found in the [2023 Annual Corporate Governance Report](#).

In terms of gender diversity, since 2022 and with the support of the Appointments, Remuneration and Sustainability Committee, the Board has been actively working on reaching a percentage of **40% women on the Board** of Lar España. In 2022 the percentage of women on the Board increased from 29% to the current figure of 33.3%; in the same vein, the Board has approved a **plan for the orderly and staggered renewal of the Board of Directors**, which will be carried out by balancing the principles of representativeness with those of diversity and independence, enabling us to reach a percentage of 40% of women on the Board by 2024. All board members share this goal and have personally committed to adopt as many measures as may be necessary to bring this to fruition.

#### **The Board of Directors met 13 times in 2023**

Data on the attendance of Board members can be consulted in the [2023 Annual Corporate Governance Report](#).

We have a mostly independent Board of Directors that is cohesive and diverse. **Diverse** not just in terms of the profiles, nationalities, age and knowledge of its members, but also in **terms of gender**. The Company forms part of the IBEX Gender Equality Index, which recognises the gender equality efforts of listed companies.



## Board of Directors training

We recognise how important continuous learning is for the Company's employees and directors. As a result, we work to keep the members of the Board of Directors informed of market trends and requirements.

In 2023, the Committee designed and organised various training programmes for members of the Board of Directors, the aim of which was to ensure their ongoing learning of new knowledge and skills. In particular, a **training session on innovation** was organised in October 2023. It covered both general aspects and those that are specific to the real estate sector, with an emphasis on the latest technology, advances and trends. It also comprehensively covered the topic of real estate asset tokenisation.

Over the course of the year, either through direct communication or at the Board meetings themselves, directors have been kept apprised of the **latest developments**, especially from a **legal or regulatory perspective**, providing them with analysis and summaries.

## Remuneration policy

The Ordinary General Shareholders' Meeting held in 2022 approved our current [Remuneration Policy](#), which is based on 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.

The Remuneration Policy sets out the criteria used to establish a remuneration system that is tailored to the **work undertaken and responsibilities assumed** by each director. The aim of the policy is to attract, retain and motivate members of the Board of Directors, all with the ultimate goal of having on board people with a professional profile that can help achieve our strategic objectives.

Remuneration is set on the basis of the work assumed, qualifications and responsibility required by the position, as well as the experience, functions and duties discharged by each director. Moreover, remuneration seeks to strike a balance between market competitiveness and internal equity.

Under this policy, which sets the remuneration for the members of the Board of Directors, the following amounts are established<sup>(1)</sup>:

Chairman of the Board	Independent Directors	Proprietary Directors
€150,000	€70,000	€0
per annum	per annum	Not remunerated
Directors who sit on the boards of investees	Board members who sit on any of the committees <sup>(1)</sup>	
€15,000	€15,000 to €22,500	
per annum	per annum	

All directors' remuneration is fixed. There is no variable remuneration or additional compensation and the total compensation of the board in 2023 was 545 thousand euros, with the maximum approved compensation being 650,000 euros annually.

The provisions of our Policy on the Selection, Appointment, Re-election and Evaluation of

Directors, as well as our Policy on the Remuneration of the Board of Directors were met in 2023.

The [Annual Report on Director Remuneration](#) includes a breakdown of the remuneration accrued in 2023 and provides additional disclosures on the Company's remuneration policy and its application.

*(1) The Chair of the Audit and Control Committee will receive an additional Euros 7,500 per annum (i.e., a total of Euros 22,500 per annum) and the Chairman of the Appointments, Remuneration and Sustainability Committee will receive an additional Euros 2,000 per annum (i.e., a total of Euros 17,000 per annum).*

## Evaluation

The board in full conducts an annual evaluation and adopts, where necessary, an action plan to remedy any deficiencies detected. Moreover, every three years, an external consultant, whose independence is verified by the Appointments, Remuneration and Sustainability Committee, assists the Board of Directors with the evaluation.

The results of the evaluation carried out in 2022 by the external consultant show that **our Board of Directors is balanced, cohesive, has all the required abilities to ensure optimum performance** and meets the highest governance standards.

Consequently, major changes to the Board of Directors were not required following the evaluation process.

In 2024 the Board of Directors and its Committees will undergo the annual self-evaluation with regard to 2023.

### Board committees

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

## 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

*Ms. Susana Guerrero - Secretary*

*Mr. Juan Gómez-Acebo - Deputy Secretary*

### Appointments, Remuneration and Sustainability Committee

Appointment, performance, compensation, and cessation of directors and senior executives, as well as the supervision and promotion of sustainability practices in environmental and social matters according to established strategies and policies.

#### Members:

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

*Ms. Susana Guerrero - Secretary*

*Mr. Juan Gómez-Acebo - Deputy Secretary*

Further information on the composition, responsibilities and activities of these committees can be consulted in our [2023 Annual Corporate Governance Report](#).

### 2.1.2.3 Management Team

Lar España's Management Team, comprising four people (three men and one woman), has amassed vast experience in the real estate sector and continues to acquire new skills through constant training sessions so as to provide a unique edge in the market.

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

He was appointed Chief Financial Officer of Grupo Lar in 2006, being responsible for the retail area. Previously, he worked at Deloitte (formerly Arthur Andersen) for four years.

He holds a Bachelor's degree in Business Administration from the University of Navarra and has completed the General Management Program (PDG) at IESE Business School. Mr. Jon Armentia has over 22 years of experience in auditing, finance, and the real estate sector, where he has been and is a member of various committees and boards.

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

She previously worked as a lawyer in the corporate and mergers and acquisitions area at Uría Menéndez for 10 years and has extensive experience in corporate governance, having served as Secretary to the Board of numerous companies in various sectors. She is currently also Deputy Director at the Corporate Governance Center of ESADE and Head of its Opinion and Public Debate Area.

Ms. Susana Guerrero studied Law at the Complutense University of Madrid and holds a Master's degree in Legal Counseling from the Instituto de Empresa.

**Mr. Hernán San Pedro** is the Company's Director of Investor Relations and Corporate Communication. He joined Lar España in January 2016.

He previously worked as Head of Investor Relations and CSR at Sacyr Vallehermoso, as well as at Skandia-Old Mutual Group and Banco Santander.

Mr. Hernán San Pedro studied Law at San Pablo CEU University College (Madrid) and holds an MTA from the European Business School. With over 30 years of experience, he has held various positions in the financial, insurance, construction, and real estate sectors.

**Mr. Jose Ignacio Domínguez** is the Internal Audit Director. He joined the Company in September 2021.

He has extensive international professional experience in various fields of the private sector, related to Finance, Internal Audit, Risk Management, Compliance, and Corporate Governance, having previously worked in companies such as Price Waterhouse Coopers, Fomento de Construcciones y Contratas, and most recently, Grupo Ezentis.

He holds a Bachelor's degree in Economics and Business Administration from the Complutense University of Madrid, having studied at the San Pablo CEU University College. Additionally, he holds a postgraduate master's degree from IESE Business School and is a member of the Official Registry of Auditors of Accounts of Spain (ROAC). Furthermore, he holds the CRMA certification from the Global Institute of Internal Auditors (IIA).



## Evaluation of officers

In keeping with best practices, Lar España's corporate governance framework includes a **system to evaluate officers**, which was approved in 2016. This evaluation, which is key to enhance both individual and collective performance, determines the basis for the remuneration system.

The Appointments, Remuneration and Sustainability Committee ensures that the evaluation procedure is conducted correctly, analyses the findings and verifies the degree of achievement of the targets set for 2023.

During 2023, the evaluation of 100% of the Company's directors has been carried out, which constitutes all Lar España's employees.

It is also worth pointing out that **variable remuneration measures tied to ESG targets** are also applied within the workforce. This remuneration is linked to the achievement of ESG targets, such as the percentage of the portfolio with sustainability certification, the score awarded by international ratings firms and the performance of assets in terms of their consumption and emissions.

### 2.1.2.4 Oversight, management and administration of sustainability matters

Our **Board of Directors** is the body that oversees the performance of ESG-related matters, paying special attention to the adaptation of the Company and its assets to climate change, energy efficiency, the circular economy, the creation of shared value in the communities where we operate, environmental sustainability and the existence of an effective corporate governance system.

On performing these duties, the Board has been given the non-delegable power of determining the Company's over-arching ESG policies and strategies which include the following, among many others:

- The strategic business plan
- The [Corporate Governance Policy](#)
- The [Sustainability/ESG Policy](#)
- The [Risk Control and Management Policy](#) (which covers all manner of financial and non-financial risks, including environmental-related risks, and those related to climate, sustainability and tax, etc.), as well as oversight over internal information reporting and control systems.

Additionally, among its functions is the approval of non-financial information that is published, as well as the Annual Corporate Governance Report and the Annual Board Remuneration Report, which are part of the Consolidated Financial Statements that are prepared.



During the year 2023, as in previous years, the Board evaluated Lar España's progress on sustainability issues, as well as all initiatives carried out in this area, the achievements made, and ongoing projects

Meanwhile, our **Appointments, Remuneration, and Sustainability Committee** oversee the company's environmental and social practices to ensure they align with the established strategy and policies, reporting to the Board of Directors accordingly. Additionally, it is responsible for periodically evaluating and reviewing the sustainability policy to ensure it fulfills its mission of promoting social interest and considering, as appropriate, the legitimate interests of various stakeholders, also monitoring its degree of compliance.

In addition to the aforementioned policies, we have an ESG Master Plan, approved in 2017 and periodically updated, which horizontally sets out the planned actions to achieve ESG objectives.

The Plan is structured around fundamental pillars that in turn group specific action lines aimed at incorporating the best environmental, social, and governance practices.

To ensure greater coordination in project implementation and sustainability matters management, we established the **ESG Committee** in 2020, an operational body led by Lar España's Corporate and Financial Department and composed of a cross-functional senior management team with representatives from different departments involved in asset management. This committee includes Lar España employees and representatives from associated companies such as Grupo Lar and Gentalia, responsible for the daily management of assets and the implementation of the ESG strategy within them.



The ESG Committee drives sustainability across all management levels, thus ensuring that technical, operational and financial matters are monitored and assessed. It takes responsibility for the following issues:

- Undertaking environmental initiatives with a direct positive impact.
- Promoting asset health and safety.
- Implementing social responsibility measures.
- Taking into account other business issues, such as tracking the performance of green bond issuances and reviewing the annual reports.

The ESG Committee held **four meetings** in 2023, 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.

Moreover, all **our directors have been assigned ESG-related duties** and are directly engaged in risk management, reporting regularly to the Committees and Board all matters and areas that are closely related to their functions and actively cooperating on the drafting of both financial and non-financial information.

#### Mr. Jon Armentia

### Corporate Director and CFO

Head of the Company's finance area and responsible for defining strategy, monitoring and assessing ESG and climate criteria, among other duties.

#### Mr. Hernán San Pedro

### Investor Relations and Corporate Communication Director

Responsible for communication and relations with investors and *stakeholders*.

#### Ms. Susana Guerrero

### General Counsel, Deputy Secretary of the Board and Secretary of the Committees

Responsible for the legal area and defining and driving the best corporate governance practices, among other functions.

#### Mr. Jose Ignacio Domínguez

### Internal Audit Director

His functions include reviewing the process to compile non-financial data and the integrity of the information gathered, as well as the Company's Risk Map.

## 2.1.3 Code of Conduct


Our [Code of Conduct](#) was approved by the Board of Directors in 2015 and is **mandatorily binding** upon all Board members, senior managers, Grupo Lar's management team, executives, employees, suppliers and anybody linked to Lar España, whether they are an employee or not.

The highest body responsible for this Regulation is the Board of Directors, assisted by the Audit and Control Committee, which is in charge of to ensure compliance with, update and dissemination of the Code, with the support of the Ethics Committee, as the internal body in charge of analysing non-compliance proposing corrective actions and sanctions.

Our Code of Conduct was reviewed in 2023 in order to bring it up to date and ensure it is consistently aligned with regulatory developments, updated versions of legislation and corporate policies and best market practice.

In line with this code, we are firmly committed to **ethical conduct and compliance** across all our activities, including legal compliance, professional integrity, conflicts of interest, transaction records and preparation of financial information, internal control, anti-money laundering and crime prevention, asset and personal data protection, securities markets and confidential and relevant insider information, equal opportunities and non-discrimination, corporate social responsibility, stakeholder relations, and information usage and security.

Failure to comply could lead to sanctions in accordance with current regulations, without prejudice to any further administrative or criminal liability.

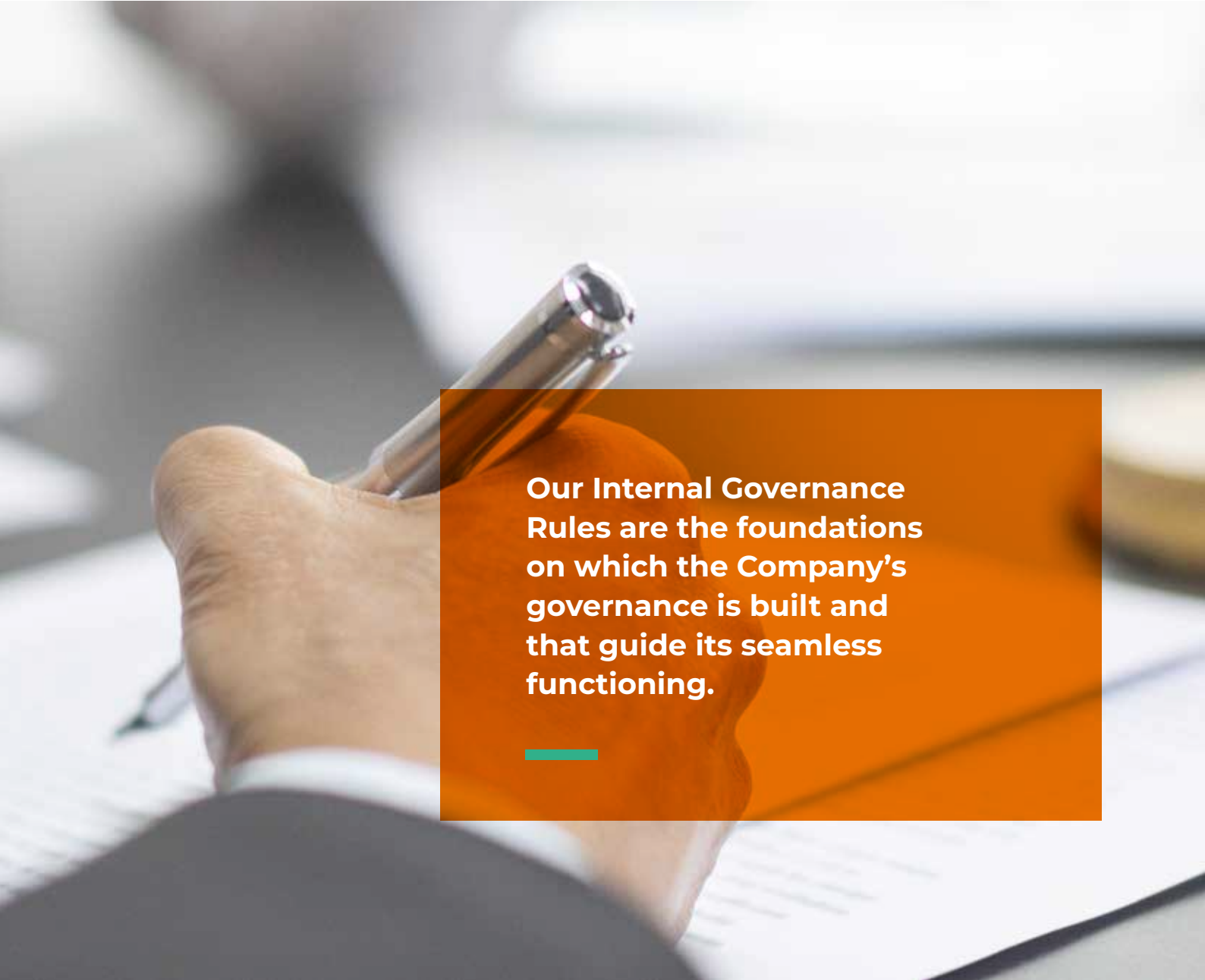


**We have a Code of Conduct at Lar España that sets out all our principles in terms of ethical conduct and compliance. We also have a Ethical and Whistleblowing Channel overseen by the Ethics Committee and the Audit and Control Committees.**

## 2.1.4 Internal governance Rules

We understand a good governance system to be a **suite of rules, principles and procedures** that regulates the structure and functioning of a company's governing bodies, outlines the relationships between the various members of an organisation and determines the rules for decision-making.

Within this system, Lar España's Internal Governance Rules are essential for the Company's structure, as they reflect the commitments undertaken by management and the organisation's overall culture.



**Our Internal Governance Rules are the foundations on which the Company's governance is built and that guide its seamless functioning.**

## Corporate regulatory framework at Lar España

### [Articles of Association](#)

Our Articles of Association reflect the suite of rules that have been established to ensure **Lar España's smooth running and decision-making** and to regulate basic elements of the Company, such as the functioning of the Board of Directors and the General Shareholders' Meeting.

In 2023, a resolution was passed at the Ordinary General Shareholders' Meeting to amend the Articles of Association as a result of changes to the article on the Audit and Control Committee, as well as to the article on the Appointments, Remuneration and Sustainability Committee.

### [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.

### [Board of Directors Regulations](#)

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, reappointment, 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 their specific nature and the activities performed.

### [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 (CNMV).

### [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 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.

In 2023 we modified article 4 of the Audit and Control Committee Regulations and article 4 of the Appointments, Remuneration and Sustainability Committee Regulations in order to amend the prevailing circumstances in respect of individuals who may occupy the position of Secretary and Deputy Secretary of the Committees and the Board of Directors of Lar España.

### [Internal Code of Conduct in the Securities Markets](#)

This 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, as provided for by law.

## 2.1.5 Corporate policies

Below are the corporate policies we have implemented in recent years, which are approved by the Board of Directors.

These policies are reviewed and updated on a regular basis as requirements dictate:

NAME	DESCRIPTION	RESPONSIBILITIES
<p><a href="#"><u>Corporate Governance Policy</u></a></p>	<p>Its purpose is to convey to shareholders and markets the bases for the <b>organisation and functioning</b> of the Company's governing bodies, establish the principles of good governance vis-à-vis all stakeholders, and ensure we undertake certain courses of action. The Policy also helps to maximise Lar España's competitiveness, build trust and foster transparency, improve internal control and sustainability practices.</p> <p>The policy was drawn up taking into account applicable laws and the recommendations of the CNMV's Good Governance Code for Listed Companies, as well as international best practices. It is guided by general principles that are applicable throughout the entire organisation.</p>	<p>The Audit and Control Committee is responsible for periodically overseeing the content, application and development of this Policy, reporting to the Board of Directors and proposing such improvements as it deems appropriate.</p>
<p><a href="#"><u>Sustainability/ESG Policy</u></a></p>	<p>Its purpose is to generate a business model that creates long-term value, satisfies the needs and expectations of stakeholders and generates socially responsible externalities.</p> <p>Some of the principles of action enshrined in the policy include ethics and integrity, the creation of shared value, environmental management, accessibility, supplier relations, employee management, a responsible tax policy and transparency.</p>	<p>The Appointments, Remunerations, and Sustainability Committee is responsible for overseeing that the company's practices in environmental and social matters align with the established strategy and policies, and reports on this to the Board of Directors. Additionally, it is tasked with periodically evaluating and revising the Sustainability/ESG policy to ensure it fulfills its mission of promoting social interest and takes into account, as appropriate, the legitimate interests of various stakeholder groups, also monitoring its degree of compliance.</p>



NAME	DESCRIPTION	RESPONSIBILITIES
<p><a href="#"><u>Board of Directors Remuneration Policy</u></a></p>	<p>It was approved by the General Shareholders' Meeting in 2022 with majority support (95.4% of votes).</p> <p>Its objective is to define and monitor the remuneration practices of and aims to establish a remuneration scheme appropriate to the dedication and responsibilities, in order to attract, retain and motivate the members of the Board.</p> <p>This policy defines and controls directors' remuneration practices to generate <b>long-term sustainable value for shareholders</b>. The policy is based on rules and best corporate governance practices, while taking into account the Company's nature as an externally managed SOCIMI (Spanish-registered REIT), market standards and directors' dedication to the Company.</p>	<p>The Appointments, Remuneration and Sustainability Committee reviews the policy on a recurring basis, ensuring it is adequately geared towards achievement of the targets.</p> <p>At least every three years and at the behest of the Committee, the Board of Directors submits to the General Shareholders' Meeting a remuneration proposal for its members.</p>
<p><a href="#"><u>Selection and Diversity Policy</u></a></p>	<p>This policy aims to ensure an <b>appropriate board composition</b> and to lay down the internal requirements and procedures in member selection, appointment, re-election and evaluation processes.</p> <p>Its purpose is therefore to promote diversity among members of the Board of Directors in terms of experience and knowledge, education, age, disability and gender.</p> <p>It is also working to ensure that at least 40% of all members of the Board of Directors are women by 2024.</p>	<p>The Appointments, Remuneration and Sustainability Committee, periodically monitors the policy and may propose improvements to the Board of Directors.</p> <p>It also verifies annually compliance with the policy, paying particular attention to diversity criteria in the composition of the Board, reporting its findings to the Board and in the Annual Corporate Governance Report.</p>
<p><a href="#"><u>Information, Communication, Contacts and Involvement Policy</u></a></p>	<p>The policy describes and analyses the main instruments, channels and mechanisms for reporting information on the Company to shareholders, investors and other stakeholders.</p> <p><b>It also encourages dialogue, builds trust and fosters transparency</b> with Spanish and international shareholders and investors.</p>	<p>The Audit and Control Committee regularly oversees its content, application and development, reporting to the Board of Directors and proposing such improvements as it deems appropriate.</p>

NAME	DESCRIPTION	RESPONSIBILITIES
<p><a href="#"><u>Crime Prevention Policy</u></a></p>	<p>Updated in 2023, this policy defines <b>management guidelines, functions and responsibilities</b> relating to the adoption, execution, updating, reporting and verification of the organisational and management model in place to prevent crime within the Company.</p> <p>Its seeks to provide reasonable assurance as to the integrity and representativeness of criminal risks by verifying the suitability and operational effectiveness of internal controls that mitigate such risks.</p>	<p>The Board of Directors is the body ultimately responsible for the effective implementation of the organisational and management model for crime prevention, assisted by the Audit and Control Committee.</p> <p>We have designated a person responsible for oversight of the Crime Prevention Model. This person is tasked with coordinating the assessment, monitoring, update and verification of the Crime Prevention Model.</p>
<p><a href="#"><u>Internal Information System Policy</u></a></p>	<p>Approved in 2023, this policy protects individuals in an employment or professional context who, on detecting <b>serious or very serious criminal or administrative offences</b> that impact the overall interest of the Company, report them through the mechanisms established for this purpose.</p> <p>The Internal Information System (IIS) is applicable to everyone that has a professional or employment relationship with Lar España, including former employees. Moreover, the IIS has been supplemented by means of an Ethics and Whistleblowing Channel that enables us to convey any wrongdoing or reasonable suspicion of illegal activity committed within the Company.</p>	<p>Our Ethics Committee is responsible for the IIS and is tasked with the functions associated with the Ethics and Whistleblowing Channel, as legally stipulated.</p> <p>Day-to-day running of the IIS is carried out by an external third party with experience in this field. This third party meets all independence, confidentiality, data protection and secrecy requirements.</p> <p>The IIS also features an accompanying series of sanctions to which all natural and legal persons are subject should they commit any activity considered a very serious, serious or minor infraction under Law 2/2023.</p>
<p><a href="#"><u>Accounts Auditor Selection Policy</u></a></p>	<p>The policy governs the <b>procedure to select, appoint and, as the case may be, re-elect</b> Lar España's external auditor. It sets out the principles and criteria that must be considered in order to ensure a fair and impartial selection process and that the audit engagement is entrusted to an independent firm that possesses the necessary technical expertise to undertake the audit effectively and responsibly, all in accordance with applicable legislation.</p>	<p>The Board of Directors is responsible for its approval following the review by the Audit and Control Committee. In 2023, a new version of the policy, initially approved in May 2021, was reviewed and approved.</p> <p>In 2023, the Company re-elected Deloitte as external auditor for 2023, as per the resolution carried at the General Shareholders' Meeting.</p> <p>At the end of 2023, a public tender was called for the submission of bids regarding the hiring of an external auditor for Lar España Real Estate Socimi, S.A. for the fiscal years 2024-2026.</p>

NAME	DESCRIPTION	RESPONSIBILITIES
<p><u><a href="#">Risk Control and Management Policy</a></u></p>	<p>The policy sets out the <b>general framework</b> for the control and management of all manner of risks, making it a useful tool for Board and management decision-making.</p> <p>It also defines the role of risk control and management within the corporate governance structure and includes a description of the responsibilities of the various members involved in risk control and management.</p>	<p>The main participants in the Integrated Risk Management System (IRMS) are as follows:</p> <ul style="list-style-type: none"> <li>→ Board of Directors</li> <li>→ Audit and Control Committee</li> <li>→ Internal Audit department</li> <li>→ Risk Manager / Risk Controller</li> <li>→ Process Manager</li> </ul>
<p><u><a href="#">Procurement and Outsourcing Services Policy</a></u></p>	<p>Approved in December 2023, this policy forms part of our risk control and management environment. It sets out the general framework and guiding principles governing the <b>procurement and outsourcing process</b>, which employees, management, representatives and directors must follow to identify, control, manage and minimise all major risks associated with these procedures.</p> <p>As part of this policy, we are currently in the process of developing a <b>procurement and outsourcing procedure</b> that will further detail the roles and responsibilities when procuring goods and services from suppliers. The process must meet objectivity, impartiality and equal opportunity criteria, aligning our interest in obtaining the best conditions with the desirability of building stable and fair commercial relationships with ethical and responsible suppliers and service providers.</p>	<p>This policy will be updated when, among other things, changes in strategic objectives, organisational structure or prevailing legislation so require or make it advisable.</p>

## 2.1.6 Risk and opportunity management

In 2014 Lar España implemented an **Integrated Risk Management System** (IRMS) to ensure that risks are reliably and systematically identified, evaluated, 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.

The IRMS is reviewed regularly by the Audit and Control Committee, to ensure that the information it contains is up to date and it can be used as a dynamic tool to assist management and the Board of Directors.

To this end, at least once a year, the various components of the IRMS are reviewed and the risk map is updated, and risks are included, modified or discarded as necessary in response to changes in strategic objectives, organisational structure, the legislation in force, etc.

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



In 2023 it has been updated again, with the application of the most important risk management standards (particularly those set out in the Corporate Risk Management - Integrated Framework Report. Committee of Sponsoring Organizations of Treadway Commission (COSO) of September 2004, known as COSO II), and enhanced with certain aspects of the systems set out in COSO III ERM 2017.

Our **Risk Management and Control Policy** sets out the components of the risk management process and activities involved, defining the organisational approach and the model of responsibilities required. It is reviewed and updated regularly and, with this in mind, it too was updated in 2023.

## Risk map

The result of the identification and assessment of the risks to which the organisation is exposed is set out in a corporate **Risk Map**, a tool that puts the assessed risks into context, identifying and prioritising the most relevant and critical risks, and enabling decision-making on the actions to be carried out. This map is updated annually.

The review carried out in 2023 revealed an increase in the criticality of financial risks (mainly due to the increase in interest rates and the difficulty in accessing

financing/refinancing) and a decrease in the criticality of strategic risks (due to greater stability in operations and customer solvency and dissipating uncertainty regarding health crises at workplaces).

Listed below are the risks that Lar España considers to be its top priority risks and with respect to which the pertinent management and monitoring activities will be carried out in 2024 and subsequent years:



### STRATEGIC

- Political climate and socio-economic factors.
- Regulatory changes/legal uncertainty.
- Inadequate adaptation to the effects of climate change and environmental sustainability.



### OPERATIONAL

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



### FINANCIAL

- Market risk.
- Interest rates.
- Difficulty in accessing financing/refinancing.



### REGULATORY

- Requirements of the SOCIMI regime.



These risks have been defined by Lar España in accordance with the risk tolerance criterion and based on their 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.

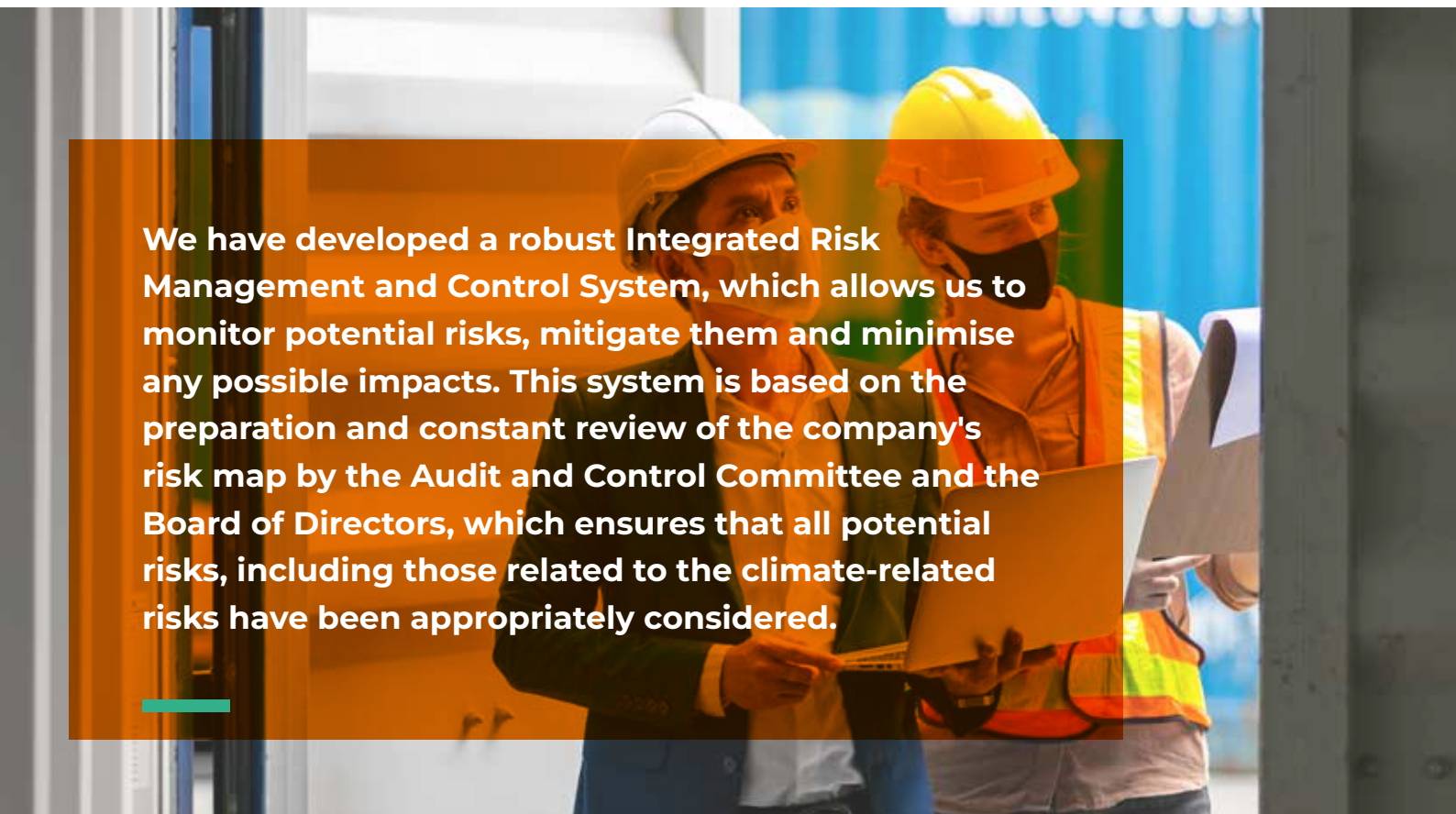
The risk assessment is carried out considering the level of inherent risk, i.e. the level of risk faced by the company in the absence of mitigation measures, and the level of residual risk, i.e. the level of risk resulting from the application of prevention and control measures.

We have 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: **Reduce/share/accept/avoid**.

Lar España affords different priorities to each action plan, depending on the criticality of the risks, the cost/benefit ratio of the type of action to be undertaken and the resources available. To this end, the main risks facing the organisation have been identified and **individual risk files** are used to document each risk and improve risk monitoring.

In 2023, we have paid particular attention to **the assessment of climate-related risks and opportunities in accordance with the international standards of the Task Force on Climate-related Financial Disclosures (TCFD)**, preparing climate change- and transition-specific risk maps, and including them within the Company's Risk Management Model.

Further information on the risk management process and responsibilities and on the actions taken to monitor priority risks can be consulted in our [2023 Annual Corporate Governance Report](#).



**We have developed a robust Integrated Risk Management and Control System, which allows us to monitor potential risks, mitigate them and minimise any possible impacts. This system is based on the preparation and constant review of the company's risk map by the Audit and Control Committee and the Board of Directors, which ensures that all potential risks, including those related to the climate-related risks have been appropriately considered.**

According to our Risk Map, **cybersecurity and information security** are among the priority risks identified.

In this regard, we have a **Cybersecurity Committee** comprising several expert officers with key responsibilities in this area. The Committee meets regularly and monitors the action plans targeting the proposed recommendations. The members of the Committee are Miguel Pereda (Vice-Chairman of Lar España and Chairman of Grupo Lar), Jon Armentia (Corporate Director and CFO of Lar España), José Ignacio Domínguez (Internal Audit Director of Lar España) and Cristina Rodríguez (Human Capital and Media Director of Grupo Lar).

In 2023, our Cybersecurity Committee conducted a review of the status of the cybersecurity **action plans**, mainly by following up on the audits conducted by the external expert engaged to review the information security models implemented at Lar España's main suppliers. It also reviewed the main **cybersecurity risks** included in our risk map, analysed additional tools and measures aimed at more efficient mitigation of the organisation's cybersecurity risk, and followed up on the annual specialised cybersecurity risk training provided during the year. All of its conclusions were presented to the Audit and Control Committee and submitted to the Company's Board of Directors.

In addition, over the course of 2023, the company's compliance with **Data Protection** (DP) regulations and its risks in this connection were reviewed in conjunction with an external DP expert. This involved a review of documents relating to the RPA (Lar

España's record of processing activities) as well as of agreements and schedules containing DP clauses signed with third parties.

Also in 2023, the Board approved a **Procurement and Outsourcing Policy**, which forms part of the Group's risk management and control environment, in order to establish the general framework and guiding principles for these processes.

Meanwhile, since 2022, we have had a **third-party cybersecurity risk management model** in place, which is designed to manage and reduce to a reasonable level information security risks. This model is based on the following phases:

- Assessment and profiling of the supplier
- Approval and contracting, subject to cybersecurity clauses and controls
- Monitoring and audits

Furthermore, as the IT infrastructures are outsourced to Grupo Lar, external on-site audits are conducted every two years, with the help of a specialised technical provider. These audits were carried out in March 2022 and will be repeated in March 2024.

In 2023 we provided a total of **20 training hours** on information security and cybersecurity.

Further information on our response and mitigation plan and on the risks that have materialised can be consulted in our [2023 Annual Corporate Governance Report](#).

## 2.1.7 Ethical conduct and compliance

We consider it essential to ensure transparency and integrity in everything we do. We have thus developed a **robust compliance model**, together with a comprehensive system of internal rules, regulations, policies and procedures, as detailed earlier in this report, which reflect our commitment to regulatory compliance and best practices in the area of good governance.

The mechanisms that we have implemented include, most notably, the following:

- Code of Conduct.
- Crime Prevention Model.
- Anti-Money Laundering Model.
- Internal Reporting System. New Ethics and Whistleblowing Channel.
- Internal Code of Conduct in the Securities Markets

All of these rules are reviewed and updated on a regular basis, under the direct supervision of the Board, and are publicly available on [our website](#).

In 2023 all of our employees took part in training sessions relating to these areas, and obtained certificates for completing the following specific training courses:

- Ethics
- Environmental sustainability
- Crime prevention
- Data protection
- Money laundering



**Compliance and adherence to the highest ethical standards are part of our DNA. We have developed a robust compliance model, together with a comprehensive system of internal rules, regulations, policies and procedures, which reflect our commitment to regulatory compliance and best practices in the area of good governance.**



## 2.1.8 Ethical and Whistleblowing Channel

Our employees, suppliers, customers and any other persons related to Lar España may use our Ethics and Whistleblowing Channel to report any possible infringements, irregularities or wrongdoings that are being or have been committed within the Company, including, in addition to ethics and integrity issues, acts related to employees, health and safety, corporate governance, human rights, social commitment and environmental issues.

Upon entry into force of Law 2/2023 of 20 February 2023 on the protection of persons reporting regulatory infringements and the fight against corruption in 2023, the Board of Directors approved our [Internal Reporting System Policy](#) and we updated our whistleblowing channel.

This policy and the Whistleblowing Channel Management Procedure have thus replaced the former Whistleblowing Channel Operating Rules.

Furthermore, in accordance with the changes that have been made to the channel, a new compliance mailbox (<https://buzoncompliance.com/?locale=en>), managed by an external provider, has been created.

- Our platform is at all times compliant with the requirements set out in Directive (EU) 2019/1937 on whistleblowing channels.
- Complaints may be submitted anonymously or otherwise.
- The internal reporting system is publicised on our website.

- An independent third party collects and analyses the complaints, taking appropriate measures to ensure the whistleblower's confidentiality at all times.
- Whistleblowers receive an acknowledgement of receipt of the report within a period of seven calendar days of receipt thereof, and a response within a maximum period of three months.

This new system ensures that the **whistleblower's identity remains confidential at all times**, thus enabling complaints to be submitted anonymously or otherwise, in writing or orally.

Our **Ethics Committee** is responsible for registering communications, investigating them, notifying those concerned and supervising the proper functioning of the channel, issuing regular reports in this connection.

Throughout 2023, we have trained and encouraged employees to participate in the new Ethics and Whistleblowing Channel, informing them of the new internal reporting system.

Before the meetings of the Audit and Control Committee, the head of internal audit informs the committee members if any complaints have been received through the channel.

As reported by the Ethics Committee to the Audit and Control Committee and submitted to the Board, **we have not received any complaints through the Channel, nor have we detected any relevant issues to be analysed or followed up on by the Committee or the Commission.**

## 2.1.9 Money laundering and terrorist financing

The real estate sector is subject to strict regulations designed to prevent money laundering and facilitate cooperation with the Executive Branch of the Commission for the Prevention of Money Laundering and Monetary Infractions (SEPBLAC, per its Spanish acronym).

To comply with these regulations, we have developed and implemented our **Anti-Money Laundering Manual**, in accordance with the provisions of Law 10/2010 of 28 April 2010, on the prevention of money laundering and financing of terrorism.

This manual was **updated in 2023 with the assistance of an external advisor** and approved by the Board of Directors. A new version was drawn up, setting out all of the recommendations for improvement made in the last external expert report issued in 2022 on the internal control measures that have been put in place to prevent money laundering and terrorist financing. This new version marks full compliance with the action plan approved by the Audit and Control Committee in July 2022.

It should be noted that this manual is an essential document within our Company. It has been designed in keeping with best practices on the subject, having regard to the analysis of the risk profile inherent to our activities and the Company's operating model. It describes the preventative policies and procedures adopted, along with the organisation and responsibility model.

Regular training and information sessions are given to all individuals related to Lar España and its management unit (Grupo Lar), so as to ensure compliance with all related legislation. Throughout the year 2023, we provided training on anti-money laundering to employees involved in company management.

We have analysed the operation of the Ethics and Whistleblowing Channel and its activity in 2023, and we can conclude that **no relevant issues regarding the prevention of money laundering and terrorist financing were identified**.



## 2.1.10 Anti-Corruption

We have a **Crime Prevention Policy** where we set out our commitment to carrying out our business activities in accordance with prevailing legislation, so that our employees and third parties will avoid any unethical or unprofessional conduct that may damage the image of the Company or cause harm to the community.

In 2023 we updated this policy to align it with the latest legal developments and bring it into line with the highest standards of compliance.

All Board members as well as employees have been informed of the organisation's anti-corruption policies and procedures of the organisation.

Within this framework, we developed and implemented an **Organisational and Management Model for Crime Prevention (CPM)** with the following characteristics:

- The model is set up according to the different processes and potential criminal risks of Lar España.
- For each process, the model identifies the criminal risk to which exposure is greatest.
- Likewise, for each risk factor identified, it associates internal controls that mitigate or in some way eliminate or diminish the probability that any criminal risk will materialise.
- The crime prevention model (CPM) includes controls which belong to the Internal Control over Financial Reporting (ICFR) system which are deemed preventative in terms of mitigating the probability of the commission of crime. These include controls associated with the management of Lar España's financial resources.
- The internal controls that mitigate or in some way eliminate or diminish the probability that any criminal risk will materialise are, for the large part, officially enshrined in internal policies and rules.

Our CPM applies to all employees, management and board members and covers different compliance procedures and manuals to detect, identify and link potential offences.

We have put in place the position of CPM **Oversight Officer**, shared between the Legal Department and the Internal Audit Department. Its main function is to duly inform our management bodies of the results of the monitoring and verification of the CPM, in particular if significant aspects of non-compliance with the established internal control measures are identified.



**In 2023, no cases of corruption have been detected.**

## 2.1.11 Responsible investment

Over the past few years, we have pushed for the integration of sustainability issues into our operations. This strategy has led not only to recognition from national and international organisations, but also to improvements in the efficiency of our assets.

Our holistic approach goes beyond purely economic considerations, encompassing crucial environmental and social aspects.

This has enabled us to access new forms of financing linked to our assets and companies, which consider environmental, social and governance criteria in long-term decision-making, seeking to promote balanced, responsible and sustainable economic development in the long term.

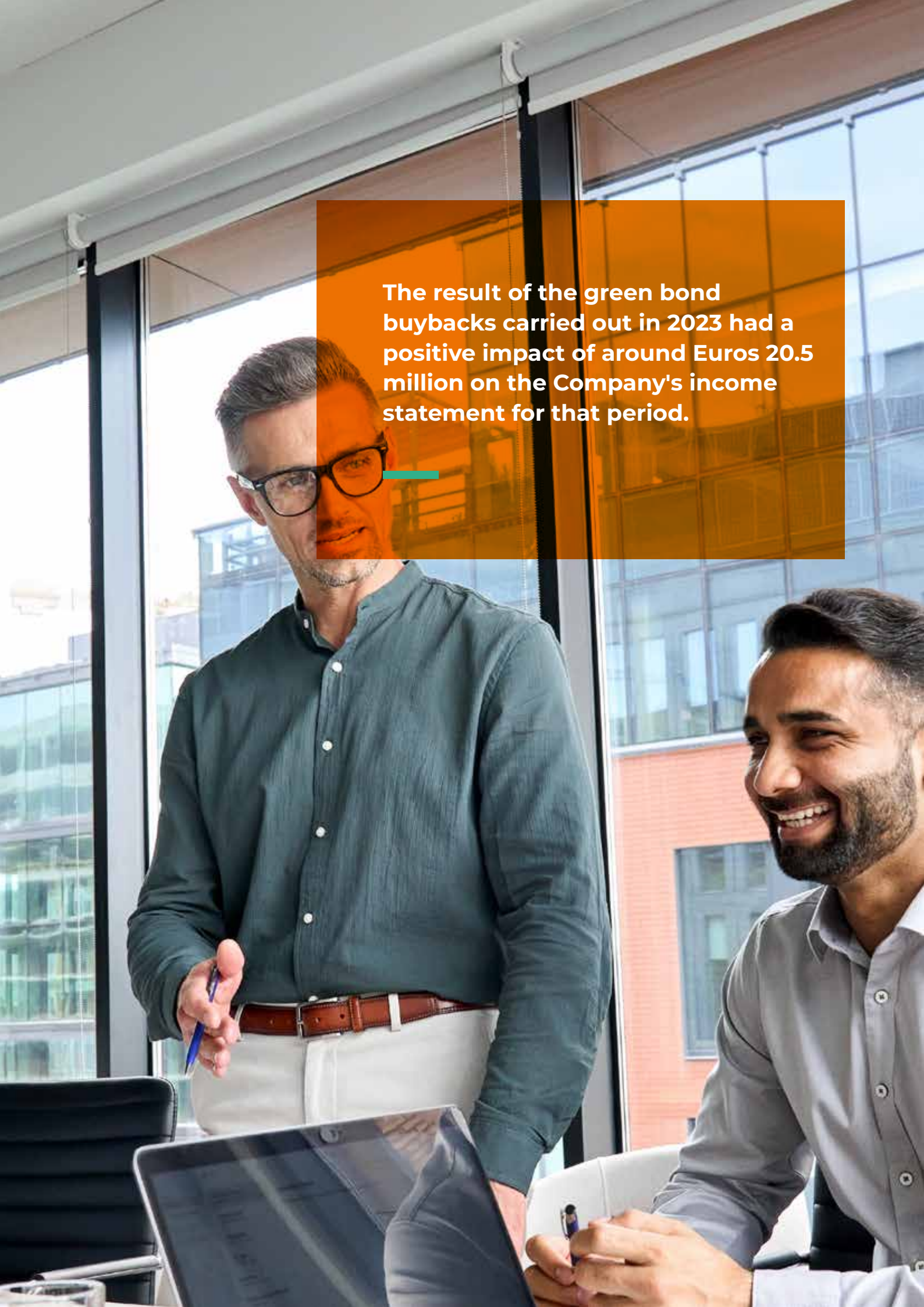
In 2018, we were pioneers in arranging a Euros 70 million, seven-year financing facility with the **European Investment Bank** (EIB). This agreement is supported by the Investment Plan for Europe. As a result, we became the first entity to close a financing line of such magnitude and characteristics. The nature of this agreement contributes to the fulfilment of our business plan, which is underpinned by sustainability as one of its main pillars.

In July and November 2021 we successfully **issued two senior unsecured green bonds** for a combined total amount of Euros 700 million. This allowed us to refinance virtually all of our debt, eliminating the existing collateral on our assets and extending the maturity, as well as reducing its cost to a fixed rate of 1.8%.

In January 2023 we performed the first buyback for a total of **Euros 110 million**, closing at a **discount of 18%**, equivalent to a final total price of **Euros 90.5 million**, which was paid in full with cash held by the Company.

The transaction involved the buyback of **Euros 98 million of the first bond**, which was issued in July 2021 for Euros 400 million and matures in 2026, and of **Euros 12 million of the second bond**, which was issued in November of that same year for Euros 300 million and matures in 2028, leaving a **total outstanding amount of Euros 590 million**.

Moreover, partial buybacks of the first bond issued, which matures in 2026, continued throughout the year, **totalling Euros 9.0 million**. The **average discount rate** recognised in these transactions was approximately **16%**, with a positive impact on the Company's 2023 income statement.

A photograph of two men in a modern office setting. One man, wearing glasses and a dark green shirt, stands and points at a laptop screen. The other man, wearing a light grey shirt, sits and smiles. The background shows large windows with a view of a city building.

**The result of the green bond buybacks carried out in 2023 had a positive impact of around Euros 20.5 million on the Company's income statement for that period.**

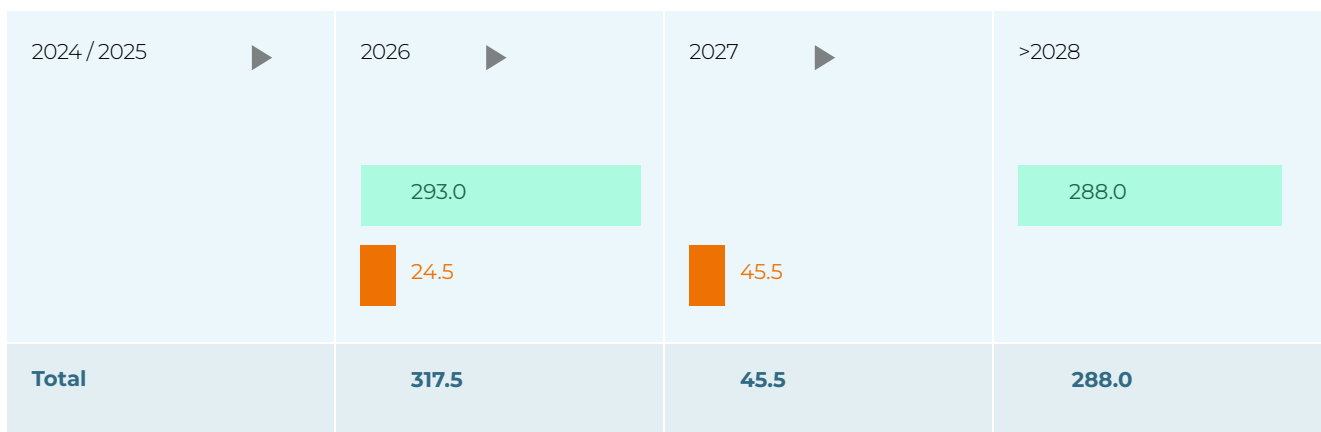


## 100% of our debt is considered **green**.

Thus, as of 31 December 2023, **100% of our debt is considered green** as it consists solely of a loan granted by the European Investment Bank in 2018 and drawn down in 2020, as well as two green bond issues carried out in 2021.

The transaction was ratified in July 2022 and 2023 by the rating agency Fitch, which has maintained the investment grade rating of BBB with a stable outlook, both for Lar España and its two green bond issues

### Debt repayment profile (Millions of euros)





■ Bank borrowings
 ■ Green bonds

Within the context of the bond issuance, the ISS-ESG Company conducted an independent review of our sustainability strategy based on the 2021 Green Bond Principles issued by the ICMA (International Capital Markets Association) .

In this regard, we developed a Green Bond Framework ([July 2021 version](#)) that establishes:

<p><b>1</b> PURPOSE OF FUNDS</p>	<p>Promote the transition of a select group of assets towards a low-carbon and climate-resilient economy and activity, according to specific criteria as part of the Green Asset Pool.</p>
<p><b>2</b> EVALUATION AND SELECTION PROCESS</p>	<p>We have a <b>Green Bond Committee</b> to oversee the project evaluation and selection process to ensure that the projects selected meet the eligibility criteria.</p>
<p><b>3</b> MANAGEMENT OF FUNDS</p>	<p>Our finance team is responsible for establishing a Green Bond Registry in order to record assets and projects in the Green Asset Pool.</p>
<p><b>4</b> REPORTING</p>	<p>We report annually on the allocation of net revenue to the Green Asset Pool and its associated impact and metrics. This information is always available on our <a href="#">corporate website</a> .</p>

We monitor compliance with the requirements of green bond issues through our ESG Committee, as well as the evaluation and selection of projects that are aligned with our strategy and meet the **eligibility criteria**:

ELIGIBLE PROJECT CATEGORY	CRITERIA AND PROJECT TYPES	RELATED SDG AND TARGET
Green buildings	<p>New or existing commercial buildings owned and managed by Lar España that have obtained or will obtain the following certifications:</p> <ul style="list-style-type: none"> <li>→ Building Research Establishment Environmental Assessment Method (BREEAM): Exceptional, Excellent or Very Good.</li> <li>→ Other internationally and/or nationally recognised equivalent certifications (e.g. ISO 14001).</li> </ul>	<p>9.4 Upgrade infrastructure and modernise industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities.</p> 
Renewable energy	<p>New or existing investments in or expenditures on the acquisition, development, construction and/or installation of renewable energy such as solar photovoltaic (PV) technology.</p>	<p>7.2 Increase substantially the share of renewable energy in the global energy mix. On-site solar energy projects.</p> 

In 2023, for the second consecutive year, we published and had an independent third party verify the monitoring report on the use of the funds received in accordance with the established requirements: [Green Bond Allocation Report 2023](#).

The report states that we met the issuance criteria by having used the funds to refinance a portfolio of **100% BREEAM-certified assets, 98% of which are rated "Excellent" or "Very Good"**.



## 2.1.12 Transparency and good market practices

We place the reporting and communication of financial and sustainability information at the top of our priorities, along with ongoing engagement with our shareholders, investors and stakeholders in general.

In terms of communication and transparency, we have adopted **international standards** with the utmost rigour, through the publication of results reports, annual reports, sustainability reports, press releases, etc. in accordance with GRI, EPRA or TCFD, among others. In addition, we participate in various international indices and benchmarks such as MSCI and GRESB, which evaluate our performance and allow us to compare ourselves with our competitors.

For this purpose, and as mentioned in [section 2.1.4 Internal Governance Rules](#), we have an [Information, Communication, Contacts, and Engagement Policy](#), which analyzes, defines, and develops our main instruments, channels, and mechanisms of information with all our stakeholders, demonstrating our commitment to them.

In this vein, we have been awarded the **EPRA Gold Award** for the ninth consecutive year in recognition of the quality of our financial reporting, and for the sixth consecutive year we have also received the highest distinction for sustainability reporting. In addition, in 2023 the international index MSCI ESG Rating has upgraded Lar España's rating to 'A', rating that only 18% of companies in the sector achieve.

In terms of engagement, our **Head of Communications and Investor Relations** is in charge of media relations and network outreach, which keeps stakeholders informed. We hold around 400 events a year, encompassing road shows, conferences and one-on-one meetings with investors, shareholders, analysts, proxy advisors and stakeholders in general, in which he is often usually accompanied by the Corporate Director and CFO, always with the support and participation of the Board when necessary. At these meetings with investors, we have the opportunity to discuss face-to-face and up-close discussions on a range of issues and our strategic achievements.

In this regard, we disclose all issues related to aspects of our financial, ESG and risk management performance, in detail in both our [Annual Corporate Governance Report](#) and our [Annual Report](#), in line with leading international reporting standards. In this way, we provide all our stakeholders with a wide range of financial, corporate and sustainability information.

Our committees report on all their actions during the year through the reports on the functioning of each committee, which we publish together with the Notice of the General Shareholders' Meeting, and through the reports that the Chairs of the Committees themselves give during the General Meeting.



During the year, we publish **quarterly** financial results and business updates, as well as ESG monitoring and progress.

We are currently working on external communication processes for tenants, end customers and suppliers with specific meetings and content on sustainability.





Koröshi.

Koröshi

EXPERIENTIAL  
COMMUNITY

HYPER-Station

Albacenter



## 2.2 Social (S)

Given our specialisation in retail properties, we are aware that our activity has a significant impact on the communities in which we operate, **fostering socio-economic progress in Spain**. That is why we work to ensure that our corporate and operational teams are synonymous with sustainable and positive development wherever we operate.

We thus excel due to the following:

- A **management team with extensive experience** in the sector, backed by responsible corporate and operational management in line with best market practices.
- **Active engagement** with our stakeholders
- Our offer of spaces for interaction and leisure, **creating city** and enhancing the quality of its services aimed at all sectors of the public.
- **Generation of wealth**, competitiveness and employment in the commerce of areas in the vicinity of our locations.
- Incorporation of **Universal Accessibility** criteria for the autonomy and safety of all types of users.
- Development of our first guidelines to improve our **value chain** procedures.
- Numerous **collaborations** with institutions, non-governmental organisations and private companies, among others..

In addition, and within the scope of our exercise, during 2023, no legal or regulatory non-compliance in social matters has been identified.



## 2.2.1 Talent management

Developing **talent** is paramount for us, evidenced by the continuous training of our teams, the creation of an inclusive work environment that fosters equal opportunities and a remuneration policy that guarantees equal pay, based on each person's duties and functions, without gender or other types of personal discrimination.

**Our workforce consists of four employees who make up the management team** as mentioned in section [2.1.2.3 Management Team](#), personnel management at Lar España relies on the resources made available by Grupo Lar, in accordance with the management contract signed between Lar España and Grupo Lar (Investment Management Agreement). This involves applying Grupo Lar's current policies on personnel, work organization, systems, insurance, fringe benefits, and training plans to the 4 employees of Lar España.

Further information can be found in section [1.4.- Grupo Lar, Manager of Lar España](#).

Our **people management strategy** focuses on promoting a flexible, less hierarchical entity format that fosters the pursuit of excellence, integrity and staff commitment with a transparent, people-first approach.

These basic principles and pillars are assimilated by everybody who forms part of Lar España and define how they interact within the organisation, with partners, customers, suppliers and society as a whole.

The Group's main **people management tools** in the area of human resources are:

- Collective bargaining agreements
- Code of Ethics and Conduct
- Equality plan
- Health and safety policy
- Benefits in kind and flexibility policy
- Protocol for the prevention and reporting of sexual and gender-based harassment
- Rules on the duties and obligations of personnel
- Working conditions policy
- Recruitment and selection policy
- Training policy
- Annual targets policy
- Teleworking policy
- Skills assessment policy
- Data protection manual



## Gran Vía de Vigo



Following an analysis of the current situation, one of the **main challenges** facing Lar España, which is included in its corporate Risk Map as it can affect target achievement, is the **retention of talent** in a rapidly changing and highly competitive labour market. Another major challenge that is a medium-term priority is the promotion of a **disruptive way of thinking** that channels innovation and creativity, thus accompanying and enhancing the processes of innovation and transformation that we must face in order to continuously adapt to the needs of the market.

For further information, see section [2.1.6. Risk and opportunity management](#).

In order to address these risks, the priorities in relation to people management are to identify their growth needs and accompany them in their career within the company, as well as create a comfortable environment for collaboration and development. In addition, measures aimed at retaining talent include competitive remuneration and a policy of benefits in kind and flexible working hours to ensure the wellbeing of the people who make up the Lar España team.

## Training and skills building

**During 2023, all four of Lar España's employees continued to receive ongoing training that contributes to the performance of their duties in accordance with the highest standards.** The different types of training can be divided into two segments:

- Financial training, which aims to impart new developments in regulations on the preparation and publication of financial and accounting information.
- Non-financial training, so that its employees are knowledgeable about areas such as prevention of money laundering or data protection, among others.



In addition, the Grupo Lar's people management area works tirelessly to equip the team of professionals with the ability to embrace the challenges of new technologies and markets, establishing training plans and initiatives available to the four employees of Lar España.



These **training and skills** building initiatives are developed on a needs basis and in compliance with the legislative provisions that require training to be given in certain areas. In the case of our manager, Grupo Lar, whose teams manage our properties, it has a **Training Policy** that covers: :

- **Compulsory training:** which encompasses both training required under current legislation and training identified as necessary.
- **General training:** which includes training initiatives on subject matter agreed by Lar España for all personnel concerned. The following types of training are included within general training:
  - Training through Aula Lar: monthly pill sessions on general interest or technology-based topics applicable to the sector's digital ecosystem that allow us to keep abreast of trends and contribute directly to staff training and their professional development.
  - LarMacroTalks: macroeconomic analysis sessions given by industry experts.
  - LarLab: training in new work methodologies.
- **Specific training:** this is imparted in line with the business plan and the need to develop skills for it to be properly executed. Specific training activities are approved for one or more people. These training activities are linked to position and individual career plan, with the aim of fostering the development of competencies for specific projects and/or for internal projects, as well as specific skills and competencies. This type of training is broken down into two categories:
  - Lar Academy: training to broaden and enhance professional skills (technical and regulatory knowledge, use of office tools, languages).
  - A+: individual and specific training to expand the professional profile (specific programmes, masters degrees).





In the area of specific training, the skills training programme launched in 2022 for managers and profiles in charge of internal and/or external teams continued in 2023. In 2023, the programme included distance training in soft skills (project management content, strategic productivity, decision-making, emotion management, etc.) and two intensive workshops in leadership and communication.

In addition, other specific training and programmes have been carried out for specified positions and profiles, including: masters degrees and professional development programmes, coaching programmes, business English, urban planning, Power BI, ESG concepts for governing bodies, among others.

This ensures that the various teams involved in the management of Lar España and the properties have the right skills to **continue to be market leaders**.

In 2023, Grupo Lar launched a new milestone training tool in Spain, **Campus Lar**. This platform, accessible to all four employees of Lar España, facilitates the management, monitoring and reporting of the different training initiatives. Through this virtual campus, each employee will be able to view their training history, access the catalogue of open courses given in the company in recent years and take new courses in different formats

During 2023, Lar España's workforce underwent a total of 243 hours' training, with an **average of 61 hours per employee** compared to 40 in 2022. The distribution by type of training is shown below:

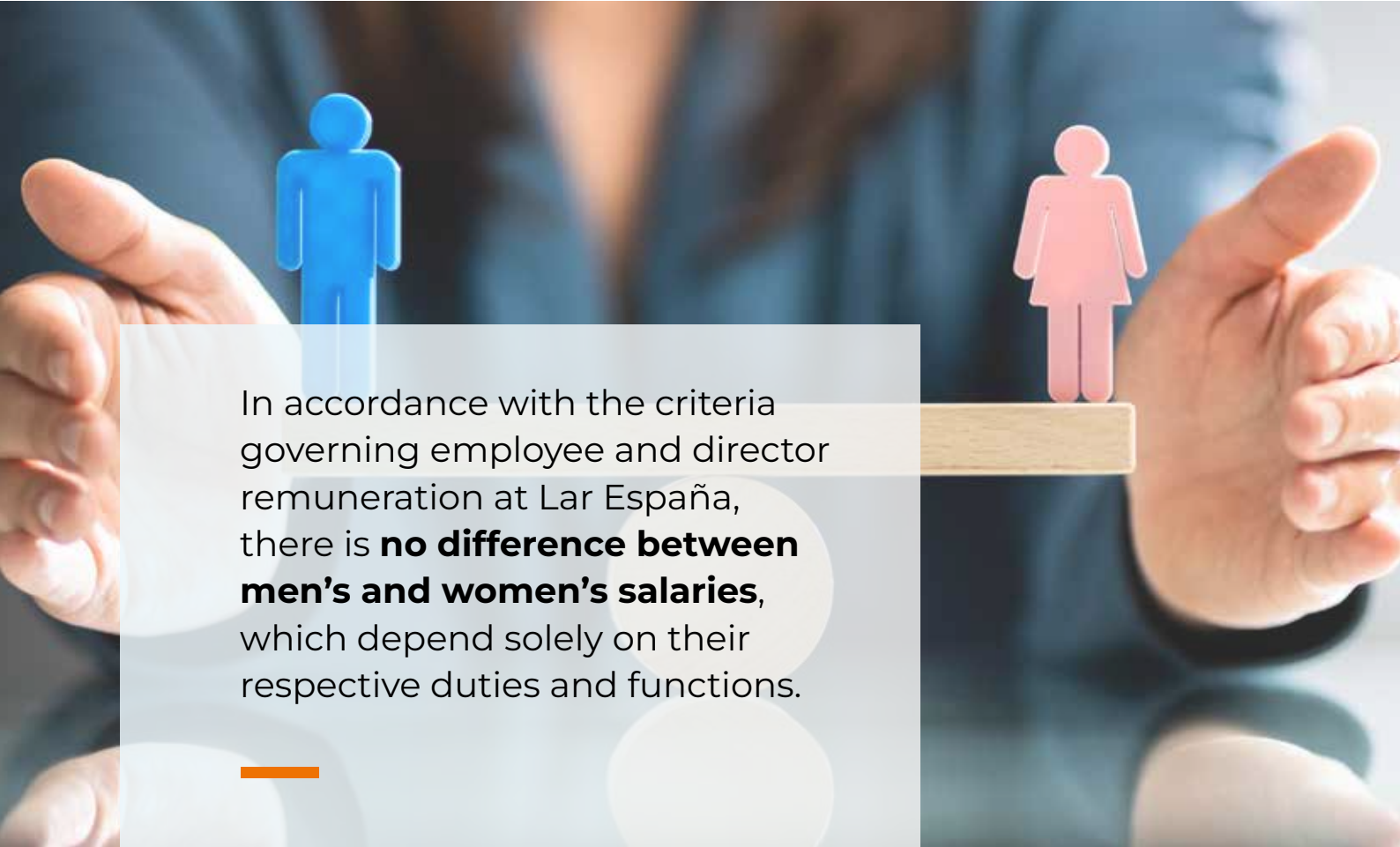
<b>Specific Training</b>	<b>178.0</b>
Skills development by job or professional profile	
<b>General Training</b>	<b>53.5</b>
Cross-cutting	
<b>Sustainability and health</b>	<b>19.0</b>
→ Strategies to improve productivity and reduce stress	3.0
→ Emergency evacuation MM39 (2023)	1.7
→ General sustainability and ESG training	4.0
→ Nutrition workshop: How do fad diets affect our health?	6.3
→ Nutrition workshop: Food and happiness, combating stress and improving health	4.0
<b>Innovation</b>	<b>21.2</b>
→ BuildTech, digitisation for logistics, retail and residential projects	5.5
→ Next-Gen concepts in retail: Infinity	4.7
→ Microsoft 2.0: Copilot and the future of smart work	4.7
→ Hotel sector news	6.3
<b>Macroeconomy (Lar Macro Talk)</b>	<b>11.0</b>
<b>New tools</b>	<b>2.3</b>
→ Targets tool	0.3
→ Green Street: Platform and methodology	2.0
<b>Compulsory training</b>	<b>11.6</b>
Regulatory or corporate compliance	
→ Cybersecurity	4.5
→ Lar España whistleblowing channel training	4.0
→ Personal Data Security Training	3.1
<b>Total</b>	<b>243.1</b>

**Specific training for Lar España employees** included sessions on ESG, soft skills development, as well as issues related to corporate risk management, among others. .

## Equality and non-discrimination

We seek the professional growth of our people by promoting **equal employment opportunities** and avoiding any action that could lead to discrimination on the grounds of birth, racial or ethnic origin, gender, sex, sexual orientation, religion or beliefs, opinion, disability, age or any other personal or social condition or circumstance. In this regard, **we observe Grupo Lar's Equality Plan** filed at the Register of Collective Bargaining Agreements, Collective Labour Agreements and Equality Plans (REGCON) in 2023.

In addition, Grupo Lar has a **Sexual Harassment Prevention and Action Policy** which establishes prevention and intervention procedures for any conduct of this type and which is available to anybody who believes themselves to be a victim of it, enabling the appropriate disciplinary measures to be taken.



In accordance with the criteria governing employee and director remuneration at Lar España, there is **no difference between men's and women's salaries**, which depend solely on their respective duties and functions.



## Organisation of work

We believe the **organisation of work** to be essential to creating an appropriate working environment. We have a hybrid system of working in the office and from home. We also have flexible working hours to facilitate the work-life balance and let people take more bank holidays than stipulated in the collective bargaining agreement. Employees work 39 hours a week, with flexitime of between 1 hour and 1.5 hours. In order to be able to work from home, we provide all workers with the technological and connectivity means necessary to perform their tasks.

Switch off from **work measures** are included in the Digital Rights Policy, which covers the four employees of Lar España, to guarantee the enjoyment of free time outside working hours or while on holidays.

Furthermore, among the principles and commitments outlined in our [Sustainability/ESG Policy](#) is the facilitation of conditions for work-life balance.

As regards **maternity and paternity measures**, within the scope of Grupo Lar, our company is in line with the protective measures set out in the regulations and legislation in force.

Our employees are integrated within the **social dialogue** promoted by its manager, Grupo Lar, with the workforce through the usual lines of communication such as e-mail, telephone calls, meetings via Microsoft Teams, and it also has a corporate social network, Workplace, where announcements and information of interest are published.

In addition to their salaries, Lar España employees also receive **various types of benefits** in kind. These include insurance, including medical insurance, restaurant tickets and various services such as transport subsidies, some of which are voluntary.

In 2023 there were no redundancies nor was there any internal turnover of personnel. Employees' average length of service is more than seven years, taking into account the incorporation of Mr. Hernán San Pedro in 2016 and Mr. José Ignacio Domínguez in 2021



**100%** of our employees  
are covered by a collective  
bargaining agreement.

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**Las Huertas**



## Respect for Human Rights

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

We also have an **Internal Information System** complemented by an **Ethics and Whistleblowing Channel** open to all stakeholders, where it is possible

to report breaches of our Code of Conduct or other mandatory regulations, as well as make enquiries regarding compliance with the Code and regulations, including those related to violations of Human Rights. All the while guaranteeing the protection of informants.

Further information can be found in section [2.1.8.- Whistleblowing Channel](#).

During 2023, **no complaints have been lodged against Lar España** for human rights violations or for actions that contravene the ILO's fundamental conventions



## Performance indicators

Below are the main social indicators at corporate level, in accordance with EPRA standards:

Area of impact	EPRA sBPR	Indicator	2022	2023
Diversity	Diversity-Emp	Percentage of direct employees	Men: <b>75%</b> Women: <b>25%</b>	Men: <b>75%</b> Women: <b>25%</b>
	Diversity-Pay	Percentage of direct employees	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>
Rotation	Emp-Turnover	Number and percentage of direct employees	Men: <b>0%</b> Women: <b>0%</b>	Men: <b>0%</b> Women: <b>0%</b>
Health and safety	H&S-Emp	Injury rate ( <b>IR</b> )	<b>IR</b> Men: <b>0</b> Women: <b>0</b>	<b>IR</b> Men: <b>0</b> Women: <b>0</b>
		Lost day rate ( <b>LDR</b> )	<b>LDR:</b> Men: <b>0</b> Women: <b>0</b>	<b>LDR:</b> Men: <b>0</b> Women: <b>0</b>
		Accident severity rate ( <b>ASR</b> )	<b>ASR</b> Men: <b>0</b> Women: <b>0</b>	<b>ASR</b> Men: <b>0</b> Women: <b>0</b>
		Absence rate ( <b>AR</b> )	<b>AR:</b> Men: <b>0</b> Women: <b>0</b>	<b>AR:</b> Men: <b>4%</b> <sup>(2)</sup> Women: <b>0</b>
		Number of deaths due to accident or illness at work	Men: <b>0</b> Women: <b>0</b>	Men: <b>0</b> Women: <b>0</b>
	H&S-Asset	Number of assets	14 out of 14	12 out of 12
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	40 hours	61 hours
	Emp-Dev	Percentage of direct employees	100%	100%

*Diversity-Emp: Employee diversity by gender at 31.12.2022 and 31.12.2023.*

*Emp-Turnover: Total number and rate of new employee hires at 31 December and total number and rate of employee turnover (employees who leave the organisation voluntarily or due to dismissal) during 2022 and 2023.*

*H&S-Emp: Injury rate (IR); lost day rate (LDR); accident severity rate (ASR); absenteeism rate (AR) and work-related fatalities.*

*H&S-Asset: Proportion of properties controlled by the company for which health and safety impacts have been reviewed or assessed for compliance or improvement.*

*Emp-Training: Average annual training hours during the year.*

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

**(1) In the case of Lar España this indicator is not applicable as it has four employees, only one of whom is a woman.**

**(2) During the year 2023, one of Lar España's employees was on sick leave.**



The indicators reported are not broken down by gender, age group and professional category as our staff is made up solely of the management team of **three men and one woman.**

During 2023, 100% of the Company's managers, who make up the total number of employees, were evaluated.

Additionally, during the year 2023, **there was only one instance** of sick leave totaling 47 days due to common illness.



## Corporate volunteering



We collaborate on the Scholarships, training and food for the students of the **Norte Joven Association** project with solidarity meals, preparation of professional interviews with the students of the association and monetary donations.





Shopping centres and parks are meeting points where relationships and social ties are formed, fostering social interaction and animating our cities.

Lagoh



## 2.2.2 Contribution to social development

### Job creation

At Lar España we are proud to play an important social role, helping to create more sustainable cities by developing infrastructure and services, fuelling local growth and improving quality of life in the community through elements such as the environment, inclusion, safety and resilience of our properties.

By leasing retail floor space to operators across a range of sectors – fashion, leisure, food, health, services, and more – operating in shopping centres and business parks, this in turn **creates jobs and enhances the range of services available in the region.**

Our shopping centres and retail parks have more than 460 employees working in general services (security, cleaning, etc.), with **around 5% of jobs being carried out by people with a disability of more than 33%**. This figure shows that the portfolio exceeds the figure stipulated by the General Law on the Rights of Persons with Disabilities and Social Inclusion, which establishes a minimum coverage of 2%. At Lar España we are working on implementing a methodology that is aligned with the main standards and that allows us to measure the number of direct and indirect jobs created through our business activity.

Furthermore, thanks to tools such as loyalty programs for the employees of the tenants of our assets, we are able to estimate the total number of workers present in our portfolio. Thus, through the presence of various brands in our assets, we create more than 9,600 jobs<sup>(1)</sup>.

On the other hand, thanks to the customers who visit the assets in the portfolio, interaction and relationships with the environment can be established, offering a unique value proposition that **promotes interactions and fosters social cohesion.**

In addition, thanks to the customers who visit the properties in our portfolio, we can interact and establish a relationship with the environment, providing distinct value that promotes interactions and favours social cohesion.

For Lar España, it is essential that our properties be socially invested in their communities, contributing to economic, human and inclusive development and creating opportunities for growth, equality and wellbeing. In this way, we promote a style of management that ensures **participation, communication and transparency** by working with tenants, suppliers, users and the community. Our interaction is based on active listening, which, as mentioned in [1.7 Dialogue with Stakeholders](#), ranges from using digital tools and hosting events to conducting satisfaction and accessibility surveys.

[Appendix 5.5](#) of this report includes a **list of initiatives and actions** carried out at the Company's various properties which highlight the positive impact our activity has on the environment, as well as our communication and collaboration with the different members of the communities in which we operate.

Because our business activity focuses on leasing retail space, we attract new businesses and activities that **create jobs** and improve the supply of services in the regions.

<sup>(1)</sup> This calculation does not include the Txingudi and Las Huertas assets.

## Tax contribution

As part of Spain's business fabric, Lar España has a tax responsibility, derived from our own activities, to contribute to local and national socio-economic development as a whole.

In 2023, our Company's activities gave rise to a **total tax contribution** of more than Euros 24 million, comprising the taxes paid by the company during the year, after deducting the amounts corresponding to output taxes.

Certain taxes such as property tax are recognised locally, **highlighting our Company's contribution to strengthening and promoting community development** wherever we are present.

(€Mn)

VAT	16.0
Withholdings	2.1
Property tax	4.3
Business activity tax	0.8
Tax on construction, installation and works (ICIO)	0.6
Tax on large commercial establishments (IGEC)	0.1
Social Security	0.1
Others	0.2
	<b>24.2</b>

At Lar España, we view fiscal responsibility as an opportunity to develop the potential of the locations in our asset portfolio.



## Investment in the local community

Our activity also involves making investments in local infrastructure and services, for example, through the public use of landscaped roofs and car parks, as at Gran Vía de Vigo and Megapark.

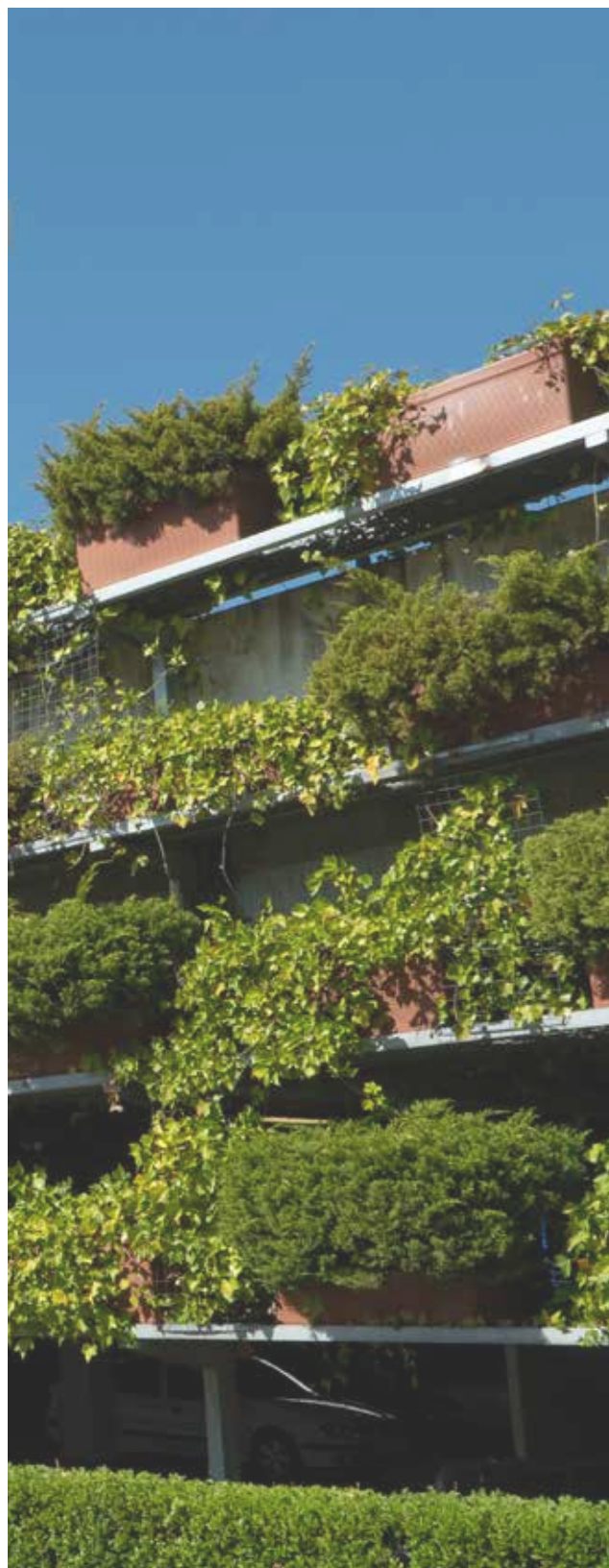
In 2023 we managed the maintenance, cleaning and gardening, among others, of areas for public use owned by the local councils, at an estimated cost of more than Euros 550,000.

## Social Impact Committee

In 2023 we set up a **Social Impact Committee** at corporate level which will work with the ESG Committee to create and develop strategies to measure social impact on and maintain contact with communities, as well as aligning social actions with Lar España's commitments and its main Sustainable Development Goals (SDGs).

In 2023, the Social Impact Committee carried out the following actions:

- Analysis of the impact and social role of shopping centres and retail parks.
- Improvement in our ESG positioning vis-à-vis our communication on social issues.
- Greater involvement of multidisciplinary teams through more direct interaction.
- Strategic planning of social initiatives in accordance with the Company's internal Action Plan in response to the 2030 Agenda and its SDGs (See section [1.8 Contribution to 2030 Agenda and SDGs](#)).



## 2.2.3 Customer orientation

At Lar España we want our customers (tenants and users) to have a unique experience. Therefore, we place them **at the centre of our strategy** while focusing on providing innovation and an omnichannel experience.

Due to our business activity, as described in section [1.3.- A business model focused on value creation](#), we distinguish between two types of customer:

Type of customer	Description	Communication channel
Tenants and operators	Retailers who rent floor space from Lar España to sell their goods and services.	<ul style="list-style-type: none"> <li>→ Mallcomm platform</li> <li>→ Protocol for communication with the Property Manager</li> <li>→ Lar España's Ethics and Whistleblowing channel</li> <li>→ Service audits and satisfaction surveys for tenants and their employees</li> <li>→ Complaint processing systems put in place with Property and Asset Managers</li> <li>→ Collaborative initiatives such as the customer journey project</li> </ul>
Users (visitors and consumers)	Users visiting the shopping centres and/or the retail parks	<ul style="list-style-type: none"> <li>→ Satisfaction surveys at shopping centres and retail parks</li> <li>→ Lar España's Ethics and Whistleblowing channel</li> <li>→ Contact via websites, apps and social media of the shopping centres and retail parks</li> <li>→ Complaint forms available at information points</li> <li>→ 'Club de los Disfrutones' (Fun-lovers) customer loyalty club.</li> </ul>

We seek to transform shopping centres and retail parks into destination experiences. To do so we have designed actions that focus on evaluating and measuring the visitor's experience and improving customer relations. We are keen to hear their opinions and understand their habits and preferences. Thanks to these communication channels, we promote **active listening** and a two-way conversation to offer a top-quality service that meets their expectations.

To achieve this, our efforts in the field of technology provide us with highly relevant information that enables us to make decisions adapted to the latest trends and avail of new opportunities in our sector.

This ensures that we have the information we need to fully adapt and transform our properties as efficiently as possible, with due regard for current market trends and a **better understanding of consumer behaviour**.

This approach allows us to offer a first-rate service and remain at the forefront of customer satisfaction.

For further information see section [1.9.- Transformation: Digital culture and innovation](#).

Our vision regarding customer satisfaction is based on the following principles:



Adapting to diverse customer needs



Improving communication channels and engaging in active listening



Ensuring health and safety compliance in our buildings



Creating added value through product and process innovation

## Satisfaction and accessibility surveys

Conducting **satisfaction and accessibility** surveys aimed at our users and our tenants' employees allows us to carry out measures aimed at improvement that are adapted to their perceptions and opinions.

In 2023, the feedback received continues to reflect a high level of satisfaction with the services provided at our properties.

The aspects assessed included:

- Noise, lighting and temperature
- Indoor air quality
- Odours
- Availability of waste-sorting bins
- Drinking-water quality
- Ventilation
- Outdoor spaces, indoor and ancillary areas
- Work structure and communications
- Perceived level of security
- Universal accessibility
- Modes of transport (ease and sustainability)
- Overall score for the shopping centre's environmental conditions, health and wellbeing



The surveys carried out using a quantitative rating system showed an average score of about 4.0 out of 5 among users and 3.6 out of 5 among tenants' employees.

## Grievance systems

In order to provide clear and concise responses to our customers in the event of an incident at our properties, we have established protocols for gathering and resolving **claims and complaints**, which enable us to detect and manage any problem.

To this end, we have various communication channels such as official complaint forms, email, social media, a website and customer reviews submitted on Google. Every claim or complaint is recorded and analysed with a view to taking the necessary measures and actions for their resolution.

In 2023, we received 344 customer complaints and responded to all of them. No complaints regarding breaches of customer privacy or loss of data have been filed at any of our properties.

## Other customer programmes

### ***Hola Familia***

Since 2016, this cross-cutting project has been **providing welcoming, comfortable and family-friendly spaces for the youngest family members**. Aimed at shopping centres, it includes: breastfeeding rooms, child seat lending services, nappy delivery, hosting of birthday parties at restaurant outlets, store discounts, fun play areas for children, and family parking spaces.





## 2.2.4 Health and safety

As part of our commitment to people, we provide a **culture of safety, health and wellbeing** at our properties for our customers, our workforce and our tenants' workers. This commitment is not only an integral part of our philosophy, but also drives our actions and decisions at all levels of the organisation.

As for the **staff of Lar España**, our four employees also benefit from the measures implemented by Grupo Lar at its office premises, by sharing workspaces. Grupo Lar also fulfils its duty to provide a **safe and healthy working environment** by applying the prevailing legislation. As proof of this, its **Health and Safety Policy** includes as its main commitments:

- To conduct our activities taking people's health and safety as essential values.
- To ensure that the actions undertaken by the Company comply with prevailing legislation on occupational health and safety, as well as with other additional commitments acquired by us.
- To continue to improve our occupational health and safety management, preventing accidents and the impairment of health.
- To inform and train workers on the risks inherent to their work and on the adoption of proper preventive measures, so as to enable a Prevention Policy to be drawn up.
- To allocate the necessary resources and make appropriate plans for their use in order to meet our goals.



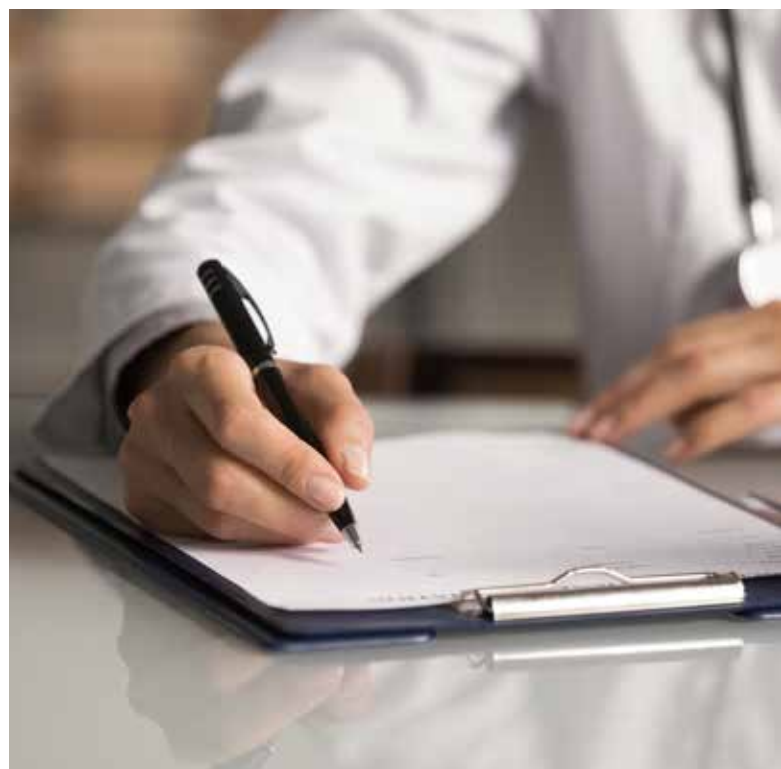
In addition, Grupo Lar has a contract with an external prevention service that covers the areas of occupational safety, ergonomics, industrial hygiene, applied psychosociology and occupational medicine, which extends to Lar España's employees. In accordance with the prevention plan in place, the necessary actions have been implemented in accordance with the annual programme of preventive activities.

Grupo Lar also takes responsibility for **periodic monitoring of the health** of Lar España's workforce through regular health checkups conducted in accordance with specific protocols based on the inherent risks of the position.

As a fringe benefit, Lar España's four employees are included in a **private health insurance** policy which provides the option of including direct family members, thus extending healthcare to their immediate family.

In relation to these aspects, in 2023:

- **No instances of non-compliance relating to impact on health and safety have been identified among Lar España employees.**
- **There have been no occupational accidents or diseases.**
- A photocatalysis **air filtration and purification system** has been installed in the Madrid offices, together with an indoor air quality monitoring system, thereby reducing the risk of contamination from chemical compounds and microorganisms as well as improving the health and wellbeing of office personnel. In the medium-to-long term, this is expected to lead to a reduction in health risks in the future, higher productivity and creativity, less absenteeism and lower employee turnover.



- In 2023, Grupo Lar included Lar España's four employees in its **actions to promote health through:** training workshops on nutrition, training 'pills' to improve productivity and reduce stress, weekly physiotherapy, weekly fruit delivery, emergency evacuation training and the possibility of taking part in the Norte Joven Association paddle tennis tournament and in the 2023 Corporate Race event.



## Health and safety at our portfolio properties

Since 2022, we hold the **ISO 45001 Occupational Health and Safety Management Systems certification** for all our assets under operational control, reinforcing our responsibility among personnel working at our shopping centres and retail parks. Thus, all our properties are certified and have their own systems in place to protect workers and visitors from accidents, emergencies and occupational diseases.

In 2023, we have continued to create safe and comfortable spaces for our customers and visitors by implementing measures and solutions that ensure a high level of security at our various properties.

Consequently, **no instances of non-compliance have been identified** regarding worker health and safety at the properties in our portfolio.

### → Air quality

We are fully aware of the importance of maintaining good indoor **air quality** for the health and wellbeing of its occupants. That is why we have specialised **monitoring software** that also complements the operational management of HVAC systems, providing opportunities for improvements in energy efficiency.

Through the information collected monthly in specific reports, Lar España is aware of the optimum air quality in its main indicators of: thermal comfort, CO<sub>2</sub>, particles in suspension and organic compounds produced by decoration, renovation, cleaning and maintenance materials, among others. **In 2023, the results of our monitoring continued to show very high indoor air quality indices.**

### → Crisis management systems and protocol

In response to the possible threat of a terrorist attack in our shopping centres and retail parks, we have implemented an **Anti-Terrorism Prevention and Protection Plan**. This plan is designed to detect, track, analyse and assess such risks effectively.

Our preventive measures include actions to reinforce surveillance and carry out thorough inspections, paying particular attention to identifying suspicious persons and objects. Furthermore, we work closely with local authorities, organising meetings with the national police, regional police and civil guard (Guardia Civil) to ensure efficient cooperation.

We have also established procedures for the heads of the security companies in our shopping centres to activate a series of measures should they detect any suspicious behaviour. In the event of danger, we have the operations personnel, electronic systems and resources to provide support and a quick and safe response to both users and staff of the shopping centre.



In addition, we have drawn up an **Operating Manual** setting out the procedures to be followed in the event of incidents in the management of our properties. We are committed to communicating these actions via appropriate presentations and disseminating the measures beyond the management level to ensure widespread understanding and implementation of the security protocols.

## 2.2.5 Universal accessibility

As part of our commitment to meeting the needs of our stakeholders, and in order to ensure inclusion and equal opportunities, we promote environments that are accessible to all. Thus, we rely on the UNE-170001 **Universal Accessibility** certification to verify and demonstrate that our assets meet the relevant requirements.

Adopting this **Universal Accessibility Management System (UAMS)** ensures that everyone, regardless of their age or disability, is equally able to access any part of a built environment, and to use and enjoy the facilities and services that they provide with the highest possible level of autonomy.

2023 saw the Company continue to extend Universal Accessibility certification under the UNE-170001 standard, **raising the number of certified assets in its portfolio to eight**, namely: Parque Abadía, El Rosal, VidaNova, Lagoh, Megapark, Albacenter, As Termas and Portal de la Marina.

The Company is currently working on defining the system to be put in place at Gran Vía de Vigo and Ànec Blau, so that they too may be certified in accordance with this standard.

Similarly, to illustrate our commitment to extending accessibility criteria, the Lagoh shopping centre entered into a partnership agreement with the **Seville Autism Association** in 2023 with a view to adopting various measures to make the shopping centre accessible from a cognitive, as well as physical, standpoint.

Under this agreement, the Seville Autism Association offers Lagoh an action programme led by a team of experts, who will provide shopping centre staff with advice on how to **improve the centre's cognitive accessibility** and the handling of situations involving people with Autism Spectrum Disorder (ASD) to make the centre more welcoming for them and their families.

Also, **stoma-friendly toilets** have been installed in the Albacenter, Portal de la Marina and Gran Vía de Vigo shopping centres as an additional measure to improve the accessibility of our assets.

In short, all of these lines of action demonstrate our commitment to accessible leisure and the creation of an inclusive social space in which everyone can feel integrated and cared for. Overall, the progress made as regards the accessibility of our portfolio entailed an investment of **around Euros 320,000 in 2023**.



About **70%** of Lar España's portfolio has been awarded UNE-170001 Universal Accessibility certification.

## 2.2.6 Sustainable mobility

At Lar España we are aware that, besides reducing environmental impacts, sustainable mobility is a solution for **improved urban transport** and we therefore offer various mobility solutions to the entire population. The implementation of these solutions moreover entails benefits, including social communication, time management awareness and quality of life.

Our Company is committed to the present-day needs and expectations of the various communities, and is currently working on the following areas:

- Initiatives regarding the **installation of charging points for electric vehicles** in accordance with Royal Decree-Law 29/2021 of 1 August 2021. Moreover, the Company requires that the appropriate Renewable Energy Guarantee of Origin certification has been obtained for all energy contracts entered into for the supply of energy at the properties.
- Car sharing initiatives.
- Improvements to pedestrian access routes and campaigns to encourage use of **public transport**. Furthermore, all of our properties are accessible by public transport.
- Promotion of personal mobility through the installation of **electric scooter charging points** at various properties in the portfolio.



We are also continuing to work on the employee-oriented Mobility Plan at Megapark, which commenced in 2022. Progress was made this year in the preparation of the technical documents for internal and external communication of the Plan.



**Our options encompass a variety of solutions, including charging points for electric vehicles, parking provision for motorcycles, bicycles and scooters, and access routes using the main local public transport networks.**

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## 2.2.7 Value chain relations

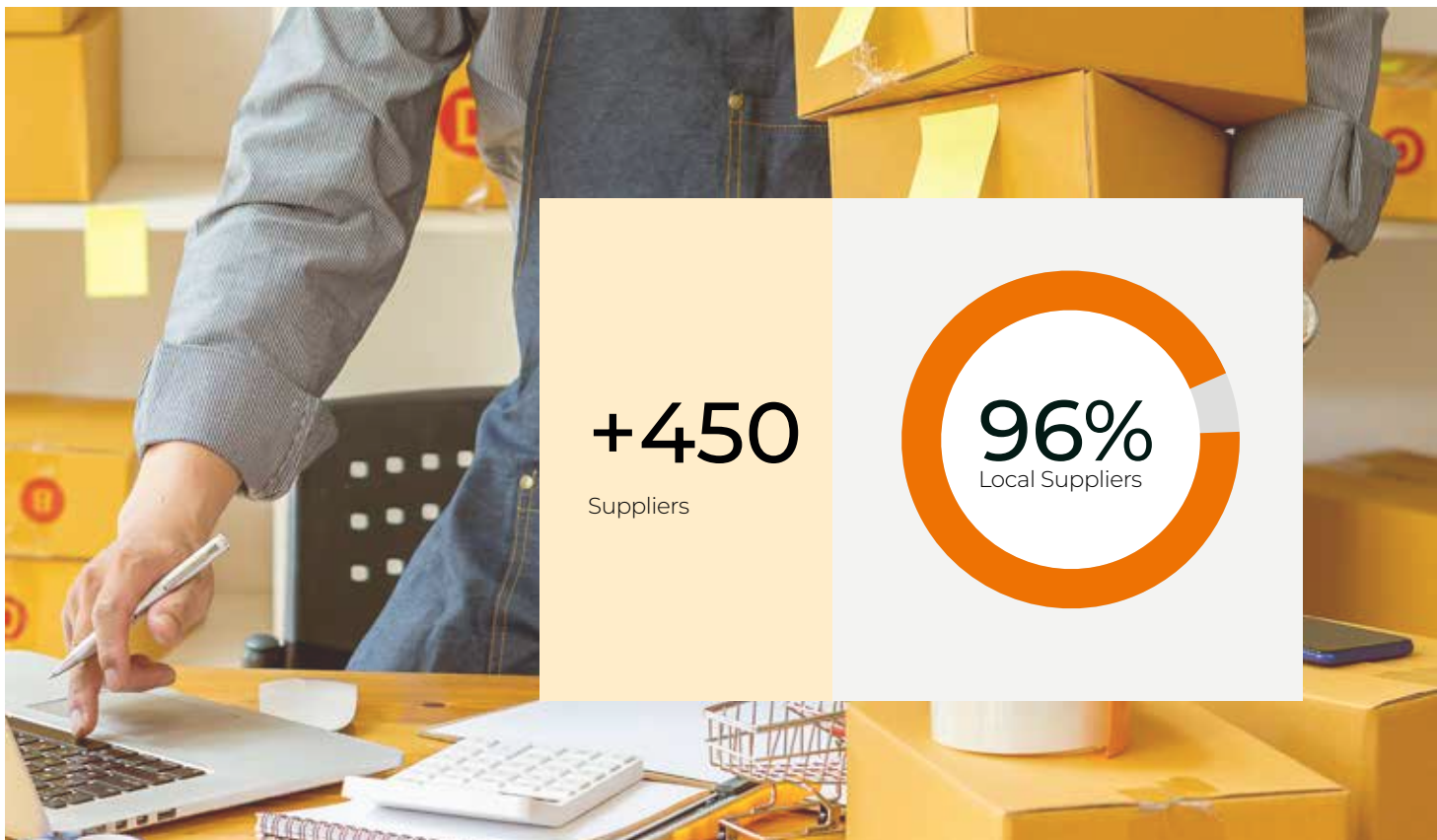
Aware of our role in the retail sector, we understand the transformative effect that we have on our value chain and thus ensure that our suppliers share our commitments and standards.

Additionally, through our Sustainability/ESG Policy, we ensure the presence of environmental, social, and governance criteria, serving as a key tool for suppliers to integrate corporate social responsibility and transparency criteria in their collaboration with us. We also include clauses related to social, environmental, and good governance commitments in supplier contracts, in accordance with these criteria.

Our agreements with suppliers also include clauses **on commitment to social, environmental and good governance matters**, in accordance with those principles.

In our case, we draw a distinction between corporate suppliers that provide us with consulting, accounting, legal and technology services, etc. and, on the operations front, service providers that cater for the day-to-day running of our properties, such as cleaning, security and maintenance companies.

With the aim of generating wealth in Spain and boosting the local economy, we prioritise the contracting of suppliers from the communities in which we operate. In 2023 we procured goods and services from **more than 450 suppliers**, 96% of which were domestic suppliers, with expenditure exceeding Euros 53M, of which almost 100% has been spent nationally.







## New Procurement Policy

In 2023 our Board of Directors approved our [Procurement and Outsourcing of Services Policy](#), which contributes to the implementation of our pledge to take all of the relevant steps to identify, monitor, manage and minimise significant risks arising from our activities.

This policy forms part of our risk control and management environment and sets out the general framework and guiding principles governing the procurement and outsourcing process. It also defines the roles and responsibilities of the people involved in these processes.

The policy is implemented on the basis of the following **principles**:

- Objectivity, impartiality and equality in the selection of suppliers, maintaining stable and fair commercial relations.
- The inclusion of financial, environmental, social, governance and information security criteria in contract award decisions for a supply chain aligned with ethical and responsible values.

- Comparability of offers for fair competition in selection processes.
- Acting with ethical and professional integrity, refusing gifts or illicit benefits.
- Compliance with legislation, regulations and the Code of Conduct.
- Protection of reputation, business and financial stability, and defence of the interests of shareholders, customers and other stakeholders.
- The reporting of any wrongdoing or suspected unlawful conduct via the Internal Reporting System's Ethics and Whistleblowing Channel.

The policy also identifies certain risks associated with our procurement and outsourcing of services processes, such as business or contractual risks and reputational, legal or regulatory, credit, environmental, social or governance, compliance, technology, operational, exit strategy and incapacity risks.

We are currently working on the development of a **supplier engagement procedure** to supplement this policy, which will describe, inter alia, the following elements:

- The **organisational units** involved in the process.
- The financial, organisational, environmental, social, governance, **information** use and security, cybersecurity, confidentiality and data protection criteria to be met by suppliers and service providers, as well as criteria related to their ability to perform the services, compliance with current regulations, knowledge of the principles of the Code of Conduct and alignment with our values.
- A **definition** of the main elements involved in the process (contract, contractor, tender, outsourcing, time limits, etc.).
- The **process for requesting and submitting tenders**, and the minimum number of suppliers required to submit tenders in accordance with the value of the order.
- The **award and procurement process**, the criteria underpinning award decisions and the systems for recording documentation related to the tender process.
- The **process of reviewing contracts** in accordance with the regulations in force, the matrix of authorisations and powers of attorney for the execution of contracts and the steps to be taken before acquiring contractual obligations vis-à-vis third parties.
- The **performance criteria applicable** to providers of outsourced services, and monitoring of the performance of the engaged service by assessing the performance criteria and any risk situations that may require corrective action, or the suspension or termination of the relationship with the counterparty.



## Supplier cybersecurity

Our business involves the handling of a large amount of confidential data and information. Given the characteristics of our organisational model, a significant proportion of our operations are outsourced to specialised third parties.

We developed a **Third-Party Cybersecurity Risk Management Model** in 2021 to mitigate the risks associated with information security. This model evaluates our key processes to ensure that the principles of integrity, confidentiality and availability are upheld in accordance with cybersecurity best practices and standards.

In addition, we have implemented a **Supplier Cybersecurity Risk Management Procedure** to ensure that data is processed correctly and to establish and maintain controls that comply with our corporate security objectives and prevailing legislation. No complaints regarding privacy breaches or loss of data have thus been identified.

For further information, see section [2.1.6.- Risk and opportunity management](#).

Integrity

Confidentiality

Availability



## 2.2.8 Investor relations

We are committed to maintaining a close and transparent relationship with **our investors** by offering relevant and quality information.

We have an [Information and Communication Policy](#) aimed at fostering dialogue, trust and transparency with both Spanish and foreign shareholders and investors.

For further information, see section [2.1.5. Corporate policies](#).

We also have an **Investor Relations and Communication Department**, which hosts roadshows and other communication events throughout the year, attracting new investors and strengthening our ties with existing investors.

In addition, our website provides an **Investor's Agenda**, together with progress reports on the Company's performance, thus ensuring advance access to such information.

To illustrate our commitment to transparency and facilitate an open and effective flow of communication, our **website** provides all of our stakeholders with a variety of relevant and transparent information. This information includes sustainability reports, financial information (quarterly results, investor presentations, etc.), policies and commitments (internal policies, commitments and guiding principles in areas such as sustainability, diversity, gender equality, ethics and CSR), releases, communication and the [Ethics and Whistleblowing channel](#).



Interactions  
with  
shareholders  
and investors  
in 2023

357

One on  
Ones

19

Financial centres  
covered

126

Conference  
calls

16

Roadshows

25.1%

Upside potential  
according to  
analyst consensus

100%

Positive Sell-side  
recommendations

Media

91

Impacts on  
distribution list

142

Impacts on  
social media

29

Media  
appearances

13,152

+15.7% vs 2022

Social Media  
users in 2023

+137

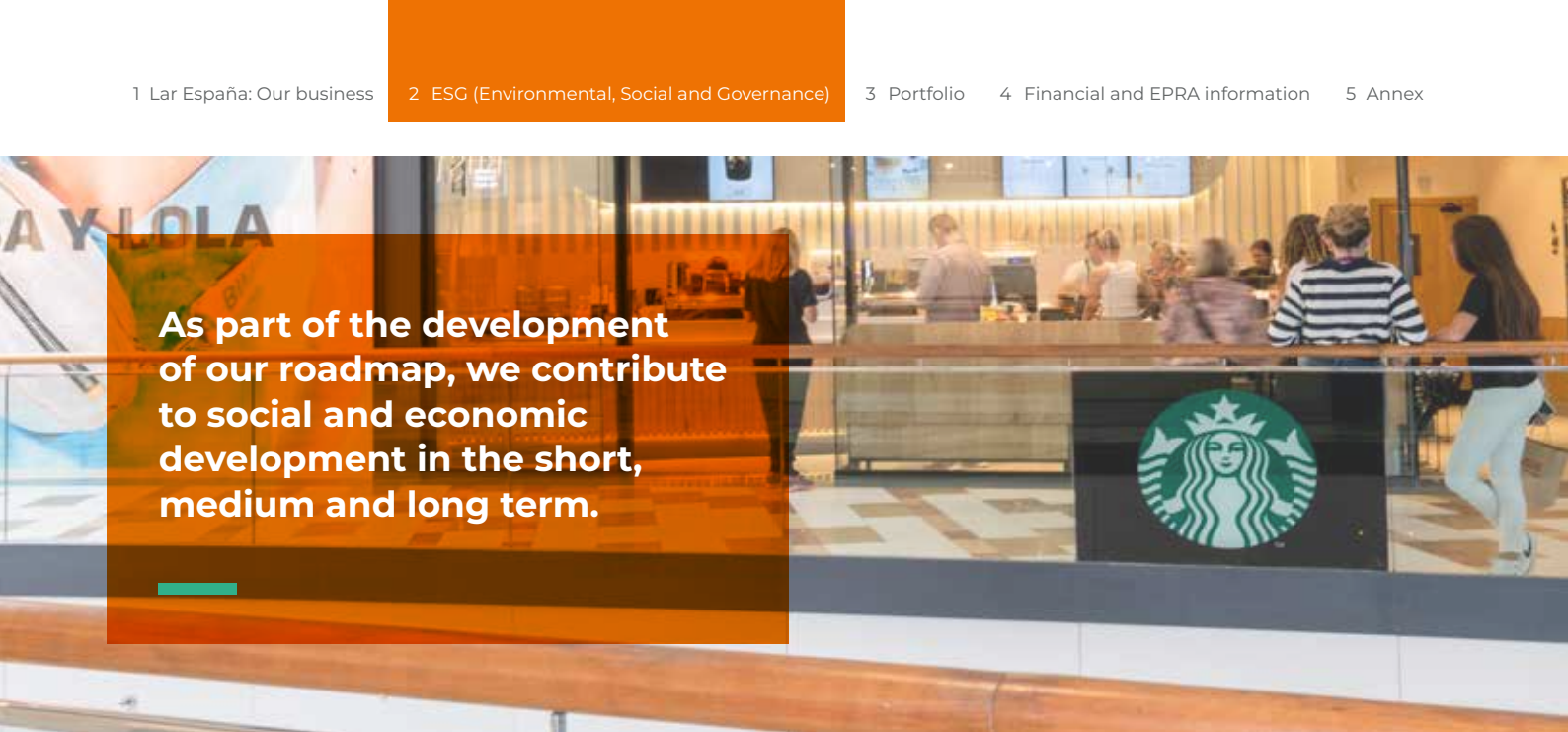
Posts

199,127

Reactions to social  
media posts

20.5 Mn €

Our mainstream media and social media appearances were the equivalent of 20.5 million Euros worth of press and digital advertising.



As part of the development of our roadmap, we contribute to social and economic development in the short, medium and long term.

## 2.2.9 Social action

In the context of our [Sustainability/ESG Policy](#), we pledge to work alongside institutions, NGOs, private enterprises and other parties in order to effectively implement social initiatives aimed at supporting economic and social wellbeing in the medium- and long-term and channelling employees' social and community participation concerns through corporate volunteering and the proposal of specific social action initiatives.

In 2023 we carried out **223 initiatives** at our twelve shopping centres and retail parks to support the creation of shared value in all of the communities in which we operate.

Quantitatively speaking, these initiatives translated into:

- Over **2,300 hours** devoted to social engagement and initiatives.
- Almost **Euros 360,000** earmarked for social investment, in addition to Euros 11,000 for donations, Euros 3,000 for scholarships and more than Euros 44,000 for sponsorships.
- Collaboration with over **165 organisations, companies, NGOs and foundations**.

Area of Impact	EPRA: Sustainability Performance Measures (Social)			
	EPRA sBPr	Indicator	2022	2023
Indicator	Comty-Eng	% of assets	100% (14 out of 14)	100% (12 out of 12)

Further information can be found in the list of the various actions carried out at each of our properties in 2023, provided in [Appendix 5.5.- List of social actions](#).

**We conduct local impact assessments for 100% of our property transactions and developments** to ensure that any adverse impact on the local communities in which our properties are located can be mitigated in a timely manner.

Moreover, by undertaking these actions, we are contributing to various priority SDGs set out in our Action Plan and others which, while not identified as priority, are nonetheless considered to support the 2030 Agenda.

Further information can be found in section [1.8.- Contribution to 2030 Agenda and to SDGs.](#)

**Cross-cutting action at properties in 2023: Dumbo the musical. An inclusive show for families and children. Addresses SDG 10 to reduce inequality in our leisure offering.**

The international award-winning musical Dumbo has been adapted with a cast **comprising people with special needs**. The leading role is therefore played by a young actress with Down's Syndrome, while a sign language interpreter is present throughout the show to translate for members of the audience with hearing impairments. A heartwarming story containing a powerful, awareness-raising message against all forms of bullying and harassment is thus told in a warm, moving, empathetic and entertaining visual setting.

This initiative, linked to the Club de los Disfrutones and the Club's new app, offers members the opportunity to enjoy this leisure option free of charge.

The show has been held in the Gran Vía de Vigo, As Termas, El Rosal, Ànec Blau, Portal de la Marina, Lagoh and Albacenter shopping centres.



In the spirit of collaboration that characterises the social actions undertaken by Lar España, we invited more than 46 local associations that work with the deaf-mute and the disabled, for whom seats were reserved and monetary donations and charity cheques collected.

This initiative has involved more than 13,000 participants in total, including registered members, the people accompanying them, new Club de los Disfrutones members and new app users.



## Responsible fashion

In 2024, before the closing of this report, a well-supported sustainable fashion charity initiative, involving the exchange of gently-used clothing for special occasions and events, was held at Lagoh.

At this shopping centre, **we have thus contributed to other consumption models within the framework of the circular economy** to give used clothing a new lease of life.

Furthermore, any clothes that were not exchanged were donated to Cáritas to support its own specific charitable causes. This alternative action led to the donation of 83kg of clothing to upwards of 200 Cáritas members.





## 2.3 Environmental (E)


Our commitment to the sustainable management and running of our properties was drawn up and enshrined in our **ESG Master Plan**, which is our first set of guidelines aimed at reducing adverse environmental impacts. Since then and in keeping with the principles and goals of our [Sustainability/ESG Policy](#), we have worked to improve our environmental performance through energy efficiency, the control of GHG emissions, responsible water use and waste management, among others initiatives. Our way of working has also been consistently shaped by evaluations and methodologies recognised both internationally and domestically so as to ensure a uniform and quality performance.

We apply the precautionary principle in our day-to-day operations in order to avoid serious

and irreversible damage to the environment, championing the efficient use of resources and looking out for people's health and safety.

Apart from being underpinned by a strong sense of responsibility, all our initiatives feature the twin perspective of economic profitability and environmental impact. In this respect, detailed analysis is conducted to determine each project's economic viability, while also measuring the expected return in terms of improved performance.

No incidents of non-compliance with environmental legislation or standards have been identified during 2023, the period covered by this report.



**Our commitment to sustainable asset management is reflected in our ESG Master Plan, in which we prioritise the reduction of environmental impacts, the application of the precautionary principle and the comprehensive assessment of initiatives, thereby extending our commitment to the entire value chain.**

## 2.3.1 Lines of action 2023

As part of our effort to achieve sustainable development in our activity, we worked on the following courses of action in 2023:

- Minimising the impact of our assets by promoting **energy efficiency**, the rational use of natural resources and sustainability certification.
- Updating our **decarbonisation targets**, in line with the needs and expectations of the market and our industry.
- Promoting sustainable and resilient infrastructure, thereby promoting the adoption of measures that help to **combat climate change**.
- Promoting the principles of the **circular economy** and improving the traceability of waste generation data.
- Forging ahead with our in-house **data automation** system to assess our assets' consumption systems.
- Continuing to roll out other **innovative initiatives** that contribute to greater control and more powerful analysis regarding asset performance.
- Promoting electricity from **renewable sources** and advocating the installation of photovoltaic panels at our properties.
- Optimising **water** consumption.
- Extending **green environmental clauses** in lease contracts.
- Making headway on the deployment of more electric vehicle **recharging points**, as previously mentioned.
- Fostering urban **biodiversity** in the vicinity of our assets.



As noted previously in this report, as part of our ongoing monitoring of performance, each year we set out the priorities and objectives to be achieved in the current year. These are in line with our business strategy and the requirements and needs of our stakeholders. This roadmap, which is submitted to the Board of Directors, details the upcoming environmental priorities:

<p><b>ENERGY CONSUMPTION</b></p> <ul style="list-style-type: none"> <li>• After updating the energy audits, quantitative targets will be set at the asset level that are in accordance with the proposed Energy Saving Measures (ESMs). They will then be consolidated at the portfolio level with a view to setting an overarching target and action plan, which will contribute to a company-wide improvement in energy efficiency.</li> <li>• Establishment of an Energy Management System under the ISO 50001 standard for subsequent certification. The aim in this regard is to improve energy efficiency and equipment at the properties.</li> </ul>	<p><b>CLIMATE CHANGE</b></p> <ul style="list-style-type: none"> <li>• Climate Neutral and Net Zero</li> <li>• Ongoing registration of the carbon footprint with the Ministry for the Ecological Transition and Demographic Challenge (MITERD).</li> <li>• Annual monitoring of fulfilment of our Decarbonisation Plan in order to remain on a par with the market, particularly with the international SBTi and Carbon Risk Real Estate Monitor (CRREM), as well as making any updates as may be necessary.</li> <li>• Analysis of investments in absorption/offsetting projects.</li> <li>• Monitoring of initiatives and investments that reduce our emissions.</li> <li>• Disclosure of the strategy to the market.</li> </ul>	<p><b>WATER CONSUMPTION</b></p> <ul style="list-style-type: none"> <li>• Calculation of our water footprint in accordance with ISO 14046, taking into consideration the uses and environmental impacts linked to this natural resource.</li> <li>• Analysis of measures aimed at optimising water consumption.</li> </ul>
<p><b>BREEAM CERTIFICATION</b></p> <ul style="list-style-type: none"> <li>• The goal is to ensure that 100% of the portfolio remains certified through the renewal of accreditation (where necessary) and to improve on the ratings already awarded.</li> <li>• BREEAM "In Use" certification at Lagoh.</li> <li>• Pre-assessment at Gran Vía, As Termas and El Rosal based on the new certification standard published by BREEAM</li> </ul>	<p><b>PHOTOVOLTAIC ENERGY</b></p> <ul style="list-style-type: none"> <li>• The conducting of technical and economic studies to equip strategic assets with solar photovoltaic energy and preparation of these sites for installation, thereby promoting renewable energy facilities for self-supply.</li> </ul>	<p><b>WASTE MANAGEMENT</b></p> <ul style="list-style-type: none"> <li>• Unification of waste handling, enabling us to achieve greater control and traceability over data on waste generation, transportation, treatment and disposal.</li> <li>• Subsequent measurement of the carbon footprint (Scope 3) tied to waste management.</li> <li>• Initiatives linked to waste separation and treatment, such as the Eco-Zones already present at some of our assets.</li> </ul>
		<p><b>THE COMPILING OF TENANT DATA</b></p> <ul style="list-style-type: none"> <li>• The compiling of tenants' operational data (consumption, emissions, waste) as part of our strategy to make progress on our Scope 3 carbon footprint calculation and to improve our positioning in the industry rankings.</li> <li>• Progress on the inclusion of green clauses in tenant lease contracts.</li> </ul>

## 2.3.2 Asset quality

The hallmark of our portfolio is the high standard of management, design and operation, all thanks to guidelines that contribute to the responsible running of our properties. As a result, **100% of our properties have sustainable certifications** and carry out environmental and social initiatives in various fields.

Details of certifications awarded and their classification in terms of sustainability are set out below.

The Company has turned to international benchmarks to verify the **quality** of its **portfolio** assets.



## BREEAM certification




Since 2022, 100% of Lar España's properties have been BREEAM certified, with the following salient advances made in 2023:

- Renewal of the Txingudi shopping centre's certification with a score of "Good" in the building's characteristics section and a "Very Good" rating in the building management section, the latter linked to the policies, procedures and practices in place at the property.
- After the work carried out in the second semester of 2023, in April 2024, **Lagoh has obtained the BREEAM 'In-Use' certification with an "Exceptional" rating**. This certification makes Lagoh the shopping center in Spain with the highest BREEAM "In-Use" rating in the latest version (V6) of its manual, achieving a double exceptional, in part 1 (Building) and part 2 (Management).
- In the second half of the year, pre-analysis work got underway for assets that will need to renew their certification in 2024. The pre-analysis was focused on the new version of the assessment scheme released by BREEAM in 2022.

**100%** of Lar España assets are BREEAM certified; Measured in GAV terms, **98%** of assets are rated "Excellent" or "Very Good".



		2023	
 Shopping Centres	Rating <sup>(1)</sup>	Certification Type	Status
Lagoh <sup>(2)</sup>	Very Good	New construction	Certified
Gran Vía de Vigo	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: Very Good	In Use	Certified
Las Huertas	P1: Very Good / P2: Very Good	In Use	Certified

		2023	
 Retail Parks	Rating <sup>(1)</sup>	Certification Type	Status
Megapark <sup>(3)</sup>	P1: Very Good / P2: Excellent	In Use	Certified
Parque Abadía	P1: Very Good / P2: Very Good	In Use	Certified
VidaNova Parc	P1: Very Good / P2: Excellent	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) Certifications relate to asset areas over which Lar España has operational control

## ISO 14001 and ISO 45001 certifications



The entire portfolio under our operational control has been certified since 2022 in terms of Environmental and Occupational Health and Safety Management Systems under the international ISO 14001 and ISO 45001 standards, respectively.

In 2023, 97% of our portfolio assets (in GAV terms) are ISO 14001 and ISO 45001 certified.

Additionally, we are currently working on enhancing the quality of our assets through the implementation of the Energy Management System. This implementation is in accordance with the stipulations of the ISO 50001 standard and affects the portfolio of assets under operational control.



## 2.3.3 Environmental performance assessment

### 2.3.3.1 Methodology

We consider the following criteria in our performance analysis to ensure it is aligned with the EPRA sBPR indicators:

#### Footfall

Given the nature of our properties -shopping centres and retail parks- footfall is the key activity indicator and the primary factor that shapes our calculations of energy and water consumption intensity, as well as GHG emissions.

Data are collected automatically from the ShopperTrak SFTP installed at all sites, except the Rivas and Vistahermosa<sup>(1)</sup> retail parks, which have their own separate automatic counting systems.

The rest of the retail parks have vehicle counting systems that generate footfall counts using conversion factors that range from 2.1 to 2.3 occupants per vehicle, depending on the counting 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.

Consequently, we exclude the gross leasable area and common outdoor spaces (such as gardens, accessible rooftops, outdoor car parks) from this equation, as they do not properly qualify as built area in accordance with the stipulations of Royal Decree 1020/1993 of 25 June 1993, the criteria of which is used for this measurement

#### Energy consumption

None of our assets uses district heating and cooling systems (EPRA sBPR: DH&C-Abs). All energy consumption data are based on direct meter readings and bills. Consequently, as regards energy consumption:

- We report total electricity consumption, disclosing renewable energy, both in absolute terms and as a percentage.
- We also report energy from renewable sources.
- We also record energy from non-renewable fossil fuels (natural gas and diesel).

*(1) The Rivas and Vistahermosa retail parks have not been part of the portfolio since July 2023.*



## GHG emissions

**Scope 1.-** For emissions from fuel consumption at our assets, we break down the combustion emissions for CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O, based on MITERD emission factors, which are then totalled as emissions in kg of CO<sub>2</sub>eq. No emissions of SF<sub>6</sub> were recorded at any of Lar España's assets in either 2022 or 2023.

Refer to [Annex 5.3](#) for a breakdown of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O emissions

The EPRA reporting format does not explicitly require the provision of information on emissions of ozone-depleting fluorinated gases<sup>(1)</sup>, although it is calculated and reported in a separate table.

Refer to [Anexx 5.3](#) for a table on fluorinated gas emissions

**Scope 2.-** We calculated emissions from electricity consumption in 2022 using the market-based approach, whereby consumption is multiplied by emissions factors that are published for each electricity supply company operating in Spain.

In the year 2023, Lar España has completed its renewable energy acquisition program, thus we can consider Scope 2 emissions, according to the market-based approach, to be zero in 2023.

Additionally, in 2023, as we did in 2022, we continue to report on emissions due to the use of electricity following a location-based approach, using the [emission coefficients provided by Red Eléctrica Española \(REE\)](#) for peninsular electricity.

**Scope 3.-** During 2023 work has continued on obtaining representative data for these types of emissions. However, it is not always possible to count on the cooperation of tenants and the accuracy of the data they share with us. For the time being, we can only report data obtained from our own metering equipment and from evidence of energy rebilling to the retail units that require it.

## Water consumption

Our water supply is almost exclusively from the mains networks. Accordingly, we calculate all consumption in two ways. Consumption is measured directly through our own water meters, which is in turn evidenced by the data reflected on the bills issued by the water company. As an exception, a very small part of consumption at the Lagoh shopping centre is groundwater drawn from a well at the site, but it only accounts for 1.3% of all water supplied. No changes were made to the water storage systems in our portfolio in 2023. We report water consumption in accordance with the "landlord-obtained supply" rule, deducting water consumption that is sub-metered and rebilled to tenants, so as to calculate the consumption for common areas.

All data was obtained from meter readings and bills, which have been documented and verified by an independent auditor.

(1) [EPRA Sustainability Best Practices Recommendations Guidelines Chapter 8, 8.4](#)

## Energy, water and GHG emission intensities

One of our most significant indicators is the energy, water and GHG emission intensities, for which we use the 'per visitor per year' ratio and common area square metres.

The energy use and emissions intensity data for common areas (sqm) provides us with a constant denominator across annual data series.

It also avoids distortions in the like-for-like values (LfL) from year to year which could be due to exceptional circumstances, such as asset divestments, as has occurred in 2023, or fluctuations in footfall during the slow recovery process since 2020.

### Calculation of intensities based on footfall

**Intensity, energy consumption =**

$$\frac{\text{Landlord-obtained energy}}{\text{No. of visitors}}$$

**Intensity, emissions =**

$$\frac{\text{GHG emissions generated by landlord-obtained energy}}{\text{Per 1000 visitors}}$$

**Intensity, water consumption =**

$$\frac{\text{Litres of landlord-obtained water}}{\text{No. of visitors}}$$

### Calculation of intensities based on surface area

**Intensity, energy consumption =**

$$\frac{\text{Energy used in common areas}}{\text{Common areas (sqm)}}$$

**Intensity, emissions =**

$$\frac{\text{GHG emissions generated in common areas}}{\text{Common areas (sqm)}}$$

To calculate the **intensity of water consumption**, using the common area flow space (sqm) as the denominator may not be appropriate, given the specific features of each shopping centre or retail park. Unlike other commercial buildings, where the landlord does not provide air conditioning or ventilation services, at some specific commercial facilities, the landlord may indeed provide tempered water for the tenant's climate control systems. This tempered water supply may constitute a substantial portion of water consumption at the building. As this practice is not uniform at every shopping centre and retail park, calculating water consumption intensity based on common area square meterage could severely distort the analysis.

In our asset type, a substantial portion of water consumption could relate to climate control equipment, the scope of which goes beyond common and shared areas.

We therefore have to adjust the approach to calculate water consumption intensity per visitor to take these differences into account.

These adjustments in data presentation ensure a more accurate and meaningful comparison over time, enabling a more comprehensive assessment of trends.

### **Assurance and checks**

The information in this annual report reflects the consumption data (energy and water) recorded in invoices settled with suppliers and utility companies, which therefore constitutes documentary evidence.

Waste management is verified by means of the respective recycling certificates.

**Moreover, we engaged the audit firm EY to carry out a review of the content in accordance with the standards proposed by the Global Reporting Initiative (GRI), as well as to perform a limited assurance review in accordance with the requirements established in ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.**

**Operational boundaries**

Firstly, it should be borne in mind that we divested two retail parks in 2023: Rivas Futura and Vistahermosa, so we have to pay greater attention to Like for Like (LfL) values than to absolute values (Abs) in order to assess portfolio performance. In any case, this analysis encompasses all assets under our management that were operational in 2023.

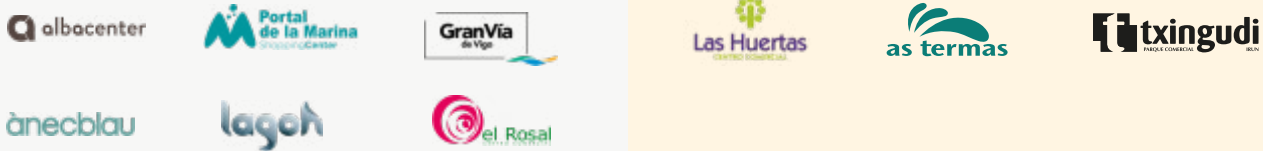
We will draw a distinction between two asset types in this assessment:




→ **Wholly owned assets:** We provide details on total energy and water consumption at the six shopping centres and one retail park that are fully owned by us and fully operational in 2023, as well as Vistahermosa up until the divestment date (July 2023). We include detailed information on the supply of electricity, thermal energy and water that has been rebilled to tenants. The Scope 3 GHG emissions are calculated on the basis of this total amount of rebilled energy, which are the only fully verifiable amounts for the moment.

→ **Co-owned assets:** We provide available information on the environmental performance of the co-owned assets, which include three shopping centres and two retail parks, as well as Rivas Futura which was divested in July 2023. We do not have full authority at these sites to implement our sustainability policies due to the existence of shared ownership areas, coupled with the fact that the co-owners do not always provide complete information (especially in the area of waste and its treatment). However, we have a direct influence on the adoption of sustainability and energy efficiency measures to the extent of our ownership interest in each asset.

 Shopping centre



 Retail park

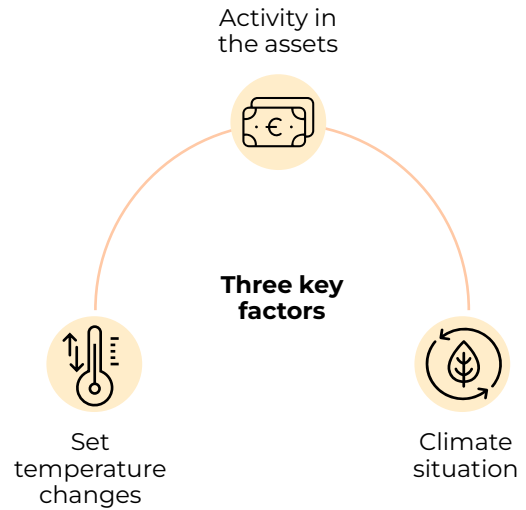


### 2.3.3.2 Key environmental performance factors in 2023

As regards the evaluation of energy consumption in 2023, we have to consider three key factors that have impacted the performance of our assets during the period under consideration:

#### Growth of activity and footfall at our shopping centres and retail parks.

To analyse the performance of our assets in 2023, we first have to consider the days the sites were open, which impacts energy and water consumption, as well as GHG emissions:



YEAR		Fully Open <sup>(1)</sup>	Partly Open <sup>(2)</sup>	Shut-down <sup>(3)</sup>
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%
2023	no. of days	313	48	4
	%	86%	13%	1%



(1) **Fully Open:** Includes weekdays and Saturdays with normal retail and restaurant opening hours, as well as assets opened on Sundays and public holidays.

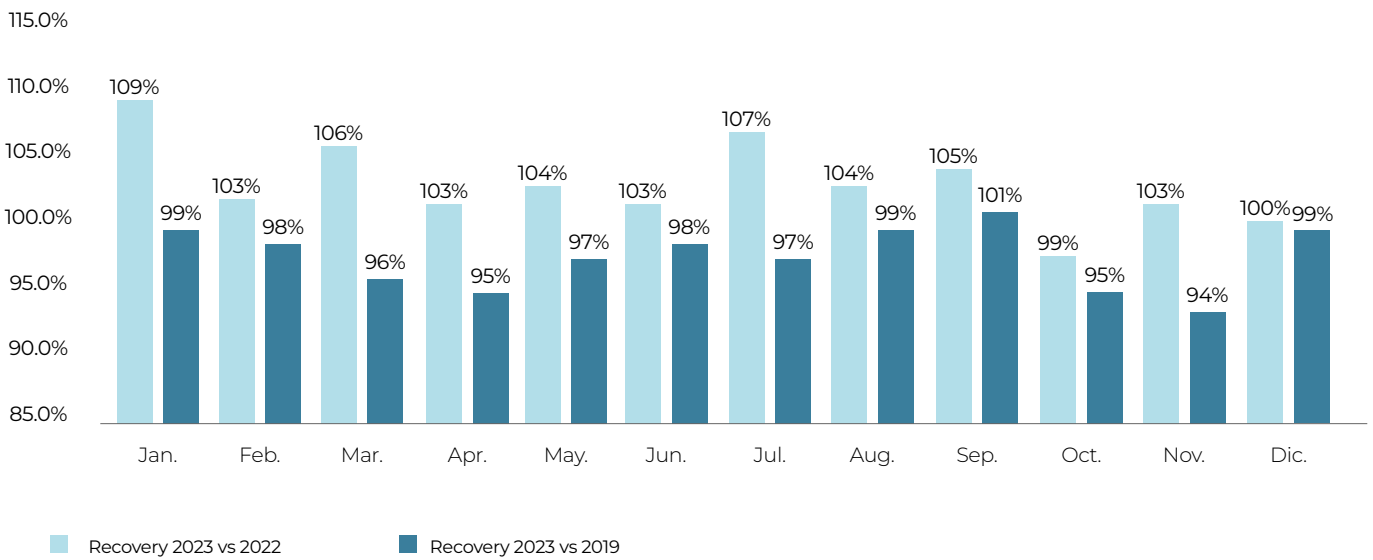
(2) **Partly Open:** Includes Sundays and public holidays with only restaurants in operation, as well as pandemic lockdown days when only authorised essential activities were in operation. All business days subject to time and space restrictions.

(3) **Shutdown:** Site completely shut down other than exceptional activities such as petrol stations and pharmacies with direct access from outside the site boundary.

The number of visits to the portfolio's assets during 2023 reached 76.2<sup>(1)</sup> million, an increase of 3.7% in like-for-like terms compared to the previous year.

The footfall ratio with respect to 2022, as well as to the pre-COVID benchmark year of 2019, provides a clear picture of the strength and resilience of the retail sector in the face of extraordinary situations - pandemics, energy supply crises and rising inflation - as well as the shifting and turbulent geopolitical situation - the invasion of Ukraine and the growing tensions in the Middle East.

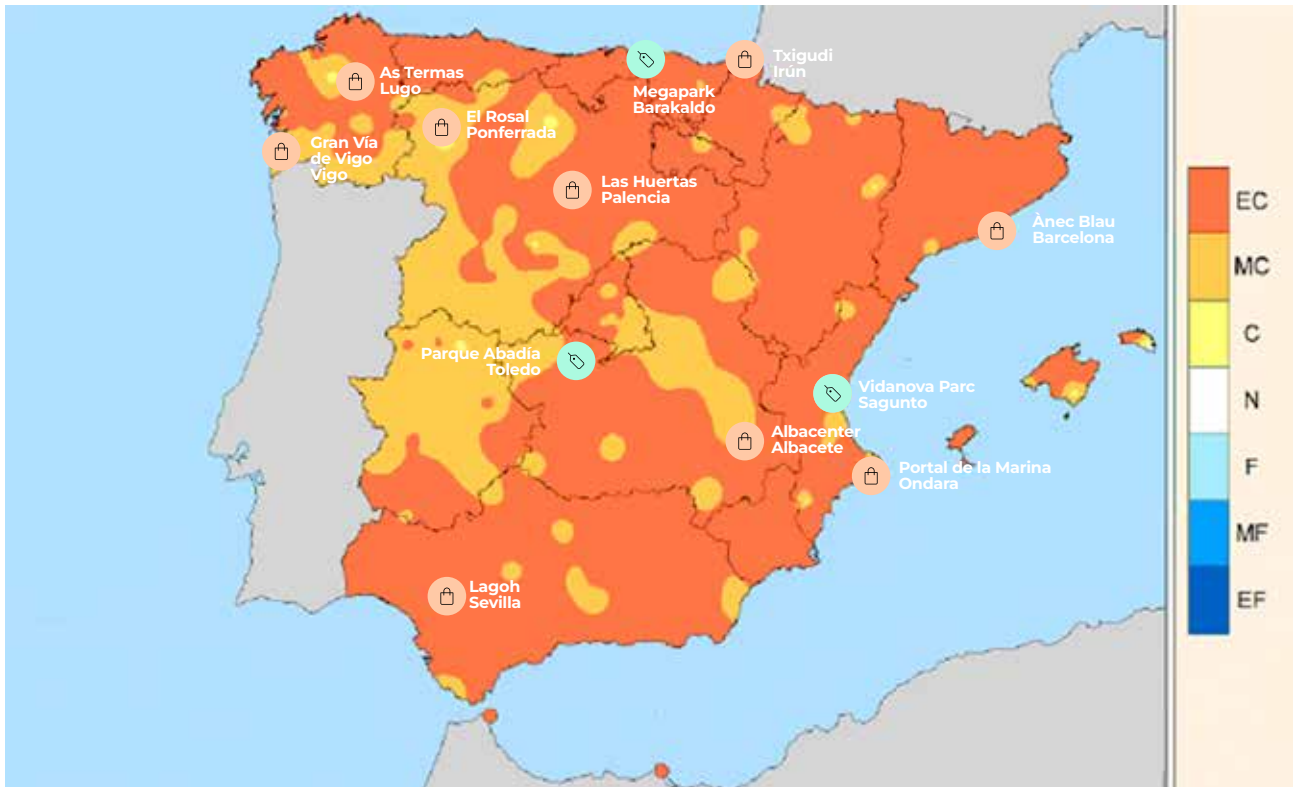
Footfall Recovery



(1) Including the Rivas and Vistahermosa retail parks.

## Weather conditions

**Temperatures.** 2023, the second-warmest year since the start of the series in 1961 (only 2022 was warmer), saw temperatures set a record, with a temperature anomaly of +1.5°C. On the Spanish peninsula, the values recorded in 2023 were slightly lower than those in 2022, with an average **annual temperature anomaly** of +1.3°C.



SOURCE: State Meteorological Agency (AEMET). Ministry for Ecological Transition and the Demographic Challenge (MITECO).

The map above shows the average annual temperature distribution. These averages include the average for the winter, spring, autumn and summer of 2023.

The red areas (**EC = Extremely warm**) show where the temperature exceeded the mean value of the historical series from 1991 to 2020.

Orange areas (**MC = Very warm**) indicate where temperatures were in the top 20th percentile of warmest years in the series.

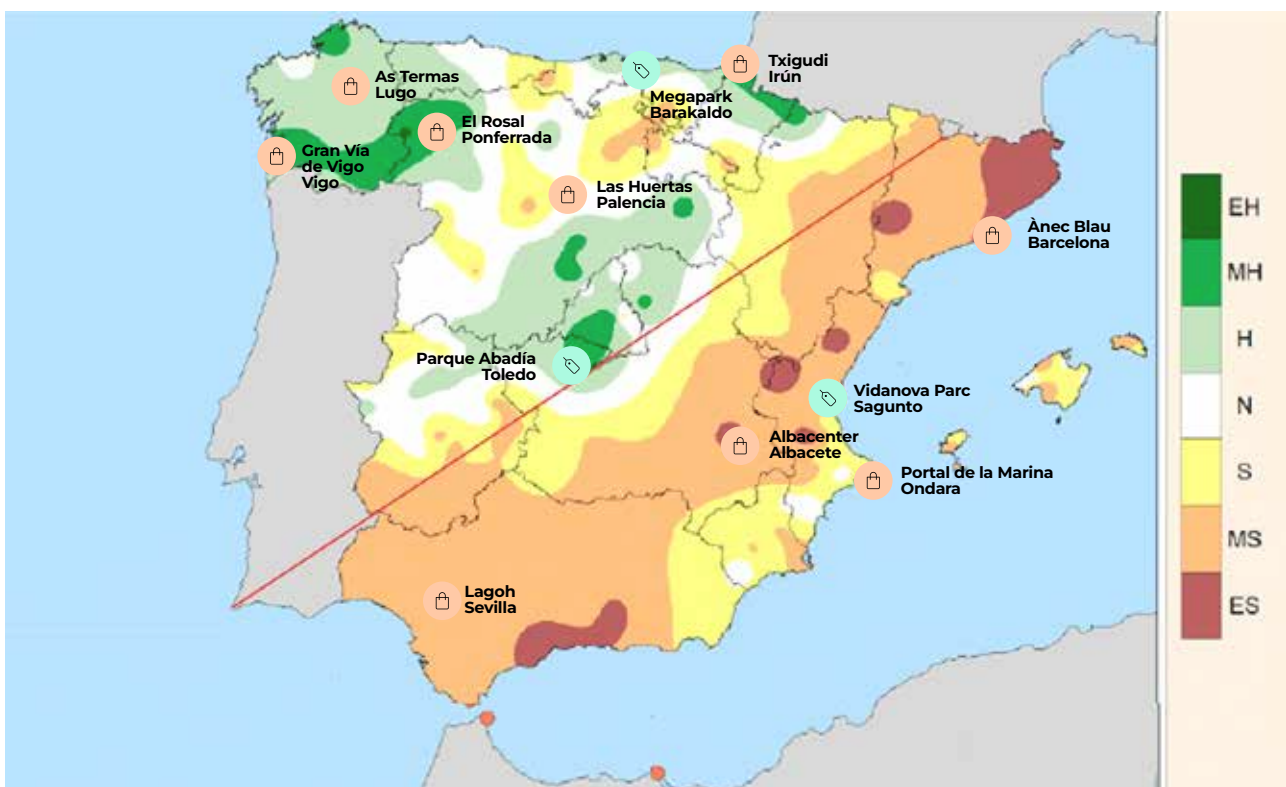
In southern Galicia, western Castile and Leon, Extremadura and central Castile-La Mancha, 2023

was very warm. In the rest of the Spanish peninsula, it was extremely warm, with temperature anomalies of close to +2°C in some areas of Catalonia, Aragon, La Rioja and central Andalusia. Elsewhere on the Spanish mainland, temperature anomalies hovered at around +1°C for the most part.

In all, **the summer of 2023 brought four heatwaves** to the Iberian peninsula, two in July and two in August, with maximum temperatures of over 40.0°C in much of the territory and, in some areas of the Valencian Community and the Guadalquivir valley, highs of over 45.0°C.

**Rainfall.-** Overall, 2023 was a very dry year, with the average values for 2022 repeating themselves and reaching 84% of normal values for the 1981-2010 reference period. The spring months were extremely dry. In March, April and May, barely 53% of the rain that had been expected fell, preventing river basins from replenishing their water supplies as they usually do. The situation was particularly severe in the Ebro valley and Catalonia, resulting in drought which, in the first quarter of 2024, has turned into a full-fledged emergency, leading to restrictions on water consumption in Catalonia.

As shown on the map below, the distribution of rainfall was very uneven. However, by drawing a line from Cape St. Vincent in Portugal to the Principality of Andorra in the Pyrenees, we see a peninsula clearly divided into two areas, one of which holds practically half of our properties.



SOURCE: State Meteorological Agency (AEMET). Ministry for Ecological Transition and the Demographic Challenge (MITECO).

In the northwestern half, white areas show normal rainfall (**N = Normal**) amounting to between 40% and 60% of the historical series; these alternate with light green areas (**H = Wet**), where recorded rainfall is between 60% and 80% of the series, while emerald green areas (**MH = Very wet**) indicate where rainfall is in the range of the wettest 20% of years for the 1991-2020 reference period.

In the southeastern half, the predominant trend is one of low rainfall. The dark brown area (**ES = Extremely dry**) shows where rainfall does not reach the minimum values for the 1991-2020 reference period; the area marked in orange (**MS = Very dry**) indicates where rainfall falls into the range of the driest 20% of years; and the yellow area (**S = Dry**) illustrates where rainfall is in the 20%-40% range of the historical mean for these areas.



## Change of the setpoint temperature in HVAC systems

Since the entry into force on 2 August 2022 of **Royal Decree-Law 14/2022 of 1 August 2022**, a positive impact has been observed on various aspects of shopping centre and retail park operation and on the measures implemented, as part of property management, relating to savings, energy efficiency and reducing energy dependency on natural gas.



### 2.3.3.3 Energy efficiency

In recent years we have carried out studies to analyse and select the best strategies for installing **photovoltaic facilities**, the purpose of which is to generate electricity on site at our properties for our own consumption. The procurement phase to bring photovoltaic energy to various properties in the portfolio is currently at an advanced stage.

In addition, we are moving ahead with the implementation of initiatives as part of our **Energy Efficiency Plan**, carrying out energy audits of the properties in order to draw up ad hoc **action plans** based on the appropriate selection and planning of Energy Saving Measures (ESMs). These include objectives and targets for each of our shopping centres and retail parks, based on their economic

feasibility and specific characteristics. In this way, we are addressing each of the challenges in terms of environmental impact reduction and energy efficiency.

Our aim is to:

- Continue to obtain certifications for our properties, evidencing our commitment to the environment.
- Align our portfolio with the requirements set out in the European Taxonomy.
- Lower costs and increase efficiency.



**We continue to progress  
with the implementation of  
initiatives linked to our Energy  
Efficiency Plan**

We have also completed the roll-out of smart meters for the **automated data gathering project**. This complex system allows us to break down consumption by energy and water use, providing those tasked with managing the properties with more powerful analytical and monitoring tools.

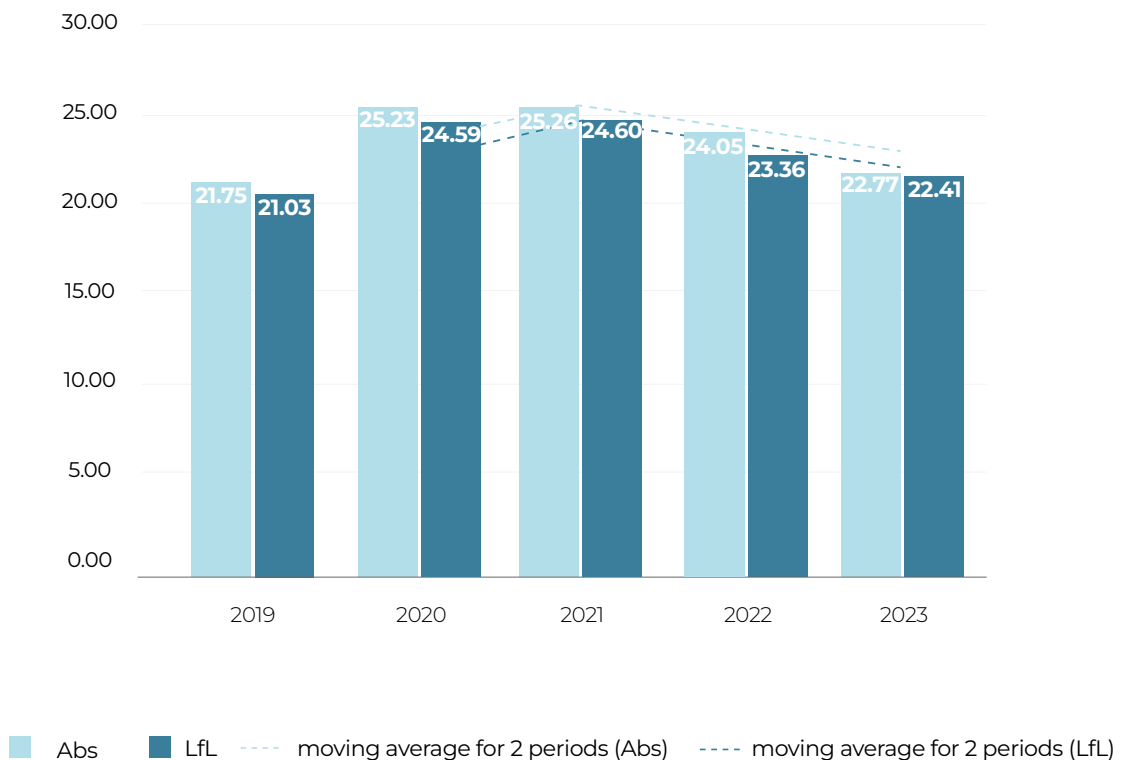
Technical projects carried out in 2023 to increase the energy efficiency of the portfolio include the following:

- Renovation of LED lighting in Las Huertas, Albacenter.
- Renovation of roofing sheets, such as that carried out in Txingudi, As Termas, Abadía and Megapark.
- Replacement of HVAC equipment in Portal de La Marina, Ànecblau, As Termas and Albacenter.
- Installation of variable frequency drives in motors for lifting and transport equipment at Albacenter.

In like-for-like (LfL) terms, excluding the two properties sold in 2023, **electricity consumption in the communal areas of our properties was 4.1% lower** than in 2022. In absolute terms (Abs) the difference was even greater, -5.3%.

Reduction of **4,1%**, in electricity consumption in the common areas of the assets compared to 2022 in Like for Like (LfL) terms.

Electricity consumption in communal areas (GWh)



In 2023, we purchased 1.68 GWh of fossil fuels, mainly natural gas for heating<sup>(1)</sup>, of which 1.60 GWh was used for the communal elements of the shopping centres and retail parks under our management.

This was just 6.7% of all energy consumed in 2023.

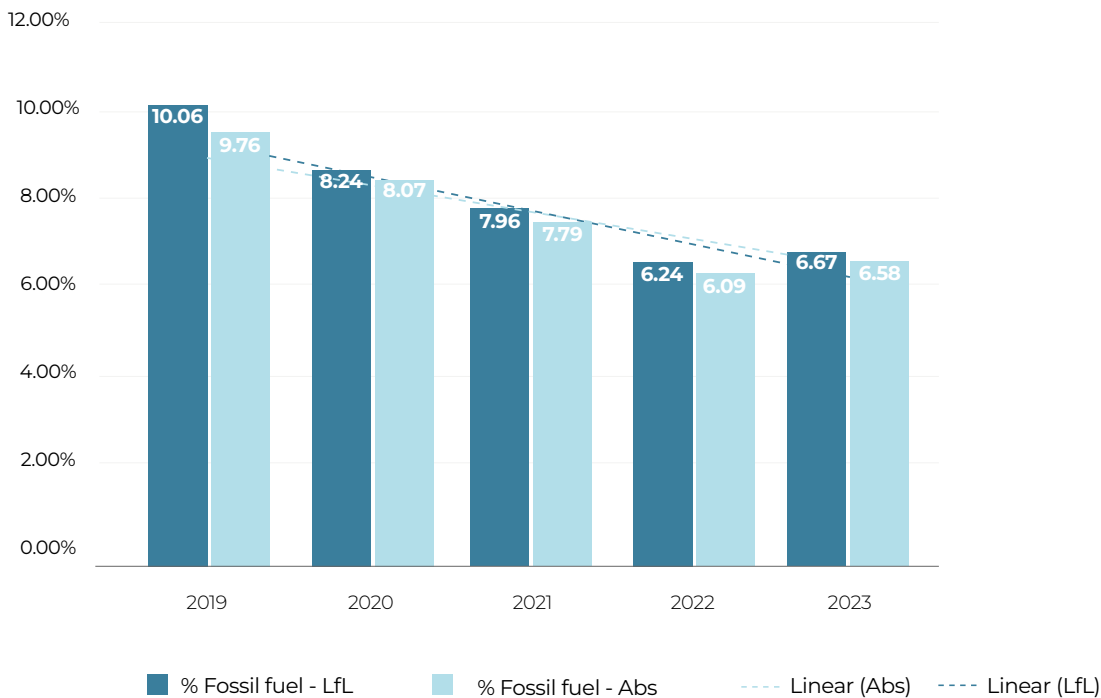
Some of the key factors behind the steady decline in fossil fuel consumption are as follows:

- The **operational measures** set out in our Energy Efficiency Master Plan were favoured during 2023 by the regulations put into effect by RDL 14/2022.
- As 2023 was not as warm as 2022, there was a slight rebound in the use of fuel for heating. However, this did not stop the trend towards lesser use of fossil fuels to heat our properties.

As can be seen in the following figure, in recent years there has been a downward trend in the percentage of fuel consumption for heating compared to total energy use for communal elements of the buildings, highlighting the effects of climate change.



Fossil fuels / Total energy consumption (%)

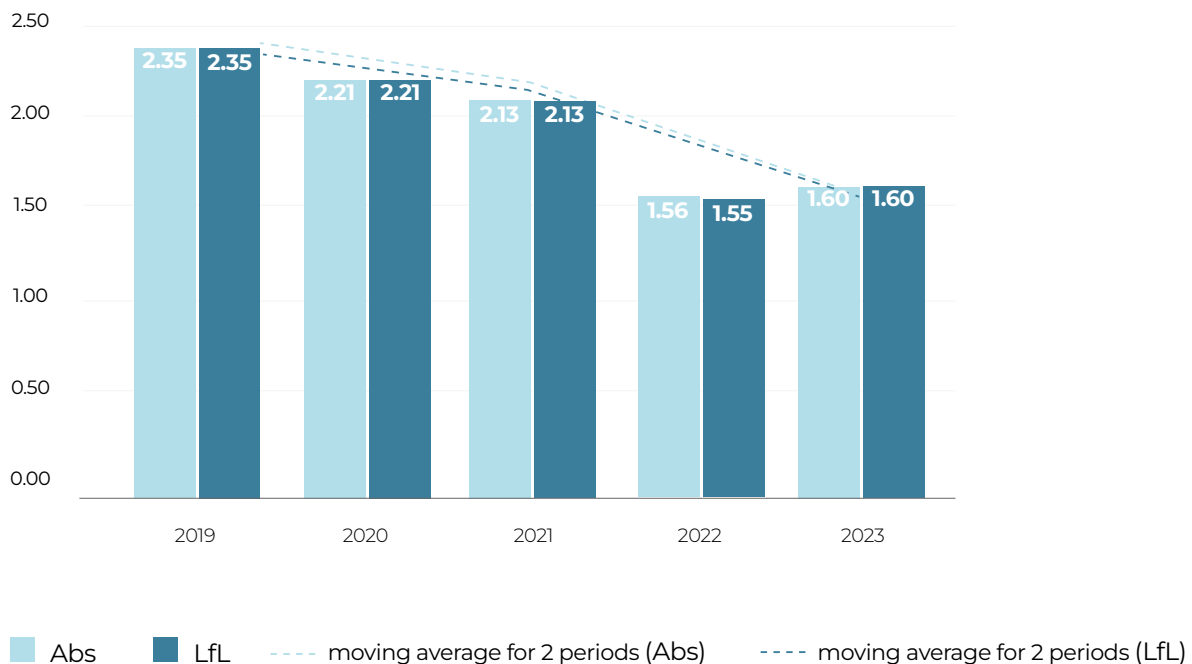


(1) 47,477.74 kWh (0.05 GWh) of diesel has been purchased for use in emergency equipment: generators and fire protection systems.

The decrease in fossil fuel consumption can be observed in the historical series from 2019 to 2023, where a decrease of -32% in the composition index of our fuel consumption relative to the total energy used is observed, both in relative terms (LfL) and absolute terms (Abs).

In addition to this trend, the above series (2019-2023) also reflects decreasing fuel use as a result of the implementation of the Energy Efficiency Master Plan in 2021.

### Fuel consumption in communal areas (GWh)



Focusing on our performance in 2023, we can see that the increase in fuel use (mainly for heating) between 2022 and 2023 is very small: +2.8% in absolute terms and +3.0% on a like-for-like basis, reflecting the difference between the weather anomalies in 2022, +1.7°C, and 2023, +1.3°C.

Excluding the two properties sold in 2023, i.e. on a like-for-like (LfL) basis, **energy intensity**, both static (kWh/sqm) and dynamic (kWh/visitor) fell during 2023.

Energy consumption per square metre in communal areas diminished by **-3.6%** compared to 2022, due to the energy efficiency measures adopted by our teams of engineers.

Meanwhile, relative energy consumption per visitor declined even more, falling by **-7.0%**, which is explained by the increase in footfall.

Including the divested properties, gross consumption declined in absolute terms, with energy intensity per sqm down by -4.8% while energy intensity per visitor performed somewhat less favourably, climbing +0.7% vis-à-vis 2022.

See detailed EPRA-ENERGY indicators in [Annex 5.3](#)

### 2.3.3.4 Response to climate change and decarbonisation strategy

During 2023, we continued to work on assessing the impact of our activities on the environment, as well as making efforts to adapt to and mitigate climate change. While our business activity does not have the criticality associated with other sectors of the economy, we work very actively to monitor and mitigate the potentially adverse effects of our impact on the environment, including proactively expanding our scope and designing our response to the challenge of climate change and our commitment to decarbonising our business.

## Climate risk assessment according to TCFD

To assess our impact, we applied the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, an international task force created by the Financial Stability Board to improve climate-related financial disclosures.

We published our report on climate-related risks and opportunities in accordance with the four pillars established by the Task Force on Climate-related Financial Disclosures (TCFD): governance, strategy, risk management and metrics and targets.

In it, we disclosed the analytical process followed during comprehensive mapping of the climate-related status of our properties in order to define strategic and specific adaptation measures to mitigate these effects.

### Governance

We define the **role of our governing bodies**, such as the Board of Directors, the Board committees, senior management and the ESG Committee, to ensure compliance with the Company's strategic policies on monitoring climate-related risks and opportunities.



## Strategy

Description of the strategy followed to identify **short-, medium- and long-term risks and opportunities** according to the following scenarios and time frames:

Physical risks			Transition risks	
Scenarios			Scenarios	
<b>RCP (Representative Concentration Pathway) 2.6</b> The lowest emissions scenario. This scenario is characterised by stable GHG emissions that will decrease in the future, becoming negative by 2100.	<b>RCP 4.5</b> This is described by the IPCC as an intermediate scenario. GHG emissions will peak around 2040 and then decline.	<b>RCP 8.5</b> This represents a reasonable worst-case scenario that is widely used for climate risk assessment and stress testing.	<b>SSP1 (Net zero)</b> The only IPCC scenario that meets the goal of the Paris Agreement and attempts to limit global warming to 1.5°C by 2100.	<b>SSP5 (Business as usual)</b> The most pessimistic scenario in terms of greenhouse gas emissions. Current emissions would treble by 2075, leading to an average temperature increase of 4.4°C by 2100.
<b>Time frames:</b>				
<b>Short term</b> Until 2030	<b>Medium term</b> 2030 to 2050	<b>Long term</b> From 2050		

Based on these scenarios and time frames, **seven physical risks and six transition risks** have been identified as having a potentially negative impact on Lar España's activity.

### Physical risks

- Increased operating costs due to intensive climate control.
- Disruption in construction and renovation activity due to high temperatures that make it difficult to work.
- Increased operating costs due to maintenance of green areas suffering from high temperatures and drought.
- Increased maintenance costs due to more frequent damage to properties (due to heavy rainfall, etc.).
- Increased insurance premiums due to more frequent catastrophic events (fires, floods, etc.).
- Damage/impairment of properties.
- Business interruptions due to difficulties in providing basic services linked to water consumption.

### Transition risks

- Decrease in rental income due to lack of adaptation of properties.
- Loss of value of assets and difficulties in obtaining finance.
- Increased costs linked to emission allowances and energy prices.
- Increased costs linked to regulatory and transparency requirements.
- Increased raw material costs.
- Increased cost of transition to a lower-emission technology and premature obsolescence.

Based on a model that considers exposure, vulnerability and capacity for adaptation in the aggregate, the conclusion of the risk assessment is that the residual risk is predominantly low. Consequently, our asset portfolio **shows limited exposure to climate change risks, mitigating exposure by implementing adaptation and mitigation measures**, as we have done in recent years, and a robust governance model and strategy. Given the inherent uncertainty of risk analysis and the underlying climate models, we track and update risks annually, monitoring their influence on asset performance.

### Risk management <sup>(1)</sup>

In the published report we include **details of the processes followed to identify and assess climate-related risks** and the processes for managing them. At the beginning of 2024, as part of the update and review of the general corporate Risk Map 2023/2024, we modified the description of the "Inadequate adaptation to the effects of climate change and environmental sustainability" risk to include reference to the development and integration of this risk with other more specific risks of climate change adaptation (physical and transition risks), as well as to adapt the reporting of these risks in accordance with the international standard TCFD..

Our asset portfolio shows limited exposure to climate change risks, mitigating exposure by implementing adaptation and mitigation measures, as we have done in recent years, and a robust governance model and strategy.



(1) Further information about our risk management process can be found in section 2.1.6 Risk Management and Opportunities of this Report.



## Metrics and targets

The metrics presented have provided an objective basis for monitoring our performance within the spectrum of possible scenarios previously mentioned, also taking into account sectoral criteria within the Carbon Risk Real Estate Monitor (CRREM). Tracking these metrics constitutes a practical tool to tailor the strategic planning of each asset and define measures to reduce risks in an informed manner and aligned with the sustainability objectives of the organization.

In this table, we provide relative results or Like for Like (LfL):

Category	Metric	2022	2023
Use of the asset	Gross leasable area (m <sup>2</sup> )	480,226	480,226
Energy	Energy intensity (LfL) <b>(kWh/m<sup>2</sup> common areas)</b>	42.6	41.0
	Percentage of renewable electricity (%)	98.6%	100%
Emissions	Carbon intensity <b>(kg CO<sub>2</sub>e/m<sup>2</sup>/year)</b> <b>Scope 1+2 <sup>(1)</sup></b>	0.65	0.51
Water	Water consumption in common areas <b>(m<sup>3</sup>)</b>	122,436	128,209
	Assets with medium, high or very high exposure to water stress	9	9
Asset management	Percentage of portfolio with BREEAM certification (%)	100%	100%
	Frequency of asset maintenance	Ongoing	Ongoing
	Level of insurance policy coverage	High	High




(1) Market-based.

(2) Since 2020 Lar España has regularly reported Scope 3 emissions, however, only those relating to energy re-invoiced to tenants are included for now as this constitutes verifiable information. Lar España's decarbonisation strategy includes progress in the measurement and control of Scope 3 emissions. Therefore, at this stage this is not a relevant indicator for the assessment of climate-related risks.

### Climate opportunities

On the other hand, climate change also presents significant **opportunities** for a retail real estate company. Thus, in the specific case of Lar España, we have identified the following potential opportunities:

OPPORTUNITIES	
Short term	Local energy generation and storage
	Increased footfall and diversification of services
Medium term	Exploration and use of innovative building materials and technologies to increase energy efficiency and reduce costs
	Greater appeal to tenants through improved performance and reputation
Long term	Attraction of capital through asset adaptation and decarbonisation
	Increased asset resilience



### Economic impacts generated

In turn, for each asset we have internally analysed the estimated financial effects of the economic impacts generated by each risk in the different scenarios and time horizons mentioned above. Taking into account that, in the case of Lar España, a risk is considered material from a financial point of view when it represents a percentage greater than 10% of total revenues, **the aggregate impact of all the risks considered and consolidated in the portfolio would in no case exceed the financial materiality threshold.** However, every year possible deviations and further management improvements will continue to be calculated and analysed

### Actions to improve our climate resilience

In 2023 we already implemented **actions to improve our climate resilience** such as: conducting energy and climate audits and replacing obsolete equipment, studying water consumption in accordance with ISO 46046, updating our Decarbonisation Plan, assessing assets through certification schemes such as BREEAM and monitoring and analysing our consumption and emissions for operational optimisation, among others. In addition, in the analysis of new acquisitions we also have an environmental due diligence procedure in place to continue to meet Lar España's high standards in these matters.

Following the analysis of our exposure to potential risks from the effects of climate change, some of the priority actions we will work on are as follows:

- **Adaptation of assets through investment in new technologies or advances in innovation.**
- **Reduction of operating costs** by improving energy efficiency and achieving savings in resource consumption.
- Alignment of asset and company performance with the established **decarbonisation** strategy.
- **Forging of partnerships across our value chain** to align suppliers, customers, tenants and others in achieving our sustainability goals.
- Continued setting of objectives and strategies that contribute to the adaptation of the portfolio and allow us to make progress in measuring the impact of our activity.



## Decarbonisation Strategy

However, in this regard, our most important milestone last year was the approval by the Board of Directors of the update of our **Decarbonisation Strategy**, integrating international science-based calculation initiatives such as the Science Based Targets initiative (SBTi) and the Carbon Risk Real Estate Monitor (CRREM) sectoral tool. In this way, we have set out to respond to the following commitments::

- Verification of short-term targets of a 60% reduction in Scope 1 and 2 emissions by 2030 (market-based approach) compared to 2019, also achieving Climate Neutral status.
- Working towards Net Zero by 2050 (Scope 1+2+3).
- Analysis and planning of investment in absorption/offset projects to mitigate residual emissions.
- Progress in the calculation of Scope 3, focusing on tenant consumption, embedded carbon in our value chain, transport and waste management, and emissions from refurbishment works in shopping centres and retail parks.

Some of the initiatives envisaged to achieve our objectives are:

- Installation of photovoltaic solar panels for self-supply.
- Optimisation of HVAC consumption in shopping centres due to the integration of air quality monitoring in control systems.
- Programme for the progressive renewal of HVAC equipment with more efficient machines that have a lower impact on GHG emissions.
- Implementation of protocols for refilling refrigerant gases and continuous accounting of emissions due to leaks.

The choice of **2019 as the base year** derives from certain characteristics of that year:

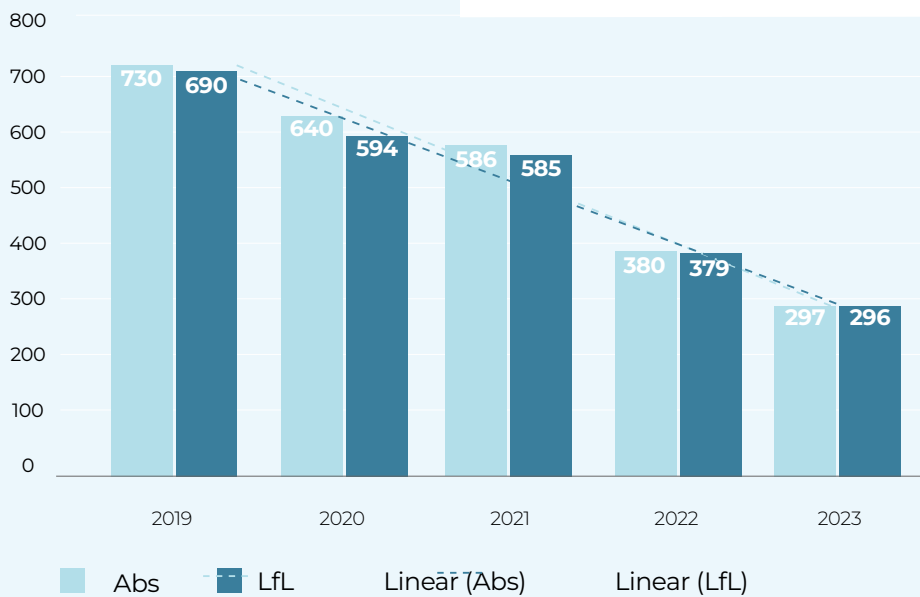
- It is the year before the 2020 pandemic, which saw shopping centre and retail park footfalls plummet.
- In 2019, the calculation of fluorinated gas emissions due to leaks from HVAC equipment was consolidated.
- Our most significant asset, Lagoh Shopping Centre, entered into service in 2019, meaning that its consumption is included from the outset in absolute terms.

In any case, it must always be considered that, both due to the type of business and the sector in which we operate, our portfolio is subject to potential variations (acquisitions or divestments) which, if significant, could require a recalculation of the decarbonization trajectory to achieve the proposed goals.

Due to the different methods of calculating emissions (including or excluding fluorinated gas emissions) or the different criteria used in carbon accounting (market-based or location-based), we have undertaken the exercise of evaluating our current situation compared to our base year 2019.

In the first chart below, we can see the trajectory according to the EPRA format where emissions due to the use of fossil fuels and electricity consumption are accounted for, according to the market-based criterion, showing that our emissions have fallen since the base year by -59.39% in absolute terms and -57.06% in like-for-like terms.

Scope 1+2 market-based emissions (does not include fluorinated gases) (tCO<sub>2</sub>eq)



As mentioned in section [2.3.3.1.- Methodology](#), the EPRA format does not require disclosures on fluorinated gas emissions <sup>(1)</sup>.

In Lar España, in our desire to go a step further in the transparency of our information, we report on this aspect, based on the estimate for the 100-year horizon of the IPCC Fifth Assessment Report <sup>(2)</sup>.

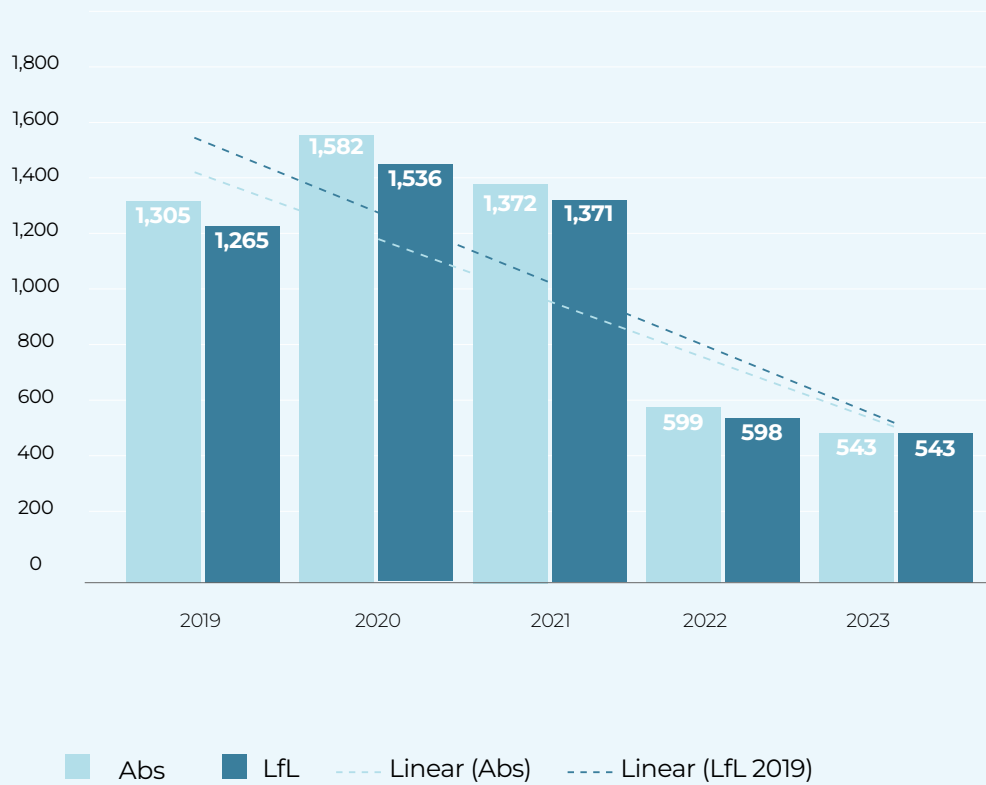
See details in the fluorinated gas emissions chart [Annex 5.3 Environmental results \(sBPR\)](#)

<sup>(1)</sup> EPRA Sustainability Best Practices Recommendations Guidelines Chapter 8, 8.4

<sup>(2)</sup> [https://www.ipcc.ch/site/assets/uploads/2018/02/WGIAR5\\_Chapter08\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2018/02/WGIAR5_Chapter08_FINAL.pdf)

If we include emissions due to fluorinated gases with the market-based criterion, we can see the influence of the purchase of electricity with a guarantee of origin.

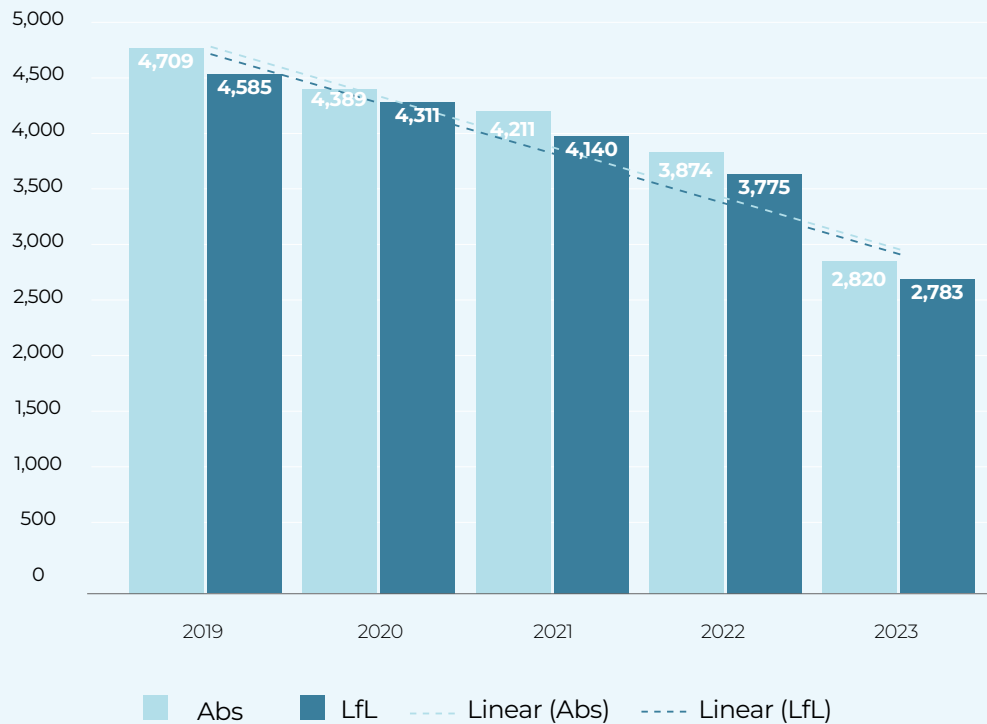
Carbon footprint (including fluorinated gas emissions) - market based (tCO<sub>2</sub>eq)



In contrast, under the location-based criterion, the trend lines are practically parallel in absolute terms and like-for-like with respect to the base year 2019 and reflect the overall progress of the country and Lar España in moving towards a decoupling from fossil fuels and the Company's efforts to improve its energy efficiency and contain fluorinated gas leaks.



Carbon footprint (including fluorinated gas emissions) - location based (tCO<sub>2</sub>eq)



## Greenhouse gas (GHG) emissions

Although we have already provided some data, we will now report on the performance of our equipment in 2023 with respect to carbon emissions, according to EPRA indicators: emissions due to combustion of fossil fuel fluids within our assets and indirect emissions due to electricity consumption, according to the market-based criterion.

### Scope 1

In relation to the results obtained in 2023, it should be noted that there was a spike in Scope 1 emissions, due to a higher use of heating (natural gas) than in 2022. This is almost exclusively due to the difference in thermal anomalies between 2022 (+1.7°C) and 2023 (+1.3°C) which led to an increase in Scope 1 emissions of **+3.2%** in like-for-like (LfL) terms and **+2.9%** in absolute terms (Abs).

### Scope 2

With regard to Scope 2, indirect emissions due to electricity consumption, we can point out that Lar España's emissions are zero, in accordance with the market-based approach.

If we consider the location-based criterion, there was a very significant decrease in emissions compared to 2022 (**-31.5%** like-for-like). This decline in location-based emissions is the combined result of the implementation of renewable energies in Red Eléctrica Española's mainland mix and the good management of our engineering teams, enabling us to meet the targets for reducing electricity consumption in 2023 compared to 2022 (-4.1% like-for-like), which is higher than the -1% set out in our Energy Efficiency Plan for this year.

### Scope 3

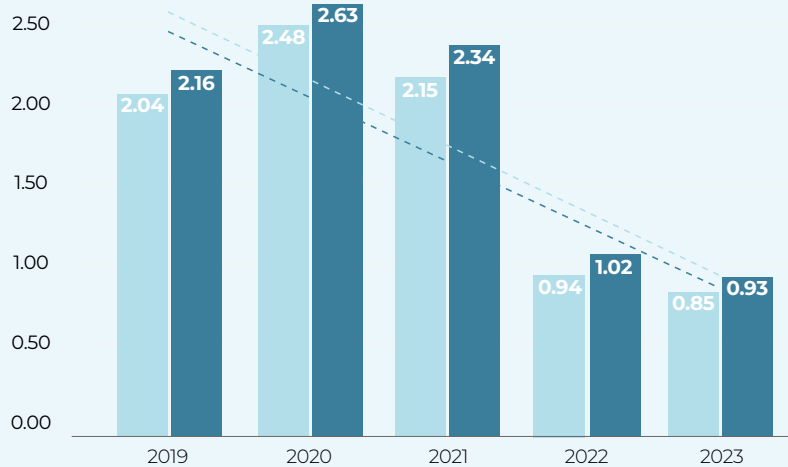
For the time being, we cannot consider the verifiable Scope 3 emissions to be representative. We are therefore continuing to work on obtaining consumption data from tenants and on the measurement of emissions due to the treatment and transport of waste produced in the common areas we manage, in order to complete the Scope 3 emissions calculation.



### Emissions intensity

The results of the GHG emissions intensity, both in terms of the static denominator: Scope 1+2 (kg CO<sub>2</sub>/sqm of common areas), and the dynamic denominator: Scope 1+2 (kg CO<sub>2</sub>/1000 visitors), are very positive, posting significant reductions compared to 2022: **-21,9%** y **-24,7%** respectively, according to the market-based criterion and in like-for-like terms. [See Annex 5.3 Environmental results \(SBPR\)](#)

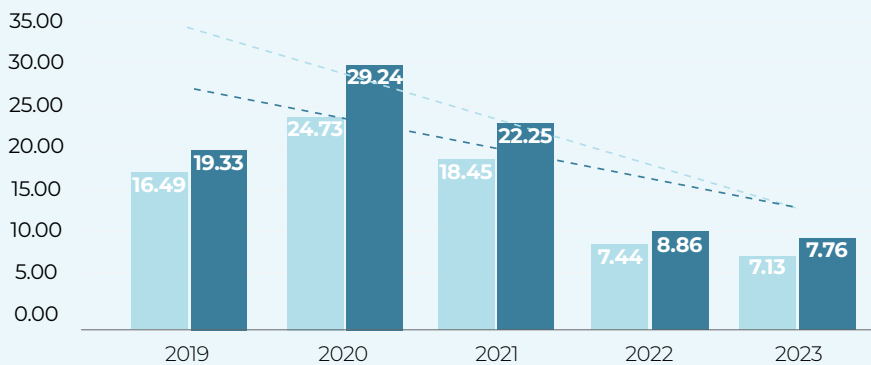
Emissions intensity (including refrigerant gases) market-based Scope 1+2/sqm (kg CO<sub>2</sub>eq/sqm)



Emissions intensity per sqm (variations 2023 vs 2022 and 2019)

2023 vs 2022	Abs	<b>-9.35%</b>	2023 vs 2019	Abs	<b>-58.40%</b>
2023 vs 2022	LfL	<b>-9.24%</b>	2023 vs 2019	LfL	<b>-57.09%</b>

Emission intensity (includes refrigerant gases) market-based Scope 1+2/1000 visitors (kg CO<sub>2</sub>eq/1000 visitors)



Emission intensity per 1000 visitors (Changes 2023 vs 2022 and 2019)

2023 vs 2022	Abs	<b>-4.21%</b>	2023 vs 2019	Abs	<b>-56.78%</b>
2023 vs 2022	LfL	<b>-12.48%</b>	2023 vs 2019	LfL	<b>-59.88%</b>

■ Abs      ■ LfL      - - - - Linear(Abs)      - - - - Linear (LfL)

In the trajectory of these two indicators in the series 2019-2023, from our base year 2019 and including refrigerant gas leaks, we can observe a notable decrease in 2023 vs 2019: **-58.40%** in Scope 1+2 (kg CO<sub>2</sub>/sqm of common areas) and **-56.78%** Scope 1+2

(kg CO<sub>2</sub>/1000 visitors) in absolute terms. In Like for Like terms, the progress is also remarkable: **-57.09%** in Scope 1+2 (kg CO<sub>2</sub>/sqm of common areas) and **-59.88%** in Scope 1+2 (kg CO<sub>2</sub>/1000 visitors).



On the other hand, for the **fifth consecutive year** we completed the registration of our Carbon Footprint with the Ministry for the Ecological Transition and Demographic Challenge (MITERD), renewing in 2023 the **"Calculo y Reduzco"** seal that we achieved thanks to the decrease in our emissions registered after the efforts made in recent years. We are the **first listed real estate company in Spain to achieve this for the second consecutive year**.



Our registered emissions are also **independently verified** by Bureau Veritas in accordance with the *Carbon Footprint Declaration of Conformity*.

### 2.3.3.5 Sustainable water use

In 2023 we conducted a contextualised study on the water impact of our assets. We calculated our **water footprint** following the methodology given by **ISO 14046**, with data from 2022. The characteristics of this calculation method are as follows:

- Calculation according to metrics that assess potential environmental impacts related to water consumption.
- Life-cycle Assessment (LCA) and use of environmental impact methods affecting water, without focusing only on its possible scarcity, thus considering factors such as toxicity, eutrophication, etc.
- Analysis of geographical and temporal aspects, as water has a local impact unlike climate change which is global. For this purpose, contextualised information on the hydrology of the catchment areas in which the shopping centres and retail parks are located is used.
- Identification of the amount consumed and the impacts of its use on the natural environment.

Through the use of our **own network of meters**, integrated in the automated data gathering platform, we have been able to carry out an exhaustive analysis of consumption broken down by use: HVAC, irrigation, sanitary/cleaning, and other uses (fire prevention, refurbishment, leaks).

Furthermore, thanks to the periodic chemical analysis of the effluents produced, we have been able to model<sup>(1)</sup> the environmental impact of water use at our facilities in terms of: acidification, ecotoxicity, eutrophication and deprivation of the flow of the basins in which our assets are located.

The most significant **conclusions** of the analysis are:

- The impact of water discharge from our disposal networks is very low in relation to industrial uses and it is even very low compared to residential use.
- Water contamination is completely under control, as the entire volume of effluent water passes into the public mains for treatment.
- The greatest environmental impact comes from water deprivation in river basins with water stress problems due to the evaporation inherent in HVAC and irrigation uses, and this is where we can make an impact.

The calculation of the Water Footprint was the prelude to drawing up **Action Plans related to water consumption**, on which our technical services are already working, and in which specific objectives and goals will be established, contextualised according to the hydrological situation and the requirements of public policies and restrictions imposed by the Autonomous Region in which the asset is located.

*(1) The impact has been modelled with the latest available versions of the [openLCA 2.0.0](#) software (version released in May 2023) and the [ecoinvent 3.9.1](#) database (version released in December 2022).*

We have seen that we have the water effluents discharged into urban infrastructures under control. Therefore, the main content of the Action Plans should focus on controlling and minimising the impact of water deprivation in the basins in which our assets are located by reducing the evaporation of water used for irrigation, cleaning and HVAC through the following basic measures:

- Reduction and rationalisation of irrigation, for which we plan to carry out audits of water use in irrigation in the assets that require it. In addition, we will study the replacement or refurbishment of cooling towers.
- Procurement of water from sources other than the public mains: storing and reusing rainwater or treating own wastewater, which can be used for irrigation, cleaning or HVAC once treated.

All these measures require studies by our engineering teams who have to assess the feasibility and cost of the infrastructure needed to achieve these objectives.

As we have pointed out, in 2023 in Spain, there was a significant rainfall deficit. In the Iberian Peninsula as a whole, rainfall for the year was 84% of the expected amount. As a result, the trend in recent years of irregular rainfall distribution was accentuated, leading to a drought that particularly affected the Mediterranean region and caused a hydrological emergency in Catalonia in 2024, paving the way for a scenario of water consumption restrictions with a potentially significant impact on the operating conditions of shopping centres.

Water intensity 2022

3.17

Litres/visitor

Water intensity 2023

3.14

Litres/visitor

Aspects such as HVAC equipment that uses cooling towers, irrigation of landscaped areas or cleaning operations in loading bays and car parks could be compromised.

Against this backdrop, in 2023 our engineering and management teams managed to achieve savings in the precious resource of water. Especially in the most significant indicator, that correlated to footfall, which shows a **decrease of -1.0% in the litres/visitor consumption intensity metric**, standing at **3.14 litres/visitor** in 2023, down from 3.17 litres/visitor in 2022.

Meanwhile, like-for-like supply metrics are up +2.7% compared to 2022. However, excluding the water re-invoiced to tenants, we see that the increase in water consumption actually used in common areas and shared spaces is +4.7%.

In any case, it is important to point out that water consumption has very different patterns, both by climate area and by type of use, as can be seen in section 2.3.3.7.- Analysis of results.

See detailed EPRA-WATER indicators in [See Annex 5.3 Environmental results \(sBPR\)](#)

### 2.3.3.6 Circular economy and waste management

The **Waste Management Plan** was implemented in January 2021 and is aimed at increasing data control and monitoring, preventing pollution and making a more sustainable use of resources, and promoting the Circular Economy, in line with the principles of reducing, recycling and reusing waste.

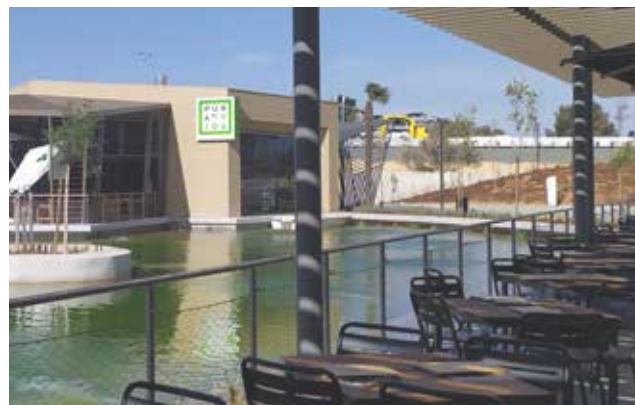
The aim is to consolidate waste management to:

- Achieve greater control over the whole process.
- Develop improvement projects.
- Increase traceability of all unitary waste.

In 2023, we made progress in the identification and treatment process following the waste classification methodology of the European Waste Catalogue (EWC) and its transposition to the LER Code, having standardised the handling of information and internal reporting.

We have also continued the **procedure for identifying points of generation and types of waste**, collection points in each shopping centre or retail park, and the disposal or treatment routes.

As discussed in section [2.3.3.1.- Methodology, on operational boundaries](#), in the case of co-owned assets, the co-owners do not always provide complete information (especially in the area of waste and its treatment).



The increased accuracy in the process of acquiring and analysing data on waste generation and treatment has allowed us to estimate the potential trends of two co-owned shopping centres (Txingudi and Las Huertas) for which we only have access to very incomplete information.

Based on the trends of shopping centres of a similar type which we fully own and control, and taking into account footfall patterns, we have been able to estimate the generation and potential treatment of waste from these two shopping centres.

The amount in weight of waste calculated using estimates was consolidated in 2023, the **estimated data** representing **8.30%** of the waste generated in the total portfolio in absolute terms. We trust that the trend towards transparency pushing companies forward in the retail sector will soon allow us to replace the estimates with direct and verifiable information, which is essential for the circular economy to take off.

In 2023, the amount of waste that we delivered for treatment through processes of: reuse, recycling, composting or energy recovery, grew by **+17.77%** compared to 2022 in like-for-like terms, and analysing comparable data we see that the proportion of waste taken to landfills fell **(-11.60%)** compared to 2022.

With regard to the volume of waste generated, we achieved a treatment rate of **46.51%** in 2023, improving on the **39.49%** of 2022 in like-for-like terms.

See detailed EPRA-WASTE indicators in [Annex 5.3 Environmental results \(sBPR\)](#)

These percentages are due to the fact that most of the solid urban waste (SUW) is still entrusted to municipal management which, in general, does not provide reliable data on its activity and, with some exceptions, is considered waste taken to landfills due to the lack of verifiable information on its treatment.

On the other hand, both recyclable inorganic waste: paper, cardboard, glass or plastic, and waste designated as hazardous, are in the hands of authorised professional waste managers who are obliged to document the traceability of the waste treatment.

The current composition, broken down by type, of waste generated in our assets, has a pattern that can be expressed in the following table:

Type of waste		SUW (t)	Plastic (t)	Paper and cardboard (t)	Other (t)	Glass (t)	Metal (t)	E-Waste (t)	Total (t)
Total (Abs)	2022	9,330	498	1,501	567	169	12	4	12,080
	2023	8,005	795	1,700	583	140	5	3	11,282
(Abs) Var 2023 vs 2022 (%)		-14.21%	59.64%	16.72%	2.78%	-17.23%	-53.05%	-25.84%	-6.60%
Total (Lfl)	2022	9,084	446	1,386	560	81	11	4	11,572
	2023	7,865	765	1,679	582	83	5	3	10,983
(Lfl) Var 2023 vs 2022 (%)		-13.42%	71.70%	21.12%	4.00%	2.21%	-51.37%	-25.78%	-5.09%

In which we can see a relative downward trend in solid urban waste (SUW) and a flat trend in other waste, compared to the growth in packaging waste (plastics and paper and cardboard) and a notable decrease in the collection of waste with high reuse and recycling value (metal and electrical and electronic waste), which we intend to improve upon.

To this end, we are working on the waste management unification project that will allow us to make significant advances in the control and traceability of waste treatment and transport, which will be key to integrating the retail sector's activity in its progress towards the circular economy and in the face of reporting requirements.

## Other initiatives

We provide **ecozones** in a number of our centres, including at the entrances to the car parks of the Portal de La Marina and Gran Vía de Vigo centres, and in a rest and green coworking area in the As Termas centre.

In these assets, specific containers are made available to the public for various types of waste (used oil, batteries, printer cartridges and

toners, lights and small lamps, clothes, packaging, fluorescent tubes, among others).

These facilities involve creating spaces to make it easier for our users to increase waste recycling, to promote the circular economy, and to make it easier for waste management companies to increase the amount of resources recovered.



Portal de la Marina



As Termas



Gran Vía de Vigo

### 2.3.3.7 Analysis of results

#### Analysis by climate zone

Details of our analysis of energy and water consumption and emissions by climate zone, using Köppen-Geiger’s classification of the Iberian

Peninsula published by Spain’s State Meteorological Agency, are provided below.



#### Cfb temperate climate

Temperate oceanic climate

#### Gran Vía de Vigo

Vigo (Galicia)

#### Megapark

Biscay (Basque Country)

#### Txingudi

Irún (Basque Country)

#### Csb temperate climate

Dry, mild summer

#### As Termas

Lugo (Galicia)

#### El Rosal

Ponferrada (Castilla and León)

#### Las Huertas

Palencia (Castilla and León)

#### Csa temperate climate

Hot-summer Mediterranean climate

#### Ànec Blau

Castelldefels (Catalonia)

#### VidaNova Parc

Sagunto (Valencian Community)

#### Lagoh

Sevilla (Andalusia)

#### BSk dry climate

Cold semi-arid climate

#### Parque Abadía

Toledo (Castilla-La Mancha)

#### Albacenter

Albacete (Castilla-La Mancha)

#### Portal de la Marina

Ondara (Valencian Community)



Assets located in the **Cfb climatic zone (Atlantic climate)** did not experience a significant impact in the year 2023 compared to 2022, resulting in a year-on-year decrease in heating fuel consumption in common areas of -2.9% in Like for Like terms. Additionally, we have seen a decrease in electricity consumption (mainly due to reduced cooling) of -13.6% in Like for Like terms. Regarding energy intensity, both per surface area and per visitor, the 2023 results have been very favorable compared to 2022: 30.0 kWh/m<sup>2</sup> (-12.8% vs 2022) and 0.31 kWh/visitor (-15.7% vs 2022), all in Like for Like terms.

The peninsular rainfall deficit has not affected Cfb Atlantic climates as much in 2023 as it did in 2022, hence decreases of -3.1% in water consumption used in common areas have been recorded, especially in the fraction intended for irrigation. In terms of consumption intensity, in Like for Like terms, it has decreased from 2.07 l/visitor in 2022 to 1.90 l/visitor in 2023, representing a year-on-year decrease of -8.5%, demonstrating the efficiency of the assets.



In the **Csb climatic zone (Northern Plateau)**, the values of average temperatures and precipitation have been very similar to 2021 and with a winter not as warm as 2022. Only a slight decrease in electricity consumption (-5.1%) and a moderate increase of +5.4% in heating fuel for common areas are recorded.

In this climatic zone, three assets are located, which, together, have had significant increases in attendance, positively affecting the energy intensity values per visitor, which have decreased by -10.2% compared to 2022, while the static value (kWh/m<sup>2</sup>) has barely decreased by -3.5%. The consumption of water in common areas shows a year-on-year increase of +12.2%, which is offset by an increase in attendance, explaining the decrease in water usage intensity per visitor (-1.8%) between 2022 and 2023, all in Like for Like terms.

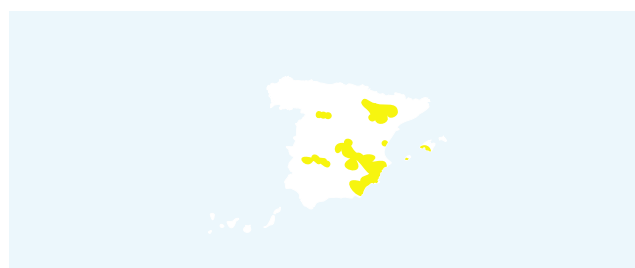




In the **Csa climatic zone**, internal operational measures and the temperature setpoint limitations enforced since the entry into force of RDL 14/2022 have contained the consumption of electrical energy in heating and lighting until achieving a modest increase (+1.2%) compared to 2022. However, the increase in gas consumption for heating could not be limited as much, returning to 2021 levels, representing a +10.2% increase in fuel usage compared to 2022. All this has resulted in a very slight increase in energy intensity per square meter compared to 2022 (+1.2%). However, the energy usage intensity indicator per visitor has decreased from 0.44 kWh/visitor in 2022 to 0.43 kWh/visitor in 2023, representing a decrease of -2.8%, all in Like for Like terms.

Regarding water usage, the Mediterranean area has been the most affected by drought, and our technical services have managed to contain consumption in assets located in Catalonia (Ànecblau) and the Valencian Community (Vidanova Parc) with significant decreases compared to 2022 in water consumption per visitor (-17.1% in Ànecblau in Castelldefels and -16.6% in Vidanova Parc in Sagunto). It has been in the Guadalquivir Valley where extreme temperatures have been recorded, and it has been necessary to incur a significant increase in water consumption (+14.6% in Lagoh in Seville), especially for use in heating, to maintain operational conditions in a situation where thermal anomalies reached over +3°C and with monthly average temperatures in August of 30°C, exceeding even the records of 2022.

Despite these very adverse conditions, water consumption per visitor in the Csa climate area experienced a very slight year-on-year increase of +1.4%, from 4.10 litres/visitor in 2022 to 4.16 litres/visitor in 2023. The hike in like-for-like water use in common areas was +15.2%.



With regards to the assets located in the **Bsk climate area**, the southern mainland plateau, which has a characteristically arid-cold climate and, as in 2022, is subject to very adverse weather conditions, electricity consumption in common areas remained stable and edged up slightly compared to 2022 (+0.2%). Following the same trend as the other climate areas, fuel consumption grew slightly (+7.4%); however, this did not lead to significant spikes in the static energy intensity per sqm indicators (+0.5%) or in the dynamic energy intensity per visitor indicators (+0.4%) compared to 2022.

Water consumption in communal areas was down considerably compared to 2022 (-4.0%). The growth in footfall in this climate area has not been as strong as in other areas, only +0.17% year-on-year in like-for-like terms, which has led to water use per visitor climbing +1.1% on the previous year

See the EPRA-Environmental performance indicators by climate area in like-for-like (LfL) terms in [Annex 5.3 Environmental results \(sBPR\)](#)

### Analysis by typology

Our assets comprise two different types of real estate assets: **shopping centres and retail parks**.

In the retail parks, we do not manage the consumption of the different units, which have their own electricity, gas and water connections, limiting ourselves only to the common and shared areas. Nor do we manage the tenants' waste, as they usually have their own collection bays.

Conversely, in the traditional shopping centres, we control the consumption within the common and shared areas and, unlike in the retail parks, in some cases we offer a thermal energy supply to tenants for their HVAC equipment, which is subsequently re-invoiced. In terms of waste treatment, waste is managed jointly for the whole building.

See the EPRA-Environmental performance indicators by climate area in like-for-like (LfL) terms in [Annex 5.3 Environmental results \(sBPR\)](#).



**Thanks to the data gathering platform that has been designed especially for our assets**, we have measurement equipment throughout the portfolio, which allows us to monitor and disaggregate water and electricity consumption, offering a very specific overview of the consumption patterns of the two types of indicators we analyse.

Thus, by knowing the different resource uses, we have the data that enables us to analyse, in a more specific and precise way, the actions or measures to be implemented and the associated returns.



## Water

We have observed that **water intensity** per visitor is significantly lower in the retail parks (1.11l/pers) than in the shopping centres (4.44l/pers), in like-for-like terms<sup>(1)</sup>.

Water usage in HVAC systems is much greater in shopping centres than in retail parks, where the common areas floor sqm is much smaller and hardly any water is consumed in HVAC units.

Furthermore, almost half of the water consumed by the shopping centres is dedicated to sanitation and cleaning, with this factor being highly sensitive to increases in footfall, whereas in the retail parks, where visitors remain in the tenants' units, this factor is less decisive and does not exceed 30%.

In 2023, due to exceptional circumstances, consumption owing to the fire protection systems had a significant weighting in water consumption at the retail parks.

At our Toledo asset (Parque Abadía) in the summer of 2023, the hydrants at our facility had to be used exceptionally by the local fire-fighting services to control a fire that broke in the vicinity of the retail park.

Although this had a negative impact on our performance for the year, it highlights the **Company's contribution to providing the communities with facilities and its collaboration with those in its surroundings.**

## Energy

HVAC systems play a decisive role in the **electricity consumption** of the traditional shopping centres, which allocate more than half of their consumption for this purpose. It should be noted that the average for this type of centre is between 60% and 70%, so the result obtained by our assets of approximately 50% demonstrates the effectiveness of the internal operational measures adopted by our teams.

Most of the consumption at the retail parks is due to lighting and the power used in the movement of engines (pumps and lifting equipment (lifts and escalators), so measures to control the lighting and ensure the machinery is efficient is key.

The contribution of **fuels** to the breakdown of energy by use shows its limited relevance to an extensively electrified portfolio. Fossil based energy, which is used almost exclusively for heating, accounts for 6.7% of the portfolio's energy consumption and is on a downward trend, due to the increase in average temperatures and to the process of electrification and decarbonisation of our activity.

Therefore, the analysis reveals, with respect to Lar España's assets, that in 2023 energy consumption intensity (fuels + electricity) per sqm at the retail parks (19.4 kWh/sqm) was approximately two fifths less than at the shopping centres (47.2 kWh/sqm). That proportionality drops even further, to one sixth measured in terms of energy consumption per visitor: 0.09 kWh/visitor at the retail parks, compared to 0.52 kWh/visitor at the shopping centres.

*(1) These data do not include the assets of Rivas and Vistahermosa.*

### 2.3.3.7.3 Corporate office

In 2023, we **continued to lease space for our head office** in an office building that is not part of our portfolio, sharing our office with the employees of our holding company Grupo Lar and other group companies. Consequently, our environmental policies can only be applied to a limited extent to this building.

When analysing the data, it is worth noting that there is no stationary direct combustion equipment dedicated to heating the building and, therefore, **there are no Scope 1 emissions**. Both the energy consumption of our four employees and the Scope 2 emissions that can be attributed to them due to annual electricity consumption account for 0.0084% of the Company's total emissions. Additionally, the water consumption of the four employees is approximately 0.0072% of the organisation's total water consumption.

We report data on energy consumption, emissions, water and waste, but these are excluded from the calculation of the Company's environmental performance, given the irrelevance of the amounts.

It is worth noting that in 2023 a practical exercise was carried out in our offices to weigh and calculate the density of waste produced by type of waste, recording the results in the following categories: organic, paper and cardboard, and plastic. The results were considerably lower than those estimated by the Spanish National Statistics Office, which are based on household waste. Therefore, it must be borne in mind that the significant difference between the 2023 and 2022 figures results from the distortion produced by the change in methodology used to calculate the data.

See EPRA-Environmental performance indicators of the Corporate Office in [Annex 5.3 Environmental results \(sBPR\)](#).



## 2.3.4 Urban biodiversity

Although our portfolio is not located in any area of special environmental or ecological protection included under the protected natural areas of the Spanish Ministry for Ecological Transition and the Demographic Challenge<sup>(1)</sup>, we are aware of the impact our activity has on our immediate surroundings. Therefore, every year we continue to gain an understanding of the fauna and flora located in our surroundings to be able to advance in our integration with them. Promoting urban biodiversity in the population centres in which we operate is one of our drivers of change for the environmental wellbeing of our communities.

**In 2023, 58% of our assets included ecological reports as part of their processes for the BREEAM rating.** These included Lagoh's new ecological report complementary to its "In Use" rating. This study included 35.9% of the total landscaped area of the site, with a variety of native Mediterranean species in 70% of that area, including species such as *Olea europaea*, *Cistus purpureus*, *Myrtus communis*, *Pistacia lentiscus* and *Cupressus sempervirens*.

**We promote the conservation of the urban environment** in which our assets are located and **promote their biodiversity.**

The report also concludes that there is no vegetation included in the Spanish Catalogue of Invasive Alien Species.

Other supplementary actions carried out in the portfolio included:

- In As Termas, the placement of ten bird's nests located in its outdoor car park.
- In El Rosal, the planting of native *Rosmarinus* and *Lavandula* flora as part of the centre's landscaping. This flower bed is located strategically to attract lepidoptera. A continuous check for invasive vegetation is also carried out, and no specimens such as *Ailanthus altissima* have been detected.
- In Portal de la Marina, the lawn in the outdoor garden areas has been replaced with native plants that demand less water, such as *Rosmarinus*, *Nerium* and *Agapanthus*.



(1) For further information: [www.miteco.gob.es/es/cartografia-y-sig/ide/descargas/biodiversidad/enp.html](http://www.miteco.gob.es/es/cartografia-y-sig/ide/descargas/biodiversidad/enp.html)

## Success stories


### Lagoh: biophilic architecture in the city.

The Lagoh shopping centre, located in the city of Seville, is the best example of Lar España's desire to integrate into the urban and interior spaces of the communities where it operates.

That is why, from its design and subsequent development in 2019, all the values that represent our [Sustainability/ESG Policy](#) were incorporated, especially that of respect for the environment and the elements that compose it.

In 2023, Lagoh was supported for another year by the **research institute of the University of Seville (FIUS)**, which, since its creation, has provided academic and scientific advice on the attractiveness of the centre's biophilic environment through analysis of its performance and characteristics.

In addition to its high landscaping potential, Lagoh has a number of vegetation spaces inside the centre in its rest areas and children's play areas to extend contact with nature and as a reminder of the natural elements.



**Biophilic urbanism in 10,904 sqm of vegetation cover, together with 19,443 sqm of outdoor spaces, of which 6,644 sqm comprises its unique lake.**

### Caring for our own aquatic ecosystem

Every week samples are taken from the lake and a series of basic parameters are analysed to determine its quality. The results are used for the annual, comprehensive study, in which the set of parameters analysed is also broadened to ensure that the lake is healthy. In 2023, the centre's lake continued to have optimal biological safety and good health.

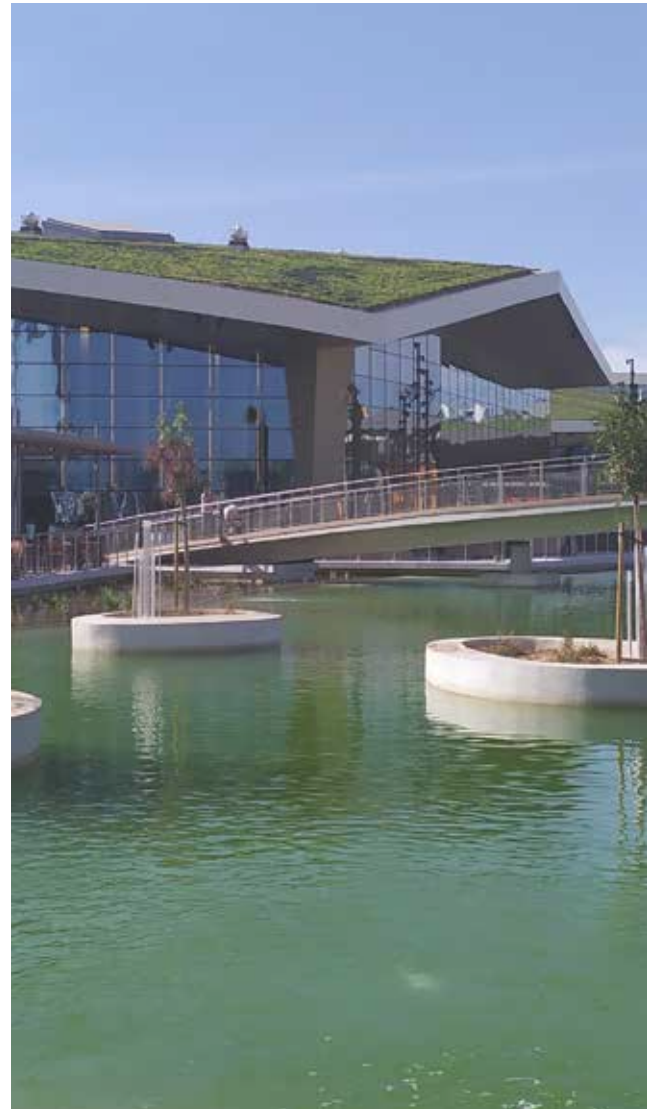
As part of the conservation of the lake, surface cleaning is also carried out on a daily basis, thanks to an electric motorboat that facilitates this work, as well as using trapping nets to contain and clean floating microalgae.

### Leisure experience connected to environmental wellbeing

With good air quality, noise and electromagnetic radiation indicators both inside and outside the centre, Lagoh's environmental quality continues to provide a healthier urban space compared to its neighbouring areas.

- In terms of the microclimate relative to a city as hot as Seville, its vegetation results in a greater reduction of the temperature with respect to options such as the use of pergolas or awnings.
- It creates a space designed for walking and other physical activities outside the premises, as the surrounding woodland poses less risk compared to a prolonged time practicing sport in the sun.

As for its fauna, the centre's nesting boxes for birds and bats promote awareness-raising and environmental education initiatives with informative posters on their ecological value.



Furthermore, the greater contact with green spaces that Lagoh represents for the city of Seville is not only a comforting space, but also a great contribution to the city model that Lagoh aspires to follow as a benchmark city to be more environmentally, socially and economically sustainable.





**Lagoh creates a healthy and relaxing space that is of great value for raising awareness on the environment, as well as being a leisure and consumption offering for users.**

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## The Megapark urban garden: rest area and children's play area

Since 2022, our Megapark retail park has had an urban allotment as part of its new outdoor space called Lyfe Stylers. The garden stands out for its aromatic herbs and seasonal fruit and vegetables.

This space also provides an opportunity for environmental education workshops to learn about and enjoy the urban ecosystem.

An example of this is the event held to commemorate the latest World Soil Day ([See Annex 5.5. List of social initiatives](#)). This initiative has also promoted the relationship with tenants such as Leroy Merlin which provided its own products.



In the Megapark retail park, an **urban allotment** has been set up with the aim of providing a practical space with numerous uses for the community, thus **promoting the natural environment.**

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# Portfolio

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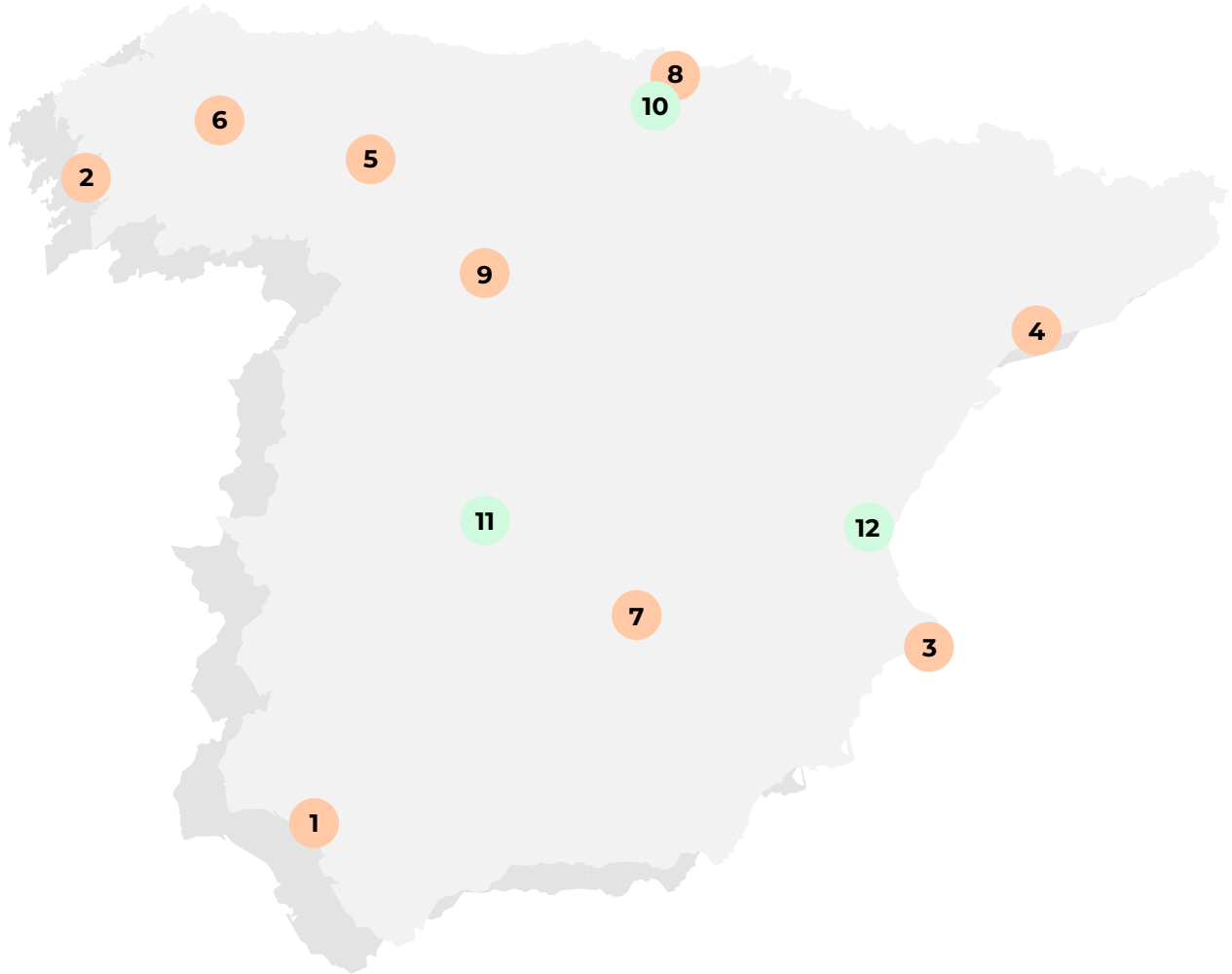
- 3.1**  
Portfolio description  
205
- 3.2**  
Real Estate valuation  
218
- 3.3**  
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228



A smiling woman with long blonde hair, wearing a plaid shirt and sunglasses, is looking up and to the right. She is holding a red shopping bag. The background is a blurred shopping mall with glass railings and bright lights.

**Our leadership position in the *retail* sector is thanks to a portfolio of 12 *prime* properties that includes nine shopping centres and three retail parks valued at Euros 1,313 million with a GLA of close to 500,000 sqm and an occupancy rate as at 31 December 2023 of 97.1%.**

## 3.1 Portfolio description



### Shopping centres

- |                                   |                           |
|-----------------------------------|---------------------------|
| 1. Lagoh (Seville)                | 6. As Termas (Lugo)       |
| 2. Gran Vía de Vigo (Vigo)        | 7. Albacenter (Albacete)  |
| 3. Portal de la Marina (Alicante) | 8. Txingudi (Gipuzkoa)    |
| 4. Ànec Blau (Barcelona)          | 9. Las Huertas (Palencia) |
| 5. El Rosal (León)                |                           |



### Retail parks

- 10. Megapark (Biscay)
- 11. Parque Abadía (Toledo)
- 12. VidaNova Parc (Valencia)

# Lagoh



## 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 contracts	142
WAULT	2.3 years
EPRA Vacancy Rate	1.3%

## Location & profile

- Shopping centre developed and built by Lar España and opened on 26 September 2019. Recorded a 97% occupancy rate in 2023.
- 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.
- A further and significant rise in annual footfall was recorded in 2023, exceeding 9 million visits. Furthermore and for the second year running, the December footfall came in at over one million visits.
- 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.
- On May 16, 2023, the Lagoh commercial and leisure complex was chosen as the *Best new European development of a shopping center over 70,000 square meters* at the 2023 Design and Development Awards, organized by the *European Council of Shopping Places* in collaboration with the Shopping Center Associations of Italy and Germany.

## 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.
- Fashion operators such as Primark, brands of the Inditex group, among others in the leisure, food and catering sectors, such as Basic Fit, Yelmo Cines and Mercadona.
- Lagoh is a benchmark in sustainability as, after the 'Very Good' certification awarded by BREEAM in the New Construction category, in April 2024 it has obtained the BREEAM In-Use certificate with a rating of 'Exceptional'. This certification makes Lagoh the shopping centre in Spain with the best BREEAM In-Use rating in the most recent version (V6) of its manual, obtaining a double exceptional rating, in part 1 (Building) and part 2 (Management).
- 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.

## Gran Vía de Vigo



### Asset characteristics

Property Name	Gran Vía de Vigo
Property Type	Shopping centre
Location	Vigo
Ownership (%)	100%
Year of Construction	2006
Year of last refurbishment	2023
GLA	41,496 sqm
Purchase Date	15 September 2016
Acquisition Price	€141.0 million
Price/sqm	€3,401 per sqm
No. of contracts	108
WAULT	1.8 years
EPRA Vacancy Rate	2.7%

### Location & profile

- The shopping center, located in Vigo, the most prominent city in Pontevedra and the most populous municipality in Galicia, stands out for its excellent location and wide area of influence as it is situated on one of the side streets of Gran Vía Avenue.
- 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 area includes 235,000 people, all within a 10-minute drive, making it a key retail destination in the region.

### Investment rationale

- A shopping centre that dominates its region through its retail brand mix, premium quality, and large size.
- Following a refurbishment in 2022 to consolidate its image, of particular note in 2023 is the revamp of the restaurant area to continue this project.
- Extensive commercial offer with leading operators, including all brands of the Grupo Inditex brands, Scalpers, Bimba y Lola, Tous, Mango, Pepe Jeans, C&A, JD Sports and Carrefour.
- In 2023, we have worked on defining the Universal Accessibility Management System in the center to subsequently proceed with its certification according to the UNE-170001 standard.
- It is worth noting in 2023 the installation of stoma-friendly toilets, being one of the first assets in the portfolio to have this type of facilities.

## Portal de la Marina



### 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	40,302 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 contracts	111
WAULT	2.4 years
EPRA Vacancy Rate	1.4%

### 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, all of which are 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, toll free since 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.
- The centre has a wide range of fashion stores, including Grupo Inditex brands, Tendam group brands, C&A, Guess, Levi's Jack&Jones and Bimba y Lola.
- Furthermore, during 2023, the Botticelli and Parfois operators have undergone renovations. Additionally, throughout the year, the center has welcomed new operators such as Starbucks, Nuñez de Arenas, Ulanka, Calzedonia, Misako, Intimissimi, and Sckechers.
- This offering is supplemented by home, beauty and health, cultural activities, as well as a unique restaurant and leisure offer.
- It maintains the certifications obtained in 2022 in terms of Environmental Management and Health and Safety, according to the requirements of the UNE EN ISO 14001 and ISO 45001 standards respectively, as well as the Universal Accessibility certification according to the UNE-170001 standard.
- In this regard, of particular note in 2023 is the installation of stoma-friendly toilets, one of the first properties in the portfolio to have this type of equipment installed.



## Ànec Blau



### 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 contracts	97
WAULT	3.2 years
EPRA Vacancy Rate	5.3%

### 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 has a dominant position in its catchment area.
- Prestigious tenants such as Zara, Massimo Dutti, Pull & Bear, Mango, Levi's and Mercadona (Spain's leading grocer, which has recently expanded and refurbished the store with its new concept). In addition, the property features a dining area with innovative offerings such as Sushisom and outdoor kiosks. In 2023 the property welcomed new operators Multiópticas, Anubis Coctelería and Joyería Siglo XXI.
- The comprehensive refurbishment project came to a conclusion 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. The refurbishment project also involved the renovation of the central fashion plaza, home to the Zara store spanning over 3,000 sqm. These steps firmly establish Ànec Blau as a benchmark for fashion, leisure and dining.
- 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.
- During 2023, it obtained Universal Accessibility certification according to the UNE-170001 standard.

## El Rosal



### Asset characteristics

Property Name	_____	El Rosal
Property Type	_____	Shopping centre
Location	_____	León
Ownership (%)	_____	100%
Year of Construction	_____	2007
Year of last refurbishment	_____	2019
GLA	_____	50,811 sqm
Purchase Date	_____	7 July 2015
Acquisition Price	_____	€87.5 million
Price/sqm	_____	€1,715 per sqm
No. of contracts	_____	99
WAULT	_____	1.8 years

### 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, Pull&Bear, Bershka, group Cortefiel brands and Mango, among others.
- A global refurbishment was undertaken in 2019 that included the redesign of the lobby areas, food court, terrace and customer service point, providing the centre's visitors with greater comfort.
- The asset has had AENOR UNE-170001 Universal Accessibility certification since 2021. The asset has an Environmental and Health and Safety Management system in place that is line with the requirements of the ISO 14001 and ISO 45001 standards.

## As Termas



### Asset characteristics

Property Name	As Termas
Property Type	Shopping centre
Location	Lugo
Ownership (%) <sup>(1)</sup>	100%
Year of Construction	2005
Year of last refurbishment	2019
GLA	35,149 sqm
Purchase Date	15 April 2015
	28 July 2015
Acquisition Price	€68.8 million
Price/sqm	€1,959 per sqm
No. of contracts	73
WAULT	2.7 years

### Location & profile

- Located on the northern outskirts of Lugo, a provincial capital of 324,000 inhabitants in north-western Spain.
- Centre with a dominant position in the area, boasting a large catchment area of 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 has a dominant position in its catchment area.
- The asset provides an attractive balance between current profitability and upside potential.
- With a physical occupancy rate of close to 99%, tenants include major brands such as Media Markt, C&A, Mango, Sfera, Stradivarius, Leroy Merlin, Yelmo Cines and various Inditex group brands, which renewed their image and expanded their floor space over the course of 2023. Cutting-edge digital tools have been expanded and incorporated into the Zara store, enhancing the shopping experience at both an aesthetic and functional level. The project has also focused on the use of sustainable materials.

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

# Albacenter



## 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 contracts	59
WAULT	2.5 years

## 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 206,000 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 has a dominant position in its catchment area.
- The centre is home to prestigious fashion brands such as Springfield, Bershka, Stradivarius and Pull & Bear, the latter two having recently renovated their image.
- In 2023 we have renovated the toilet facilities, providing the centre with a new family nucleus, a breastfeeding area, and we have taken the opportunity to incorporate stoma-friendly toilets.
- Ikea was fully installed in the shopping centre in 2022 with two units: one of them is a Click&Collect, and the other is Ikea Diseña, the first of its kind in the entire province.
- The property retains its certifications in terms of Environmental and Health and Safety Management following the requirements of the ISO 14001 and ISO 45001 standards, as well as Universal Accessibility certification in accordance with UNE-170001.
- In 2023 it was one of the assets equipped with stoma-friendly toilets.

# Txingudi



## Asset characteristics

Property Name	Txingudi
Property Type	Shopping centre
Location	Irún (Gipuzkoa)
Ownership (%) <sup>(1)</sup>	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 contracts	42
WAULT	2.3 years

## Location & profile

- Shopping centre adjoining the border with France and firmly established in its catchment due to its strategic location.
- With a catchment area that encompasses over 100,000 residents, of which 48% are customers from France, it records a high average spend 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 boasts an attractive mix of local and international offerings, with notable operators such as H&M, Mango, Kiabi, Grupo Tendam (featuring its brands Fifty Factory and Springfield), among others. Additionally, this offering is complemented by other operators in beauty, health, and services. Furthermore, the significance of the dining area is highlighted due to the success in selecting operators for the asset's offerings.
- 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.

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

# Las Huertas



## Asset characteristics

Property Name	Las Huertas
Property Type	Shopping centre
Location	Palencia
Ownership (%) <sup>(1)</sup>	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 contracts	23
WAULT	1.7 years

## 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.
- The centre has an attractive offer of professional operators based on prestigious multinational and regional brands, such as Deichman, Time Road and Sprinter.

(1) Lar España owns 100% of the shopping gallery.

# Megapark



## Asset characteristics

Property Name	Megapark
Property Type	Retail park
Location	Biscay (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 contracts	87
WAULT	3.4 years
EPRA Vacancy Rate	2.3%

## 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, Kiwoko, Futbol Emotion or Milbby, and IKEA y 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, Columbia, Under Armour, Barbour, Fifty, Guess, Levis, Puma, Skechers or 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 revamped Leisure and Dining area rounds out the commercial mix, featuring a wide array of restaurants - offering a variety of culinary options such as Burger King, Foodoo, La Tagliatella, Muerde La Pasta, Llao Llao, Popeyes, or Sushisom - along with 11 Yelmo Cines screens and a unique leisure and sports offering provided by operators like On Gravity, Zero Latency, Fitness Park, and Climbat.

## Parque Abadía



### 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 contracts	58
WAULT	1.7 years

### 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 2,500 parking spaces.
- Strategic acquisition in February 2018 of the park's shopping arcade, with Lar España acquiring full control of the retail park.
- The asset holds the Universal Accessibility Certificate granted by AENOR, according to the UNE-170001 standard.



## VidaNova Parc



### 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 contracts	32
WAULT	2.3 years

### Location & profile

- Located in a prime area of Sagunto (Valencia province), which is undergoing tourism and industrial development.
- As of the end of 2023, more than 98% of the Gross Leasable Area (GLA) was occupied, reflecting a solid performance.
- 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.
- The asset holds the Universal Accessibility Certificate granted by AENOR, according to the UNE-170001 standard.

## 3.2 Real Estate valuation

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.

Asset **valuation for assets** under development or undergoing comprehensive renovation is conducted quarterly, while assets in operation are valued semi-annually to publish estimates of the fair value of the portfolio. These valuations are carried out by **accredited external valuers** by the RICS (Royal

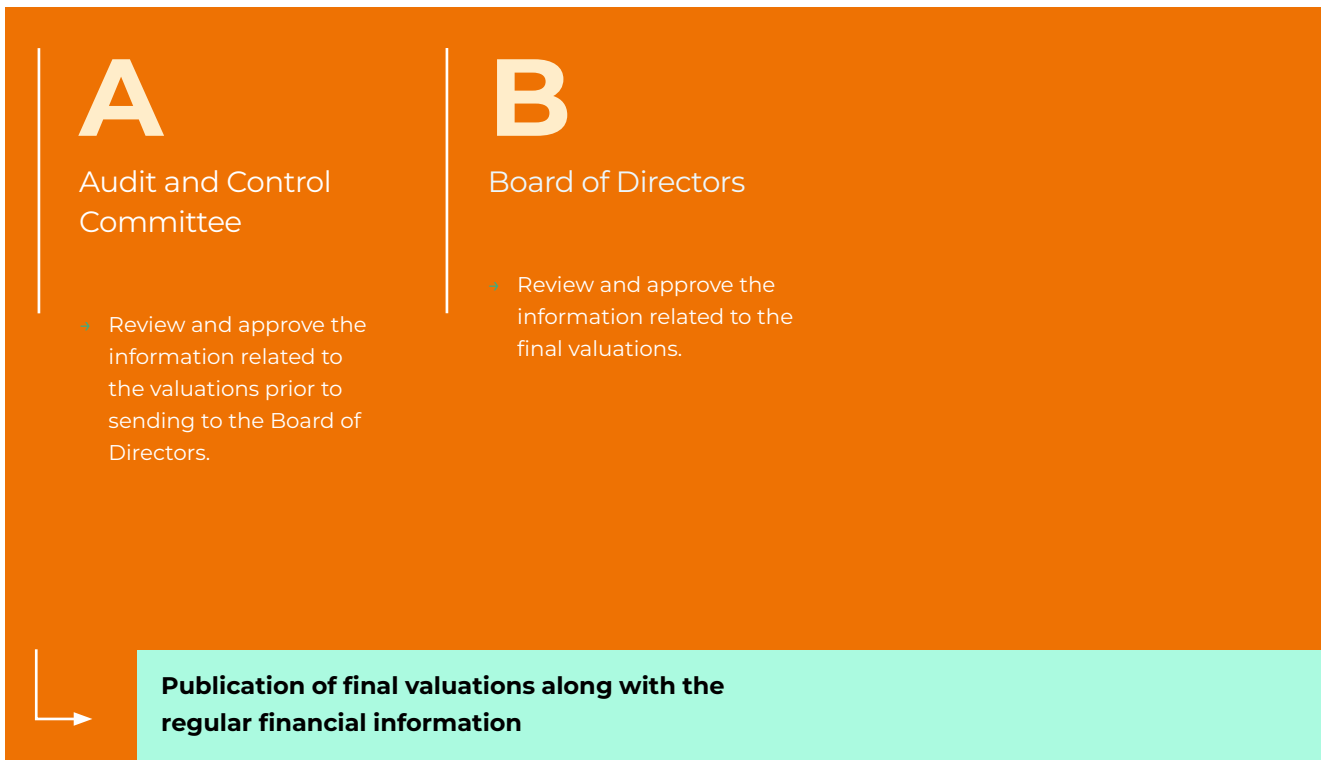
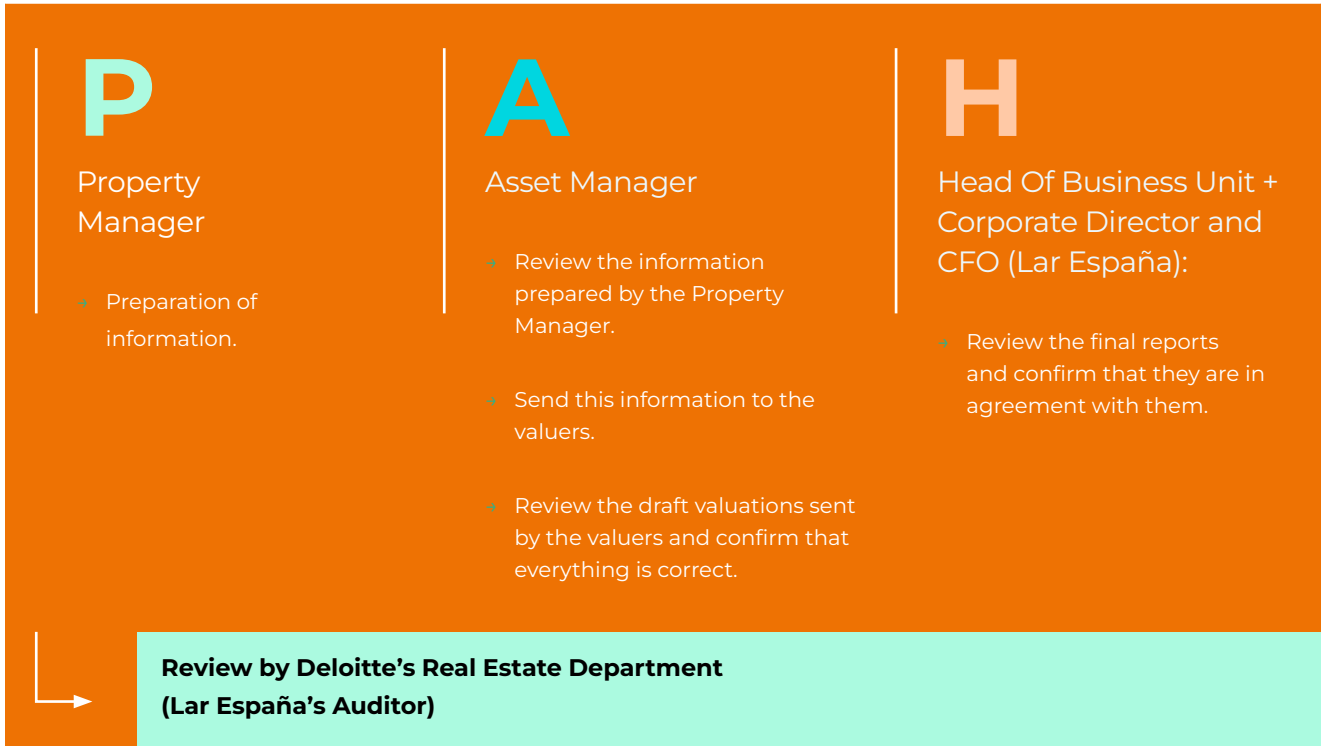
Institution of Chartered Surveyors), following standards and data from similar market transactions. Valuations as of December 31<sup>st</sup> include physical inspection, while those in June may be based on updates, unless there are significant changes in the assets.

Our **Audit and Control Committee** is responsible for appointing and overseeing **external appraisers and/or valuers** of the company's real estate assets. The valuers must be qualified and accredited by the RICS, demonstrate independence and experience in similar companies, and have international prestige. The selection and appointment follow **the EPRA's Best Practices Recommendations** to avoid conflicts of interest, and we work with at least two different valuers to mitigate risks.

The Committee also decides on the rotation of assets among valuers and the minimum level of liability insurance required. In 2022, following a tender process, the Committee decided **to retain the current valuers** (JLL and C&W) for the period 2022-2024, modifying the assets assigned to each of them.



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 2023:



**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**

31<sup>st</sup> December 2023

Dear Sirs,

According to your instructions, we include the **Valuation Certificate** of the freehold interest of various assets located in Spain belonging to the portfolio of properties of **LAR ESPAÑA REAL ESTATE SOCIMI** as at **31<sup>st</sup> December 2023**. This letter should be considered as an annex of the Valuation Report issued by JLL España S.A. for accounting purposes and dated 31<sup>st</sup> December 2023.

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)	50,811



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 31<sup>st</sup> December 2023, 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 31<sup>st</sup> of December 2023 is:

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

**246,180,000 Euros**

(Two Hundred Forty Six Million One Hundred Eighty Thousand Euros)

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**Felix Painchaud, MRICS**  
Senior Director - Head of RICS Valuations  
Value and Risk Advisory

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**Teresa Martínez, MRICS**  
Senior Director – Head of Retail Valuations  
Value and Risk 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 00 10  
Fax +34 (91) 781 80 50  
cushmanwakefield.es

Jon Armentia  
**LAR ESPAÑA REAL ESTATE SOCIMI, S.A.**  
C/ María de Molina 39, 10ª planta  
28006 Madrid

Our Ref: epa3005

18 March 2024

Dear Jon,

As requested, we set out below our opinion of value from our valuation report dated 8 February 2024, undertaken for financial reporting purposes as at 31 December 2023 in accordance with our Engagement Letter and Standard Terms and Conditions dated June 2022.

The opinion of value stated totalling 1,066,775,955 € 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 2023) 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

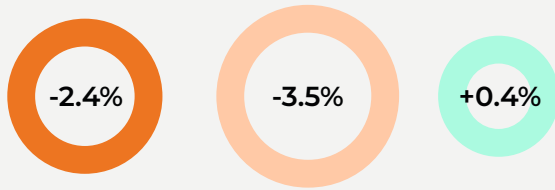
**Tony Loughran MRICS**  
Partner  
+34 661 767 783  
[tony.loughran@eur.cushwake.com](mailto:tony.loughran@eur.cushwake.com)

CUSHMAN & WAKEFIELD RE CONSULTANTS SPAIN S.L- CIF: B-16690075

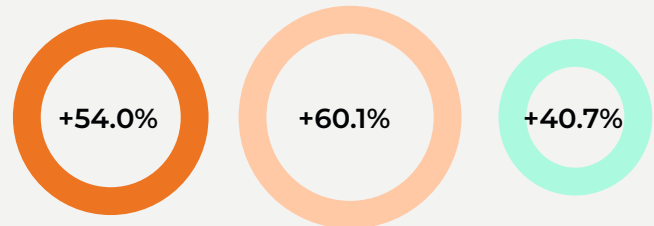
At December 31, 2023,  
the market value of  
our asset portfolio  
amounted to **1.3  
billion euros.**

## Revaluation by asset type (%)

LfL 2023 vs 2022



2023 vs Acquisition



Shopping centres      Retail parks      Total Lar España

Below is the breakdown by asset type, as well as its comparison to the year 2022. The *Like for Like* (LfL) revaluation compared to the end of 2022 is -2.4%. Additionally, the portfolio value has increased by +54.0% compared to the acquisition price.

When analyzing these figures, it's important to consider that in July, the divestment of two shopping parks, Rivas Futura and Vistahermosa, was carried out for a total combined amount of **129.1 million euros**, representing a **24% revaluation** compared to the acquisition price.

**+54%**

Compared to the acquisition price.

Type of asset	Valuator	Acquisition price (Thousands of euros)	Market value 31.12.2022 (Thousands of euros)
Shopping centres	C&W:74% / JLL: 26%	584,274	968,998
Retail parks	C&W:100%	268,400	376,250
<b>TOTAL LAR ESPAÑA</b>	<b>C&amp;W:81% / JLL: 19%</b>	<b>852,674</b>	<b>1,345,248</b>



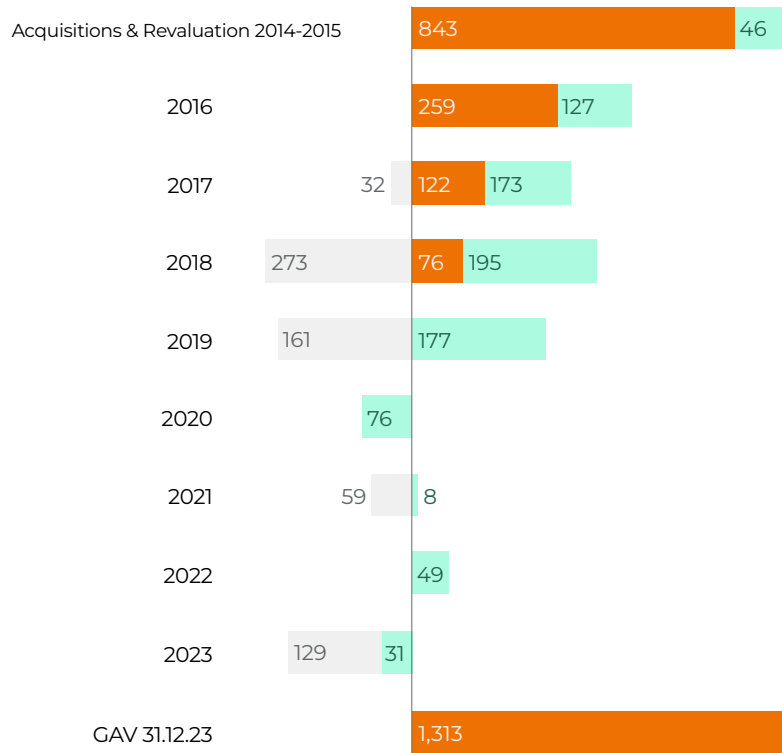
At 31.12.2023 the value of **Lar España's portfolio** has climbed **54.0%** versus the acquisition price.

Type of asset	Market value 31.12.2023 (thousand of euros)	€/sqm 31.12.2023	% Revaluation <i>Like for Like</i> (2023 vs 2022)	Revaluation 2023 vs Acquisition price.	EPRA NIY 31.12.2023
Shopping centres	935,220	3,010	-3.5%	60.1%	6.6%
Retail parks	377,736	2,229	0.4%	40.7%	6.4%
<b>TOTAL LAR ESPAÑA</b>	<b>1,312,956</b>	<b>2,734</b>	<b>-2.4%</b>	<b>54.0%</b>	<b>6.5%</b>

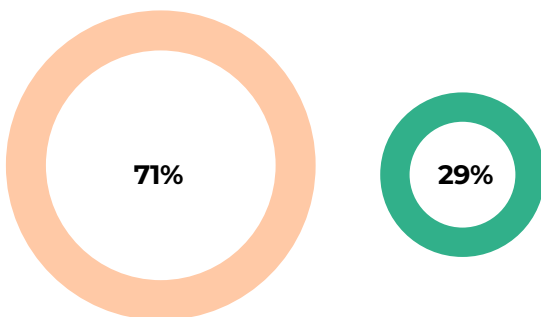


## GAV reconciliation 31.12.2023 (millions of euros)

■ Acquisitions   ■ Revaluation   ■ Divestments



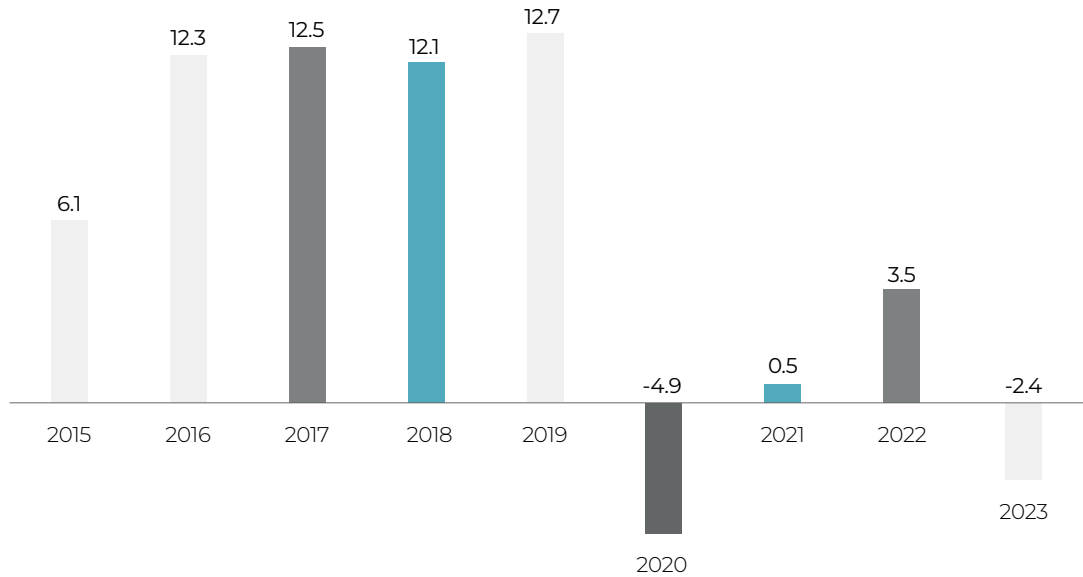
## By asset type (GAV)



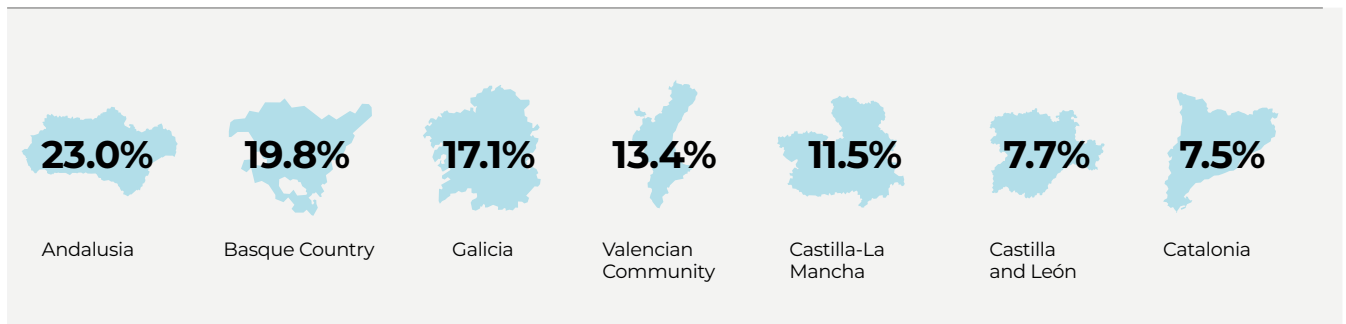
■ Shopping centres   ■ Retail parks



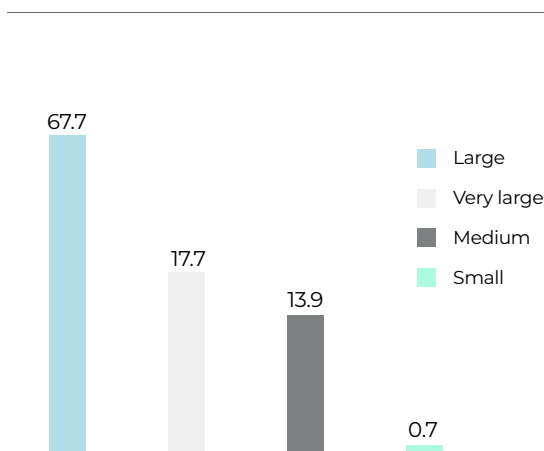
### LfL Lar España's portfolio annual revaluation (%)



### By geography (GAV) (%)



### By size (\*) (GAV)



**+85%**

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)

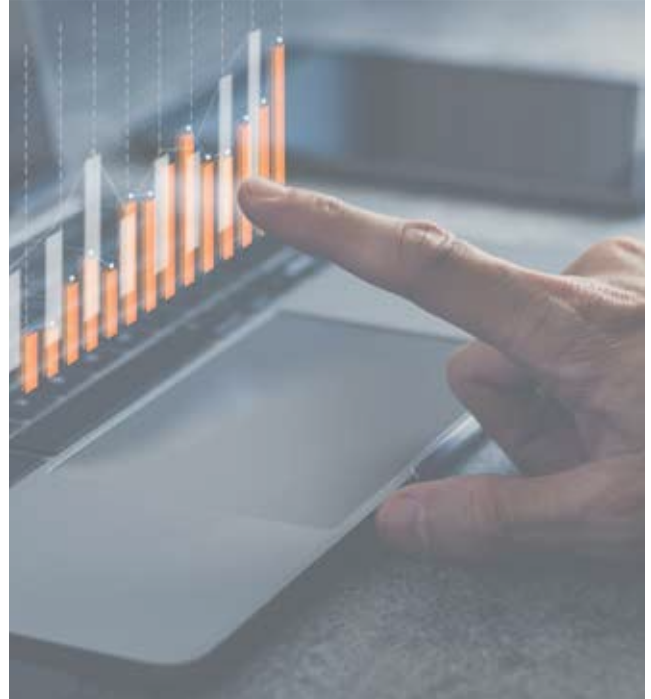
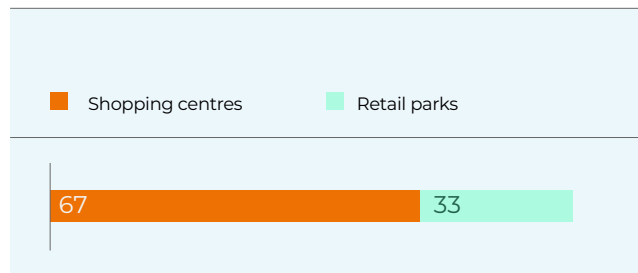
## 3.3. Additional information

### 3.3.1. Revenues

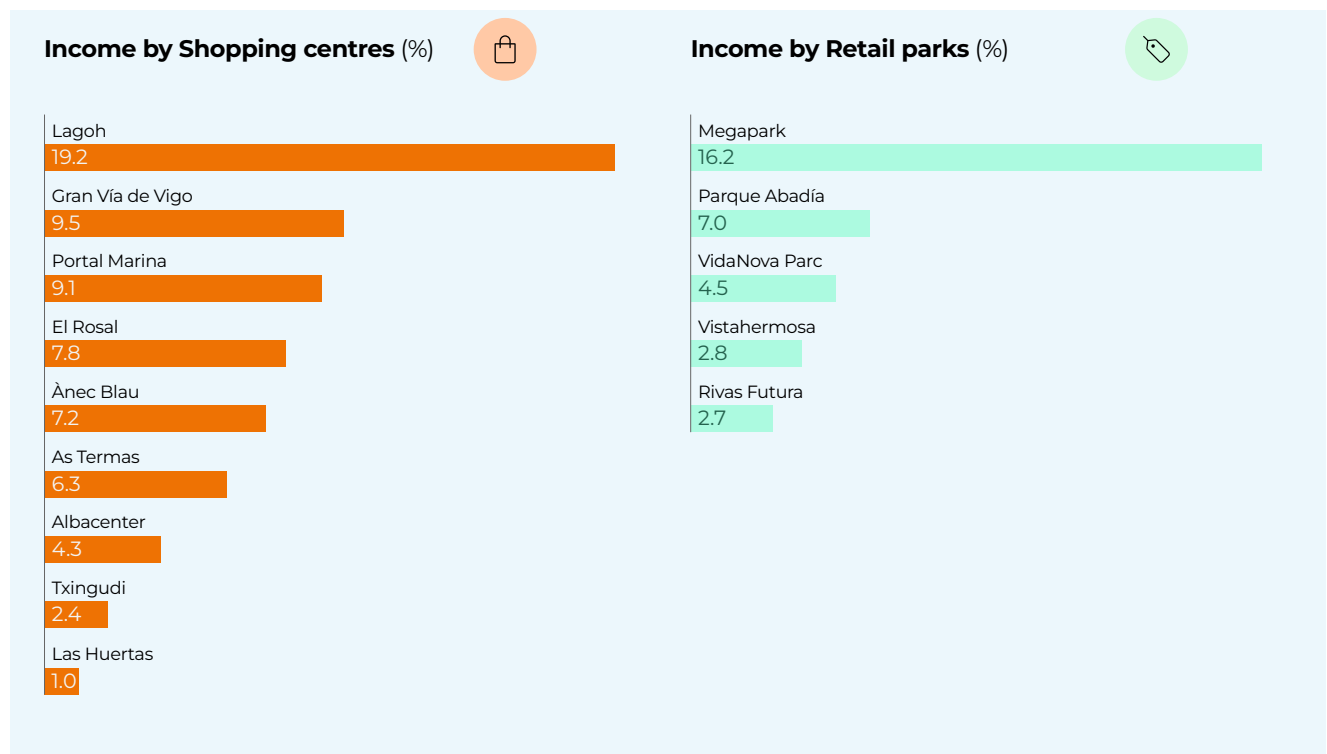
The **ordinary income** during the year 2023 has reached **91,355 thousand euros** (80,228 thousand euros in the year 2022).

The relative weight of ordinary income by asset type as of December 31, 2023, is as follows:

**Rental Income by asset class FY 2023 (%)**

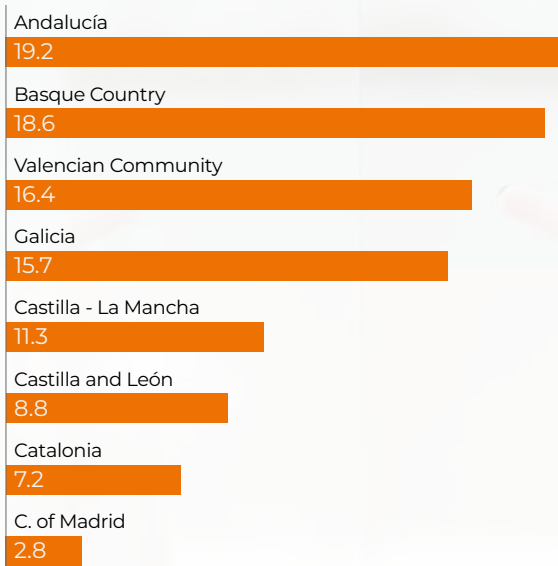


The breakdown of **income per asset type** during 2023 is as follows:



Furthermore, the breakdown by **geographical region of the ordinary income** for 2023 is shown:

**Income by geographic area (%)**



**More than 37% of the income** has been recorded in the Basque Country and Andalusia, with Lagoh being the shopping center with the highest income in 2023.

### 3.3.2. Gross annualised rents

The **gross annualised rents**<sup>(1)</sup> of Lar España is detailed below, as well as the Gross annualised rents per occupied sqm at 2023 and 2022.

When comparing the figures for the two years, it is necessary to take into account the divestment of the Rivas Futura and Vistahermosa retail parks carried out in July 2023.

**17.7 €/sqm/month**  
Average Lar España on 31.12.2023

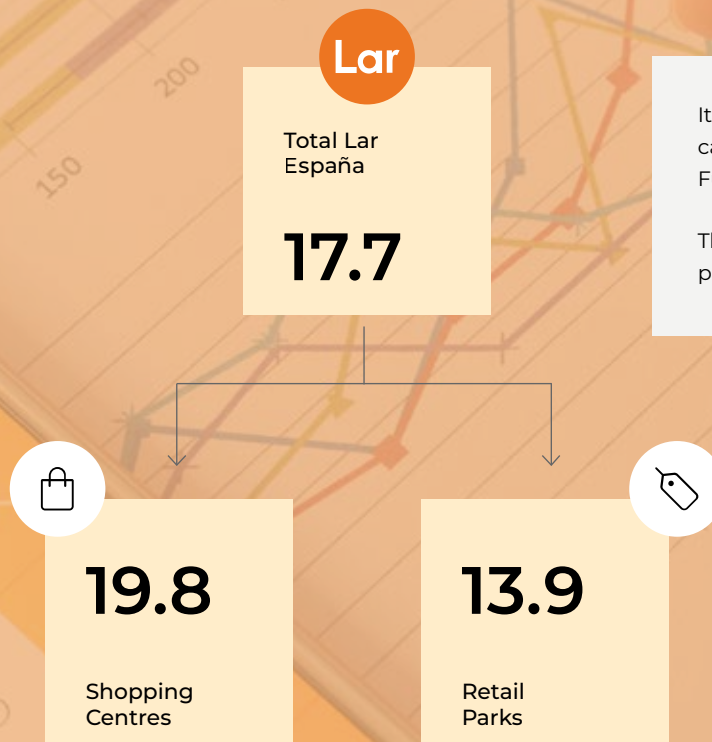
vs

**15.4 €/sqm/month**  
Average Lar España 31.12.2022

Asset Type	Gross Annualised Rents (Thousands of euros)	GLA Occupied (sqm)	31.12.2023			31.12.2022		
			Gross Rent (€/sqm/month)	Gross Annualised Rents (Thousands of euros)	GLA Occupied (sqm)	GLA Occupied (€/sqm/month)		
Shopping centres	71,259	299,859	19.8	63,947	297,949	17.9		
Retail parks	27,773	166,379	13.9	34,535	233,893	12.3		
<b>TOTAL LAR ESPAÑA</b>	<b>99,032</b>	<b>466,238</b>	<b>17.7</b>	<b>98,482</b>	<b>531,842</b>	<b>15.4</b>		

(1) The annualized gross income has been calculated based on the EPRA NIY of each asset.  
Annualized gross income = annual investment property yield + effect of leases with rent-free periods or incentives

#### Annualized gross income per square meter occupied by asset type (€/sqm/month)









It should be noted that during 2023, we have carried out the divestment of the parks Rivas Futura and Vistahermosa.

There have been no acquisitions or development projects during the year.

### 3.3.3. Main tenants

Below are the ten tenants that have generated the most revenue during 2023:



		% Total rental income	% Accumulated
1.	<b>INDITEX</b>	9.83%	9.83%
2.	<b>Carrefour</b> 	4.17%	14.00%
3.	<b>Media Markt</b> 	3.43%	17.43%
4.	<b>LEROMERLIN</b> 	2.83%	20.26%
5.	<b>DECATHLON</b> 	2.53%	22.79%
6.	<b>TENDAM</b> GLOBAL FASHION RETAIL	2.36%	25.15%
7.	<b>MERCADONA</b> SUPERMERCADOS DE COMERCIO	2.16%	27.31%
8.	<b>YELMO CINES</b> 	2.14%	29.45%
9.	<b>C&amp;A</b>	1.90%	31.35%
10.	<b>Es Corte Inglés</b> 	1.87%	33.22%

### 3.3.4. Lease expiration and WAULT

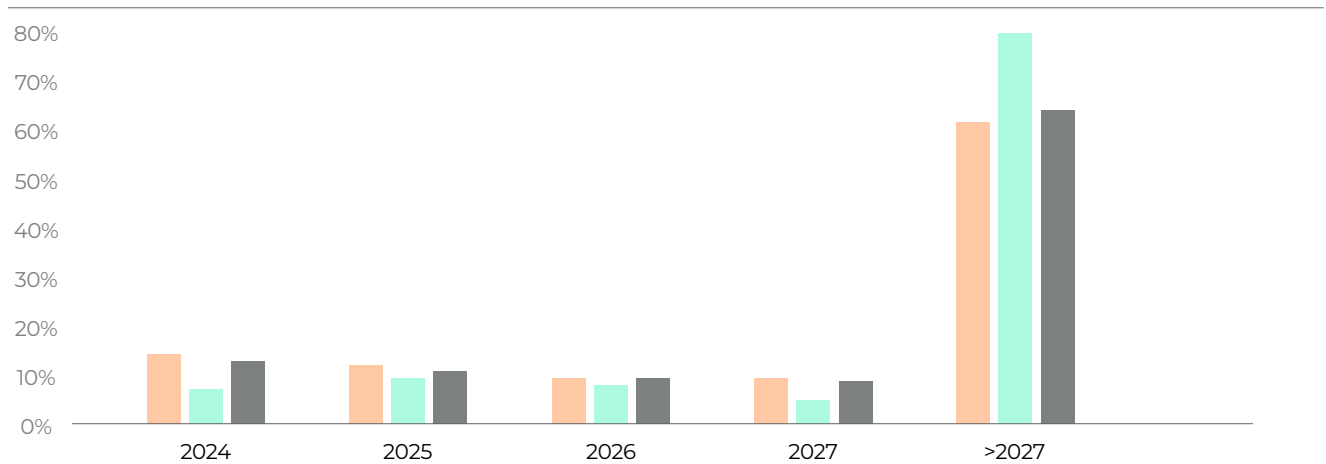
We continue with our proactive management of the portfolio, which allows us to have a **solid and diversified tenant base**.

We have carried out renewals with our main tenants, extending the duration of their contracts, which results in achieving a considerable level of guaranteed minimum rents. Additionally, during the year, we have signed long-term contracts with tenants.

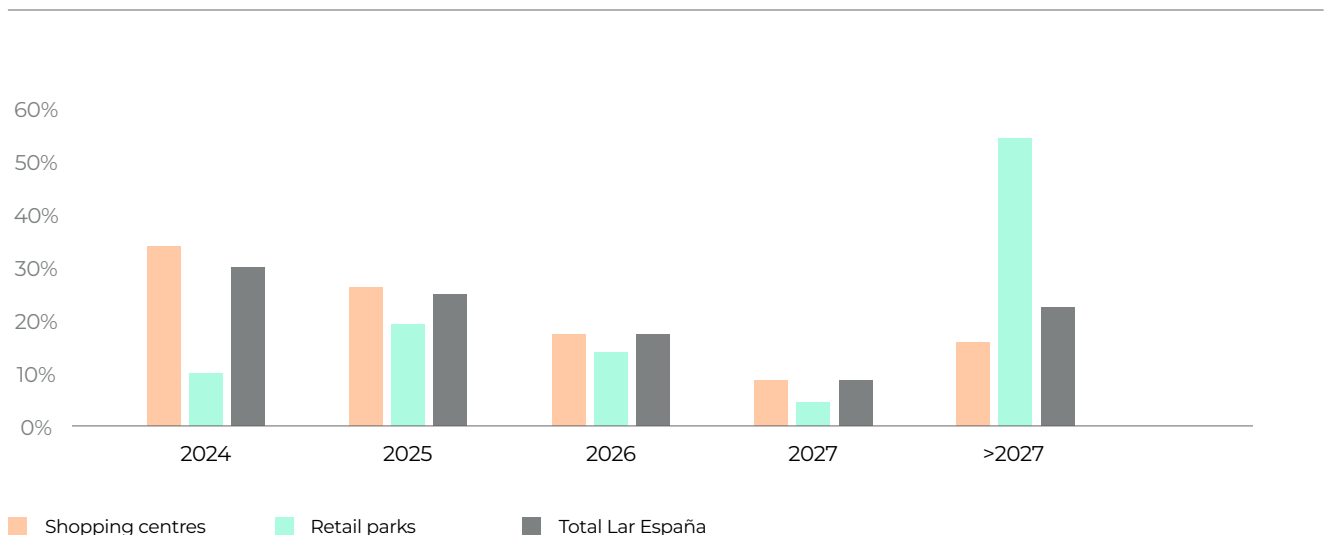
It is worth noting that **more than 60% of the contracts** in force as of December 31, 2023, across our entire portfolio, have expiration dates beyond the year 2027.

**Over 60% of leases have expiry dates beyond 2027.**

**Contract expiration by year (end of contract) (%)**



**Contract expiration by year (break option) (%)**





Thus, the **WAULT** <sup>(\*)</sup> (weighted average unexpired lease term) at 31 December 2023 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

**Lar**

**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 31 "Portfolio Description".*

### 3.3.5. Occupancy (sqm)

The gross leasable area (GLA) of Lar España's income producing assets at 31 December 2023 stood at **480,226 sqm**, whilst the average occupancy rate stood at **97.1%**.



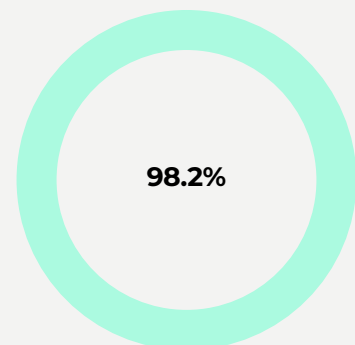
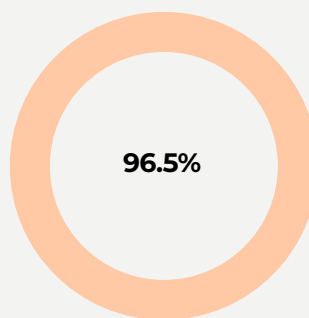
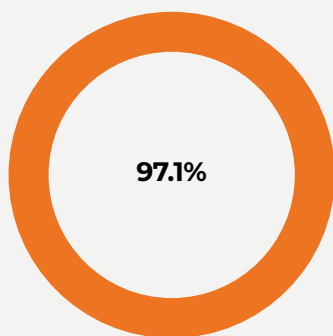
97.1%

Occupancy (sqm)

480,226

sqm Total GLA

The occupancy rate by asset class as at 31 December 2023 is shown below:



■ Total Lar España    ■ Shopping centres    ■ Retail parks

The occupancy level (in sqm) at 31 December 2023 is shown below:

Asset Type	Leasable Gross Area Total GLA (sqm)	Occupied GLA (sqm)	Occupancy (%)
Shopping centres	310,752	299,859	96.5
Retail parks	169,474	166,379	98.2
<b>TOTAL LAR ESPAÑA</b>	<b>480,226</b>	<b>466,238</b>	<b>97.1</b>

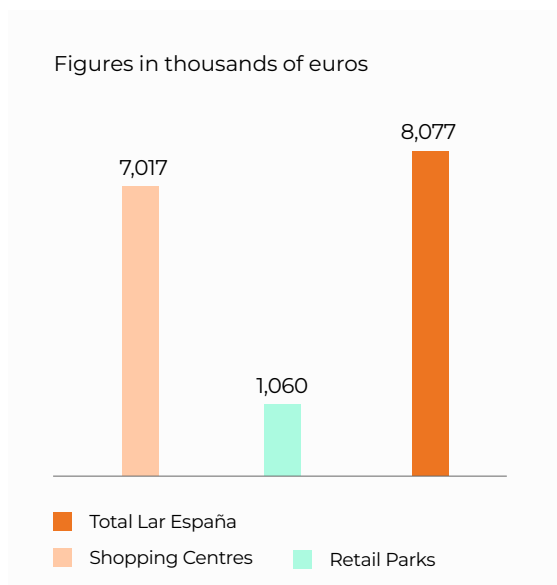
### 3.3.6. CAPEX<sup>(1)</sup>

We have continued with our policy of improving and developing our assets. With the aim of generating value, we have invested **8.1 million euros** during 2023.

During 2023, the investment in CAPEX has been carried out in the assets owned by Lar España, with

no investments made in affiliated companies such as Lagasca99.

Below is the breakdown by asset type and its comparison with the previous year:



Asset Type	2023		2022	
	CAPEX	%	CAPEX	%
Shopping centres	7,017	87	9,941	58
Retail parks	1,060	13	7,056	42
<b>TOTAL LAR ESPAÑA</b>	<b>8,077</b>	<b>100</b>	<b>16,997</b>	<b>100</b>

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

As Termas and Gran Vía de Vigo lead the investment made with a total of **3.6 million euros together**.

In the case of As Termas, the investment is mainly linked to an **agreement with the Inditex Group** for the renovation, expansion, and incorporation of the most advanced digital tools in the Zara store, improving the shopping experience aesthetically and functionally. The project also focuses on the use of sustainable materials.

In Gran Vía de Vigo, the amount corresponds mainly to the **image revamp** being carried out on the second floor with the aim of completing the asset's renovation and offering the best visiting experience. Additionally, the center's commitment to significant operators such as Scalpers, JD Sport, or Fitness Park will expand the commercial offer, with the aim of continuing to be Vigo's reference shopping center.

During the year 2023, there were no acquisitions or developments in Lar España's portfolio.

(Thousands of euros)		2023			2022		
	Group (excluding Joint Ventures)	Joint Ventures (proportionate share)	TOTAL	Group (excluding Joint Ventures)	Joint Ventures (proportionate share)	TOTAL	
Acquisitions	-	-	-	-	-	-	
Developments	-	-	-	-	-	-	
Investment properties	8,077	-	8,077	16,997	-	16,997	
→ Incremental lettable space <sup>(1)</sup>	-	-	-	-	-	-	
→ No Incremental lettable space	3,245	-	3,245	8,677	-	8,677	
→ Tenant incentives	4,510	-	4,510	7,642	-	7,642	
→ Other material non-allocated types of expenditure <sup>(2)</sup>	322	-	322	678	-	678	
Capitalised interest (if applicable)	-	-	-	-	-	-	
<b>TOTAL CAPEX</b>	<b>8,077</b>	<b>-</b>	<b>8,077</b>	<b>16,997</b>	<b>-</b>	<b>16,997</b>	
Conversion from accrual to cash basis	(223)	-	(223)	(222)	-	(222)	
<b>TOTAL CAPEX on cash basis</b>	<b>7,854</b>	<b>-</b>	<b>7,854</b>	<b>16,775</b>	<b>-</b>	<b>16,775</b>	

(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 there were no CAPEX investments that resulted in increases in Gross Leasable Area (GLA), significant actions were undertaken in the assets that have improved their positioning, as evidenced by the investments made in **As Termas and Gran Vía de Vigo**.

## Gran Vía de Vigo



## As Termas

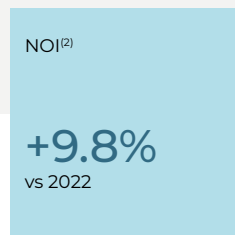


### 3.3.7. Main milestones

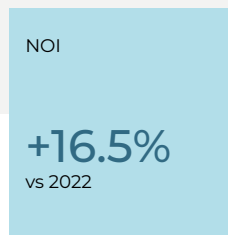
Lar España continued to implement its strategy to actively manage its portfolio. The performance of the key indicators during 2023 is detailed below:



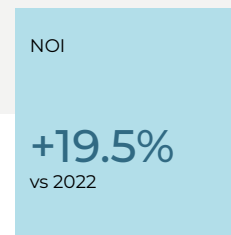
#### Key indicators evolution



#### Key indicators evolution (P&L)



#### Key indicators evolution (P&L) LfL<sup>(3)</sup>



(1) Percentage collected corresponding to rents and recharged expenses to tenants in 2023. Additionally, in 2023, 3.9 million euros related to billing from previous years were collected.

(2) Comparable figures including the Rivas Futura and Vistahermosa shopping parks up to the divestment carried out in July 2023.

(3) Like for Like (excluding the Rivas Futura and Vistahermosa shopping parks).

## Like for Like rental growth

Further details of the Like for Like growth in revenue figures are presented below, as reported in the Consolidated Statement of Comprehensive Income (see page 261), in order to provide more detail on the Company's organic growth.

	<b>Fair Value 31.12.2023</b> (€Mn)	<b>Rental income 2023 <sup>(1)</sup></b> (Thousands of euros)	<b>Rental income 2022 <sup>(1)</sup></b> (Thousands of euros)	<b>Change</b> (Thousands of euros)	<b>Change</b> (%)
Retail	1,313	89,601	77,022	12,579	16.3
<b>Total Like-for-Like assets</b>	<b>1,313</b>	<b>89,601</b>	<b>77,022</b>	<b>12,579</b>	<b>16.3</b>
Acquired assets	-	-	-	-	-
Divestments <sup>(2)</sup>	-	5,311	6,569	(1,258)	(19.2)
Development assets	-	-	-	-	-
<b>Total portfolio assets</b>	<b>1,313</b>	<b>94,911</b>	<b>83,591</b>	<b>11,320</b>	<b>13.5</b>

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

(1) Includes ordinary income and other income.

(2) In July 2023, the divestment of Rivas Futura and Vistahermosa was carried out.

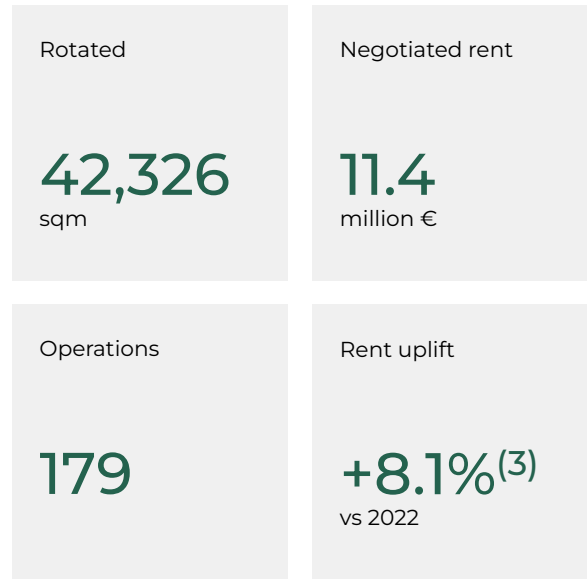
In this growth of incomes, the increase in the CPI that was applied stood at **7.4%**.



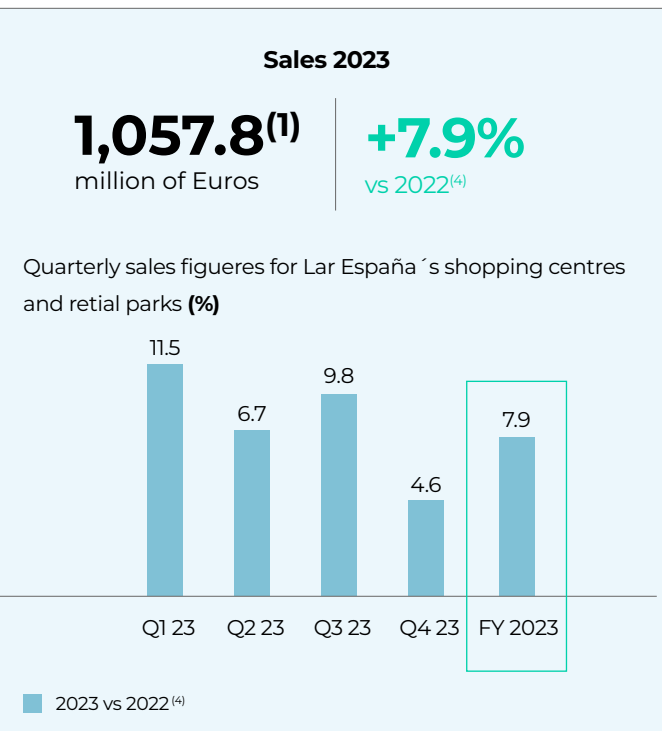
## Major operative milestones

During 2023, the total sales declared reach **1,057.8<sup>(1)</sup> million Euros** in the company's shopping centres and retail parks, supported by the increase in the number of visits (footfall of **76.2 million visits**)<sup>(2)</sup>.

Lar España continued to actively manage its retail portfolio. It closed **179 operations** including renewals, relocations, relettings and new lettings, resulting in an annualised tenant rotation rate of **8%** for the portfolio.



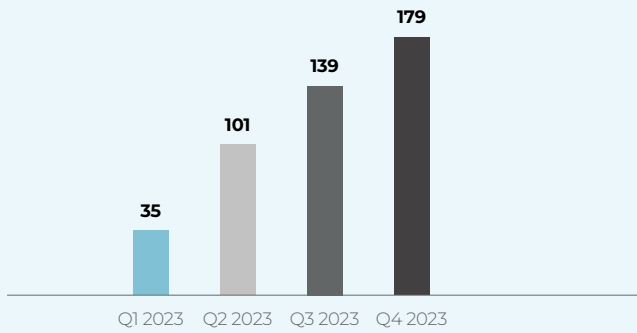
	Renewals	Relocations & Relettings	New Lettings	TOTAL
Number of operations	110	50	19	179
<b>sqm</b>	<b>24,496</b>	<b>14,550</b>	<b>3,280</b>	<b>42,326</b>



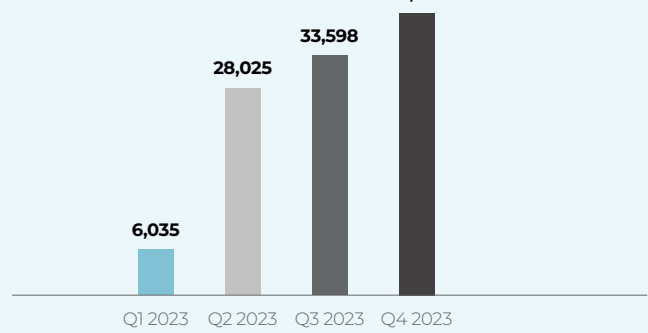
(1) Declared sales.  
 (2) These data include the Rivas Futura and Vistahermosa retail parks.  
 (3) Additional to the effect of the CPI/indexation.  
 (4) Like for Like excluding the Rivas Futura and Vistahermosa shopping parks.



YTD (number of operations)



YTD rotated GLA (sqm)



## Main operations

Some of the **main operations** during the year:


**Main Operations**

---

**Renewals**



---

C&A (1,562 sqm)

---

Casa (467 sqm)

---


Springfield (376 sqm)

---

More than  
**€2,000,000**  
annual  
negotiated  
rent

**30**  
operations

**5,552 sqm**


**Main Operations**

---

**Relocations/ Relettings**



---

JD Sports (756 sqm)

---

Scalpers (382 sqm)

---


Popeyes (484 sqm)

---

More than  
**€1,700,000**  
annual  
negotiated  
rent


**19**  
operations

**3,536 sqm**


**Main Operations**

---

**Renewals**



---


H&M (1,256 sqm)

---

Décimas (747 sqm)

---

**Relocations/ Relettings**



---


Scalpers (256 sqm)

---

More than  
**€1,700,000**  
annual  
negotiated  
rent


**29**  
operations

**4,513 sqm**


**Main Operations**

---

**Renewals**



---


Primark (4,213 sqm) at Albacenter

---

Cortefiel (623 sqm) at El Rosal

---

**Relocations/ Relettings**



---

MGI (1,946 sqm) at El Rosal

---

New Yorker (1,342 sqm) at Albacenter

---

More than  
**€6,000,000**  
annual  
negotiated  
rent

**101**  
operations

**28,725 sqm**

In addition, during 2023, a number of leading chains **opened stores** at some properties, such as:



**BOMBON BOSS**  
SC LAGOH

*Opening 14.07.2023*



**SCALPERS**  
SC LAGOH

*Opening 08.09.2023*



**EL PATIO DE SAN ELOY**  
SC LAGOH

*Opening 19.09.2023*



**SILBON**  
SC LAGOH

*Opening 23.10.2023*



**TRAMAS+**  
SC GRAN VÍA

*Opening 02.11.2023*



**MR. WONDERFUL**  
SC GRAN VÍA

*Opening 04.09.2023*



**COLUMBIA**  
RP MEGAPARK

*Opening 20.07.2023*



**DELSEY**  
RP MEGAPARK

*Opening 27.06.2023*



**UNDER ARMOUR**  
RP MEGAPARK

*Opening 24.09.2023*



**DRUNI**  
RP MEGAPARK

*Opening 28.09.2023*



**REYNA ISTANBUL**  
RP MEGAPARK

Opening 15.11.2023



**LA CASA DE LAS CARCASAS**  
RP MEGAPARK

Opening 03.10.2023



**MR. WONDERFUL**  
RP MEGAPARK

Opening 21.11.2023



**LA MAFIA SE SIENTA A LA MESA**  
SC TXINGUDI

Opening 25.10.2023



**MULTIOPTICAS**  
SC ÀNECBLAU

Opening 15.06.2023



**ANUBIS COCTELERÍA**  
SC ÀNECBLAU

Opening 01.09.2023



**JOYERIA SIGLO XXI**  
SC ÀNECBLAU

Opening 24.11.2023



**CALZEDONIA**  
SC PORTAL DE LA MARINA

Opening 26.06.2023



**CHOCOSINA**  
SC PORTAL DE LA MARINA

Opening 22.07.2023



**ULANKA**  
SC PORTAL DE LA MARINA

Opening 28.07.2023



**MOVIL STORE**  
SC PORTAL DE LA MARINA

Opening 22.06.2023



**MISAKO**  
SC PORTAL DE LA MARINA

Opening 04.09.2023



**INTIMISSIMI**  
SC PORTAL DE LA MARINA

Opening 18.09.2023



**SKECHERS**  
SC PORTAL DE LA MARINA

Opening 24.10.2023



**BOLUDITAS**  
RP ABADIA

Opening 09.09.2023



**JUGUETTOS**  
SC EL ROSAL

Opening 12.09.2023



**JYSK**  
SC EL ROSAL

Opening 28.09.2023



**ULANKA**  
SC GRAN VÍA

Opening 25.09.2023



**CELOPMAN**  
SC LAGOH

Opening 03.11.2023



**GAGAWA**  
SC LAGOH

Opening 10.11.2023



**JD**  
SC LAGOH

Opening 24.11.2023

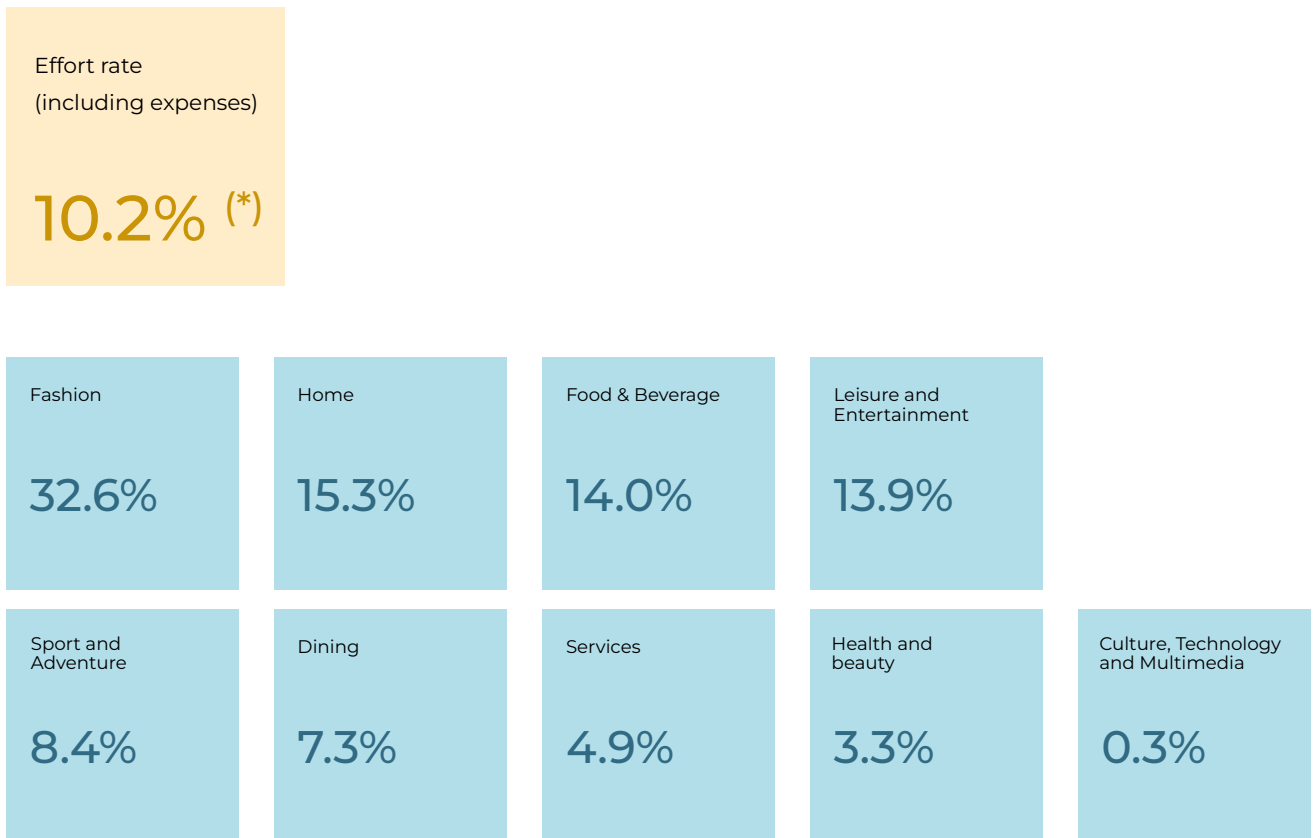


**GOIKO GRILL**  
SC LAGOH

Opening 22.11.2023

## Retail tenant Mix

Below, we present the **tenant mix** of our retail portfolio as of December 31, 2023, according to leased area. The food and health sectors account **for over 17%** of the commercial offering across our retail spaces.



(1) Like for Like excluding Rivas Futura and Vistahermosa retail parks.



**El Rosal**



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# Financial and EPRA information

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**4.1**  
ICFR  
249

**4.2**  
Financial  
information  
257

**4.3**  
EPRA  
information  
272



A man with a beard, wearing a blue suit jacket over a white button-down shirt, is looking intently at a laptop screen. He is in an office environment with blurred monitors in the background. Another person's hand and part of a light blue shirt are visible on the right side of the frame, suggesting a collaborative work environment.

**During the year 2023, the Company has achieved operating revenues of 95 million euros, representing an increase of 14% compared to those recorded in 2022.**

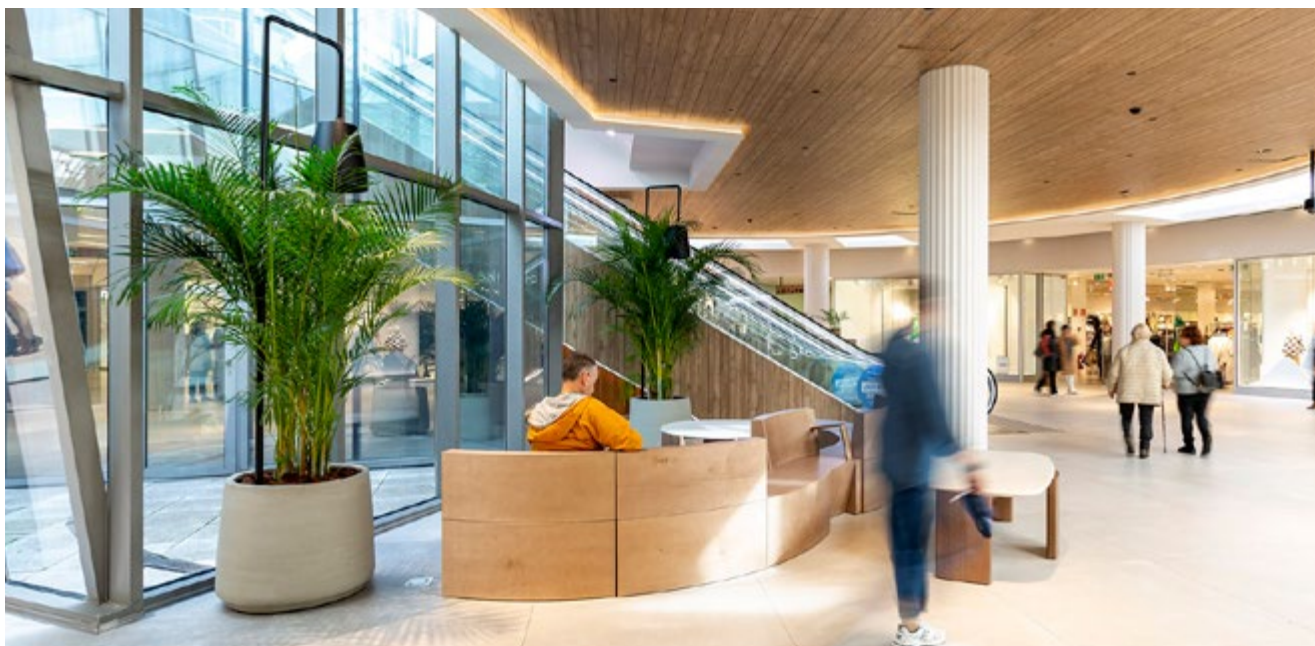


## 4.1 Internal Control over Financial Reporting (ICFR) system

The **Internal Control over Financial Reporting (ICFR)** system is designed to provide reasonable assurance regarding the reliability of the financial information disclosed to markets.

Below, we present, in summary, the organs involved in the ICFR system, their responsibilities, and competencies regarding it:

BODY / POSITION	Board of Directors	Audit and Control Committee
<b>RESPONSIBILITIES</b>	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.
<b>COMPETENCES</b>	<ul style="list-style-type: none"> <li>→ Approving the financial information the Company must report periodically as a listed Company.</li> <li>→ Approving the risk management and control policy, as well as periodically supervising internal information and control systems.</li> </ul>	<ul style="list-style-type: none"> <li>→ Supervising the effectiveness of the Company's and group's internal controls and risk management systems.</li> <li>→ Analysing, in conjunction with the auditors, any material internal control system weaknesses uncovered during the audit engagement.</li> <li>→ Supervising and evaluating the process of preparing and the integrity of financial and non-financial information, reviewing compliance with regulatory requirements, the scope of consolidation, and the correct application of accounting policies.</li> </ul>



### Corporate Director and CFO

The Corporate Director and 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 and 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 and 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 and 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 and 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 and 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 <sup>(1)</sup>.

*(1) The option of obtaining an SSAE is currently being followed via confirmation from the third-party accounting services provider.*



## Training

The Corporate Director and 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 and 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 and CFO boasts **extensive knowledge in accounting and financial reporting** from his years working in auditing and financial management. During the year, the Corporate Director and 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, antimoney-laundering, cybersecurity 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 and 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 2023.***

Lar España assesses and updates the risks associated with its accounts on a regular basis. Once the level of risk associated with each account is determined, the most significant accounts are mapped with the Company's processes in which the corresponding financial reporting is generated and controlled.

The purpose of this mapping is to identify the Group's most important processes and business units for its financial reporting.

Lar España **has documented the most significant processes** through narratives, flowcharts and a risk and control matrix.

This documentation identifies and analyses, inter alia, transaction flows, possible risks of misstatement or fraud in the financial reporting, the **key controls** established at the Company, which mitigate the risks associated with the process adequately and with the necessary pre-emption.

In 2023, Lar España continued to develop and fine-tune its **third-party Cybersecurity Risk Management Model** in accordance with related standards and best practices.

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## 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).

Lar España has identified all organizations that provide services with an impact on the preparation of financial information.

These services are included in the analysis conducted for the documentation and evaluation of ICFR, highlighting primarily investment and asset management, the accounting outsourcing process, and the semi-annual asset valuation by accredited entities.

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 2023, Lar España continued to develop and fine-tune its **third-party Cybersecurity Risk Management Model** in accordance with related standards and best practices.

Similarly, we voluntarily verify on an annual basis the information related to the control of non-financial and sustainability reporting, through an external auditor. In October 2023, and in accordance with the internal audit plan for this year, the Internal Audit Department reviewed and provided assurance on the non-financial information (ESG) published to third parties, verifying the KPIs.

In addition to the ICFR oversight process (which is entrusted to the Audit and Control Committee with support from 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 2023, **we reviewed and updated the ICFR system** again. Specifically, the ICFR Manual itself, the ICFR scope determination matrix, the general controls by entity matrix -with reinforcement of the entity's general controls - and the processes related to the accounting close and consolidating the financial statements, updating the treasury procedure, as well as the risk files and testing the controls for high criticality risks, have all been updated.



## Information and communication

**Lar España has an Accounting Policy Manual** in effect and duly approved, which was revised and updated in 2023. 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.

This process is constantly supervised by the **Corporate and Financial Management** of the Company and periodically reported to the **Audit and Control Committee**, ensuring that the contracted entity certifies that the internal accounting controls are current and functioning correctly.

Additionally, the entity has an information security management system certified according to **ISO 27001**. There is also continuous monitoring and supervision of both the outsourcing contract and the financial information reported by the third party to prevent 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.

Lastly, the **Board of Directors** approves the financial and non-financial information the Company is required to disclose publicly as a listed Company.



## Supervision of the functioning of the system

Throughout the 2023 fiscal year, the documentation for some significant processes has been **reviewed and updated**, including those for financial statement closing and consolidation, as well as treasury processes, where changes have been made to narrative documents and flowcharts.

Additionally, **verification work has been carried out on the functioning of controls**, including asset valuation processes, management and recording of Manager fees, in relation to compliance with the SOCIMI framework treasury processes for accounts payable and receivable, investment tracking, and rental income cycle, without encountering significant issues. The Management and the Audit and Control Committee have received the relevant information regarding the development of these activities.

Moreover, the Corporate Director and CFO, together with the Audit and Control Committee, **reviewed the quarterly 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.

At the end of 2023, we updated the Audit Firm Selection Policy and proceeded to call for a public tender for the selection of an auditor for the audit of the annual accounts corresponding to the fiscal years 2024-2026.

Lastly, the Corporate Director and 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.

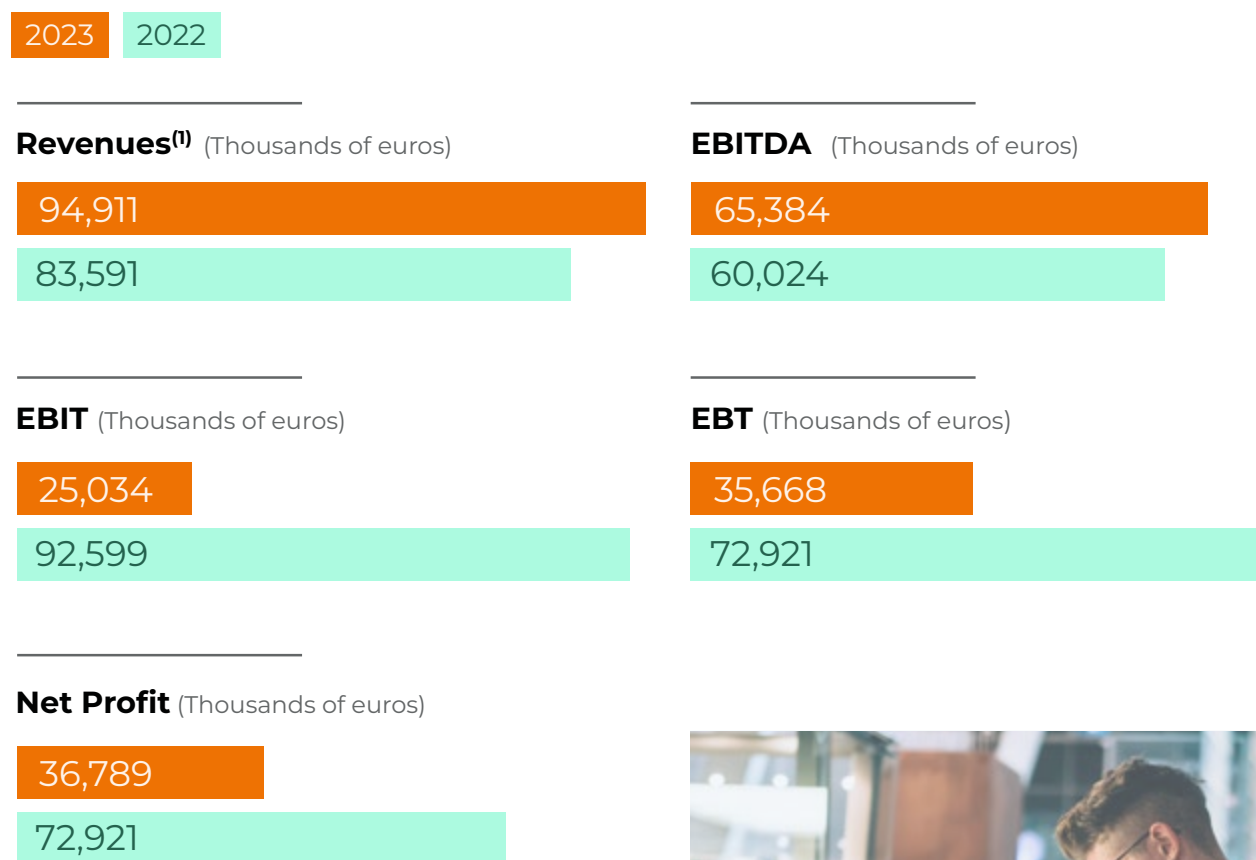




## 4.2 Financial information

### I. Key Indicators

During 2023 Lar España generated **revenues of 94,911 thousand Euros** and a **Net Profit of 36,789 thousand Euros**, being the most relevant figures the following:



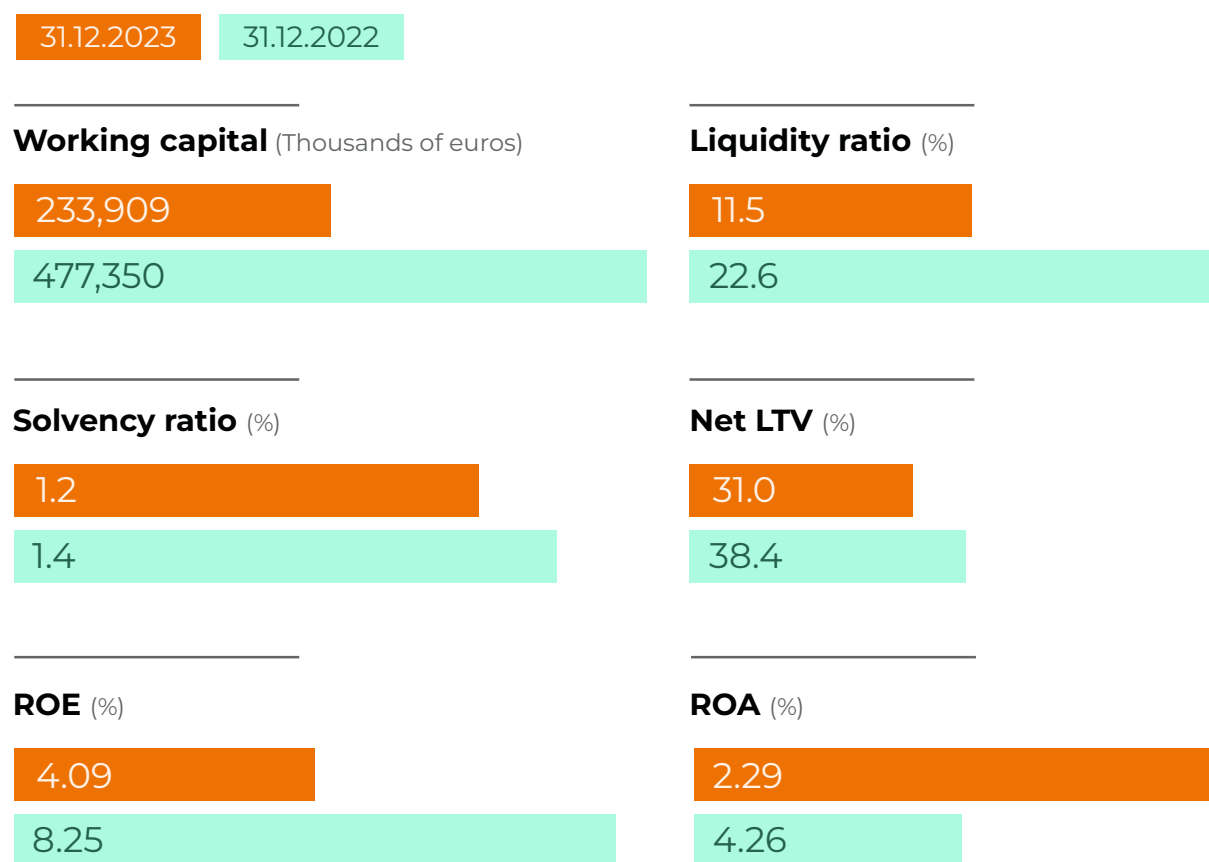
For more clarity as regards these figures, see the 'Consolidated Income of Financial Position'.

*(1) Includes Revenues and Other income*



## Other Financial Indicators

The Group presents the following financial indicators



At 31 December 2023 and 31 December 2022, the Group's liquidity-related ratios (working capital and liquidity ratio) are considerably high, indicating that it has sufficient liquidity and a substantial security margin to meet its payment obligations.

At 31 December 2023, the **ROE (Return on Equity)**, which measures the return obtained by the Group on its equity, reached **4.09%** (8.25% at 31 December 2022), and the **ROA (Return on Assets)**, which measures the efficiency of the total assets irrespective of the sources of financing employed, i.e., the capacity of the assets to generate income, reached **2.29%** (4.26% at 31 December 2022).

## II. Consolidated Financial Statements 31.12.2023 (IFRS)

### LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Statement of Financial Position at 31 December 2023<sup>(1)</sup>

#### Assets

(Thousands of euros)

	31.12.2023	31.12.2022
Intangible assets	1	1
Investment properties	1,312,956	1,199,898
Equity-accounted investees	1,458	1,450
Non-current financial assets	13,949	11,868
Trade and other receivables non-current	3,541	5,615
<b>NON-CURRENT ASSETS</b>	<b>1,331,905</b>	<b>1,218,832</b>
Non-current assets held for sale	-	287,964
Trade and other receivables	9,931	11,744
Other current financial assets	3	3
Other current assets	2,080	2,594
Cash and cash equivalents	244,218	197,141
<b>CURRENT ASSETS</b>	<b>256,232</b>	<b>499,446</b>
<b>TOTAL ASSETS</b>	<b>1,588,137</b>	<b>1,718,278</b>

*(1) These financial statements are an integral part of the 2023 Consolidated Annual Accounts. On February 28 2024 Deloitte issued its unqualified audit report*



## LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Statement of Financial Position at 31 December 2023<sup>(1)</sup>

### Equity and Liabilities

(Thousands of euros)

	31.12.2023	31.12.2022
Capital	167,386	167,386
Share premium	415,303	452,924
Other reserves	266,441	205,773
Retained earnings	36,789	72,921
Treasury shares	(371)	(250)
<b>EQUITY</b>	<b>885,548</b>	<b>898,754</b>
Financial liabilities from issue of bonds and other marketable securities	577,542	694,434
Loans and borrowings	69,950	69,936
Deferred tax liabilities	12,990	15,578
Other non-current liabilities	19,784	17,480
<b>NON-CURRENT LIABILITIES</b>	<b>680,266</b>	<b>797,428</b>
Liabilities related to non-current assets held for sale	-	5,738
Financial liabilities from issue of bonds and other marketable securities	3,113	3,985
Loans and borrowings	185	185
Other financial liabilities	107	12
Trade and other payables	18,918	12,176
<b>CURRENT LIABILITIES</b>	<b>22,323</b>	<b>22,096</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,588,137</b>	<b>1,718,278</b>

*(1) These financial statements are an integral part of the 2023 Consolidated Annual Accounts. On February 28 2024 Deloitte issued its unqualified audit report.*

## Revenues

**91,335**  
Thousands of euros

**+14%** vs 2022

## Profit for the period

**36,789**  
Thousands of euros

## LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Income of Financial Position at 31 December 2023<sup>(1)</sup>

### TOTAL

(Thousands of euros)

	2023	2022
Revenues	91,355	80,228
Other income	3,556	3,363
Personnel expenses	(802)	(928)
Other expenses	(28,320)	(22,639)
Changes in the fair value of investment properties	(40,350)	32,575
Results of disposals of investments properties	(405)	-
<b>RESULTS FROM OPERATIONS</b>	<b>25,034</b>	<b>92,599</b>
Financial income	4,562	886
Financial expenses	(14,394)	(16,201)
Impairment and result of disposals of financial instruments	20,458	-
Changes in the fair value of financial instruments	-	(4,336)
Share in profit (loss) for the period of equity accounted companies	8	(27)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>35,668</b>	<b>72,921</b>
Income tax	1,121	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>36,789</b>	<b>72,921</b>

*(1) These financial statements are an integral part of the 2023 Consolidated Annual Accounts. On February 28 2024 Deloitte issued its unqualified audit report*



## LAR ESPAÑA REAL ESTATE SOCIMI, S.A. and subsidiaries

Consolidated Cash Flows Position at 31 December 2023<sup>(1)</sup>

(Thousands of euros)	2023	2022
<b>A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>68,809</b>	<b>59,292</b>
Profit/(loss) for the period before tax	35,668	72,921
Adjustments	29,603	(12,255)
Changes in operating assets and liabilities	12,689	15,366
Other cash flows used in operating activities	(9,151)	(16,740)
<b>B) CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>120,484</b>	<b>(16,775)</b>
Payments for investments (-)	(7,854)	(16,775)
Proceeds from divestments (+)	128,338	-
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(148,537)</b>	<b>(152,254)</b>
Payments made and received for equity instruments	(40)	411
Proceeds from and payments for financial liability instruments	(98,542)	(122,700)
Payments for dividends and remuneration on other equity instruments	(49,955)	(29,965)
<b>D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE</b>	<b>6,321</b>	<b>(6,321)</b>
<b>E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>47,077</b>	<b>(116,058)</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>197,141</b>	<b>313,199</b>
<b>G) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (E+F)</b>	<b>244,218</b>	<b>197,141</b>

*(1) These financial statements are an integral part of the 2023 Consolidated Annual Accounts. On February 28 2024 Deloitte issued its unqualified audit report.*

### III. Financial debt

At 31 December 2023, Lar España's debt stood at 651,000 thousand Euros, with an **average cost of 1.78%** and a **Net LTV ratio of 31.0%**. The **average debt maturity stood at 3.8 years**.

The main debt indicators and the amortisation schedule is detailed below:

(Thousands of euros)	31.12.2023	31.12.2022
GAV	1,312,956	1,473,198
Full Consolidation Gross Debt <sup>(1)</sup>	651,000	770,000
Cash <sup>(2)</sup>	244,380	203,620
Total net debt <sup>(1)</sup>	406,620	566,380
<b>Net LTV <sup>(2)</sup></b>	<b>31.0%</b>	<b>38.4%</b>
<b>Average cost of debt</b>	<b>1.8%</b>	<b>1.8%</b>
<b>Average maturity period (years)</b>	<b>3.8</b>	<b>4.7</b>

*(1) Full consolidation and equity method figures included.*

*(2) Only available cash considered.*

#### Back-Loaded Amortisation Profile at 31 December 2023

(€ Million)





As of December 31, 2023, the financial debt amounts to **€651 million** with an **average cost of 1.8%** and an **average maturity period of 3.8 years**, while the Net Loan-to-Value (**LTV**) ratio stands at **31.0%**.

During **2023**, we have conducted **green bond repurchases totaling €119.0 million** with the aim of reducing its leverage, recording a positive impact on the income statement, and as a means to capitalize on the Company's available cash.





## IV. Green Bond Repurchase

In January, the first repurchase process was carried out for a total amount of €110 million, closing with an **18% discount**, equivalent to a total final price of **€90.5 million**, which was fully paid from the Company's cash. Following this operation, **liquidity remained above €100 million, and the debt reduction resulted in a positive impact** on the income statement for the fiscal year 2023 of approximately **€20 million**. The company appointed J.P. Morgan as the sole 'dealer manager' of the transaction, which was exclusively directed to certain eligible holders and settled on January 19.

The transaction involved the repurchase of **€98 million of the first bond**, issued in July 2021 for €400 million and maturing in 2026, and **€12 million of the second bond**, issued in November of the same year for €300 million and maturing in 2028, leaving a total outstanding amount of €590 million.

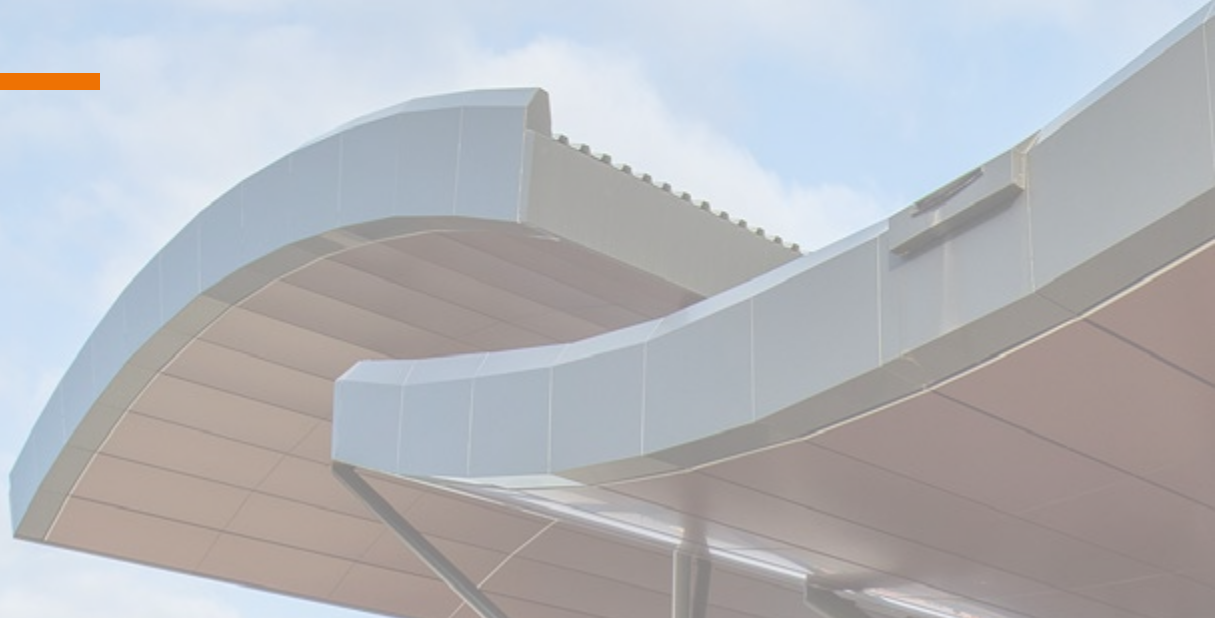
Subsequently, throughout the year, partial repurchases of the first bond issued with maturity in 2026 continued, totaling €9.0 million. The average discount rate recorded in these transactions was approximately 16%, resulting in a positive impact on the Company's 2023 income statement.

Additionally, as mentioned in previous sections of this report, following the review conducted in June 2023, the credit rating agency Fitch has maintained the investment-grade rating of 'BBB' with a stable outlook for both Lar España and its two green bond issuances.



**“This move will make us more financially agile, while we are still in a position to strengthen our lead as the retail market recovers”**

**Jon Armentia**, *Lar España's Corporate Director and CFO.*



## V. Shareholder Return

The **Shareholder Rate of Return** in **2023** stood at **3.75%**. To calculate the rate of return, we use the growth per share over the financial year, which is the sum of:

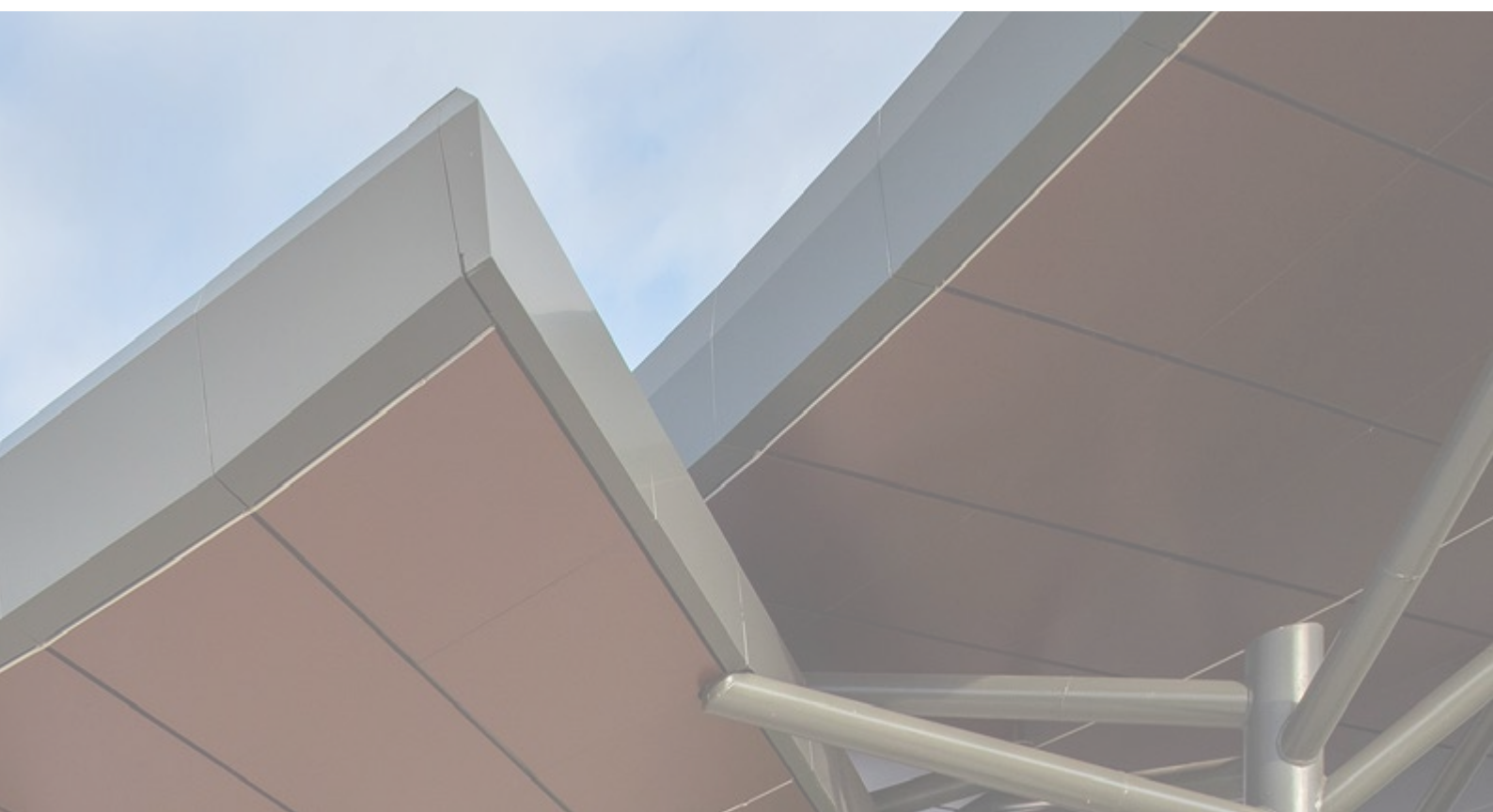
- The variation in the Company's EPRA NTA per share.
- Dividend per share distributed during the financial year

$$\text{Shareholder Rate of Return} = \frac{\text{Growth (NTA + Dividend) per share}}{\text{EPRA NTA per share 31.12.2022}}$$

**Shareholder  
Rate of Return**

**3.75%**

Shareholder Rate of Return	€/share
EPRA NTA 31.12.22	10.93
EPRA NTA 31.12.23	10.74
<b>NTA Growth 2023</b>	<b>(0.19)</b>
2022 Dividend paid in 2023	0.60
<b>Growth (NTA + Dividend)</b>	<b>0.41</b>
<b>SHAREHOLDER RETURN 2023</b>	<b>3.75 %</b>



## VI. Proposed Shareholder Remuneration

Lar España was founded with the aim of generating strong returns for its shareholders via a significant dividend payout.

According to the latest communications, the Company has confirmed that it **would continue to maintain an attractive dividend policy, based on distributing 100% of the annual ordinary EPRA Earnings plus 50% of the capital gains obtained from divestments made in the year.**

As regards 2023, based on the cash generated during the year, the dividend to be distributed would amount to **€66.2 million**. This primarily corresponds to 100% of the ordinary EPRA Earnings for 2023 (approximately **€56.0 million**, [see page 274](#)), adjusting for the effect of linearizations of bonuses granted to tenants in the fiscal years 2020 and 2021 impacting the profit and loss account for 2023 but without affecting the Company's cash (approximately €2.7 million). Additionally, since divestments of two medium-sized parks (Rivas and Vistahermosa) were carried out in July, an additional amount of **€7.5 million would be distributed**.

Therefore, the pay-out to shareholders for the financial year ended on 31 December 2023 to be presented at the Annual General Meeting would be **€66.2 million**, equating to earnings of **€0.79 per share**.

### IBEX TOP DIVIDENDO

Lar España continues to formed part, **for eighth 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.



(1) EPRA NTA

Dividend per share

**0.79**  
€/acción

Dividend

**66.2**  
€ Million

Dividend Yield over NAV <sup>(1)</sup> (31.12.23)

**7.4 %**

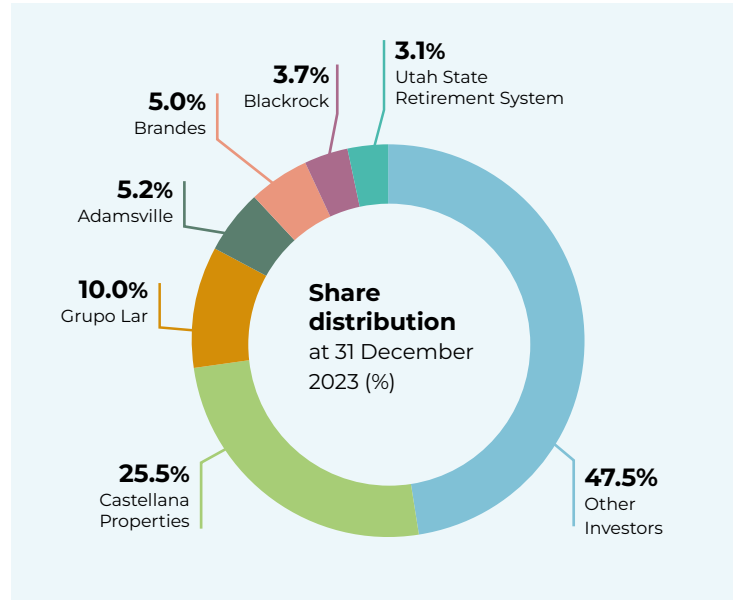
Dividend Yield over market capitalization (31.12.23)

**12.9 %**

## VII. Share Price Performance

Detail of shares (€)	Jan-dec 2023
Price at the beginning of the period	4.23
Price at the end of the period	6.15
<b>PERFORMANCE DURING THE PERIOD</b>	<b>45.6%</b>
Maximum price for the period	6.18
Minimum price for the period	4.28
<b>AVERAGE PRICE FOR THE PERIOD</b>	<b>5.39</b>
ADTV (*)	65,899
Market capitalization (euros) 31.12.2023	514,711,759
N° of shares 31.12.2023	83,692,969

(\*) Average Daily Trading Volumen in number of shares.



The **share price performance** during 2023 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 2023)



## VIII. Analyst Recommendations

As at 31 December 2023, Lar España has the coverage of 11 analysts, whose average target price is **7.69€**.

**25.1% (\*)**

**Potential  
Return**

**100%**

**Positive  
recommendations  
Sell-Side**











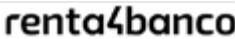


**Buy  
91%**



**Hold  
9%**



**Sell  
0%**

Broker	Recommendation	Analysis Date	Target Price (Euros)
 ODDO BHF ASSET MANAGEMENT	Buy	01/12/2023	7.50
 GVC Gaesco	Buy	30/11/2023	7.61
 BESTINVER acciona	Buy	29/11/2023	7.10
 intermoney valores sv	Buy	28/11/2023	8.00
 JBCapitalMarkets	Buy	28/11/2023	8.70
 bankinter.	Buy	28/11/2023	6.34
 MIRABAUD	Buy	28/11/2023	7.00
 Sabadell	Buy	03/08/2023	6.58
 renta4banco	Buy	31/07/2023	9.20
 MORNINGSTAR®	Buy	18/07/2023	7.67
 Santander	Hold	15/05/2020	8.90

Source: Bloomberg

(\*) Taken into account the average target price and the price at the end of the period, at 31 December 2023.

In September 2023, for the **ninth consecutive year**, Lar España was awarded the **EPRA Gold Award** for the quality of **financial information** made available to its stakeholders and for the **sixth consecutive year** for the quality of the **ESG information**.

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2015



2016



2017



2018



2019



2020



2021



2022



2023



## 4.3 EPRA information

In **February 2022**, the Reporting and Accounting Committee of EPRA (European Public Real Estate Association<sup>(1)</sup>) updated its *Best Practices Recommendations*<sup>(2)</sup> 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.

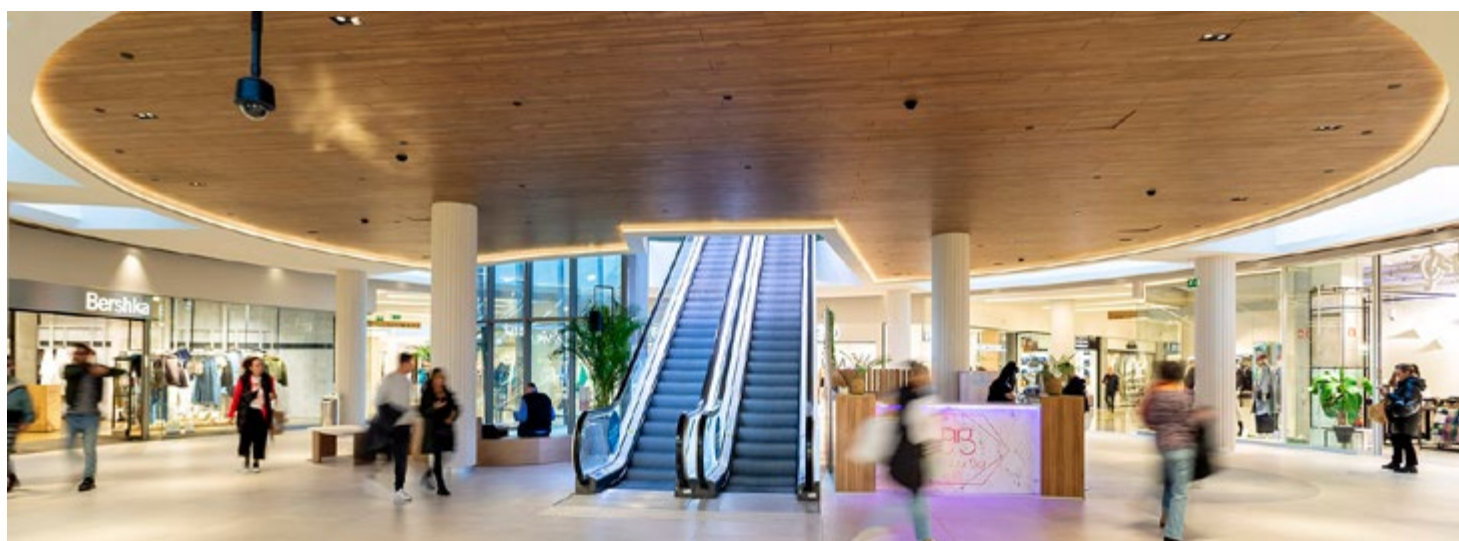
**It is important to note that all EPRA indicators related to ESG/Sustainability included in this report have been verified by an independent external. The Independent Review Report is included in Annex 5.4.**

In **September 2023**, for the **ninth 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 **sixth 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](http://www.epra.com)





Key performance indicators described in the Best Practices Recommendations developed by EPRA are shown as follows:



Indicator	Description	Reference	31.12.2023	31.12.2023
			thousand of euros / %	€/share
EPRA Earnings	Earnings from operational activities	Pag. 274	<b>76,423</b>	<b>0.91</b>
EPRA NTA	Net Tangible Assets, assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	Pag. 276	<b>898,538</b>	<b>10.74</b>
EPRA NRV	Net Reinstatement Value, assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	Pag. 276	<b>927,904</b>	<b>11.10</b>
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.	Pag. 276	<b>885,548</b>	<b>10.59</b>
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.	Pag. 277	<b>6.5%</b>	-
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).	Pag. 277	<b>6.8%</b>	-
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	Pag. 278	<b>3.0%</b>	-
EPRA Cost Ratio	Administrative and operating costs (including direct vacancy costs) divided by gross rental income	Pag. 279	<b>25.8%</b>	-
EPRA Cost Ratio (excluding costs of direct vacancy)	Administrative and operating costs (including direct vacancy costs) divided by gross rental income.	Pag. 279	<b>23.4%</b>	-
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).	Pag. 280	<b>32.7%</b>	-



## EPRA Earnings

(Thousands of euros)	2023	2022
<b>EARNINGS PER IFRS INCOME STATEMENT</b>	<b>36,789</b>	<b>72,921</b>
Change in value of investment properties	40,350	(32,575)
Profits or losses on disposal of investment properties	405	-
Tax on profits or losses on disposals	(1,121)	-
Negative goodwill	-	-
Changes in fair value of financial instruments and associated close-out costs	-	-
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	-	-
<b>EPRA EARNINGS</b>	<b>76,423</b>	<b>40,346</b>
<b>Weighted average number of shares (excluding treasury shares)</b>	<b>83,626,677</b>	<b>83,588,177</b>
<b>EPRA EARNINGS PER SHARE (EUROS)</b>	<b>0.91</b>	<b>0.48</b>

For the calculation of the ordinary EPRA Earnings result, it is necessary to exclude the impact on the income statement of the profit obtained from

the bond buybacks carried out in 2023. Thus, the ordinary EPRA Earnings result for 2023 has been set at **55,965 thousand euros (0.67 euros per share)**.

## 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** <sup>(1)</sup>.

The EPRA Net Asset Value indicator set makes adjustments to the Company's own funds in accordance with the IFRS <sup>(2)</sup> 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](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)	31.12.2023			31.12.2022		
	NTA Net Tangible Assets	NRV Net Reinstatement Value	NDV Net Disposal Value	NTA Net Tangible Assets	NRV Net Reinstatement Value	NDV Net Disposal Value
<b>Equity attributable to shareholders</b>	<b>885,548</b>	<b>885,548</b>	<b>885,548</b>	<b>898,754</b>	<b>898,754</b>	<b>898,754</b>
(I) Hybrid Instruments	-	-	-	-	-	-
<b>Diluted NAV</b>	<b>885,548</b>	<b>885,548</b>	<b>885,548</b>	<b>898,754</b>	<b>898,754</b>	<b>898,754</b>
<b>Include:</b>						
(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	-	-	-	-	-	-
<b>Diluted NAV at Fair Value</b>	<b>885,548</b>	<b>885,548</b>	<b>885,548</b>	<b>898,754</b>	<b>898,754</b>	<b>898,754</b>
<b>Exclude:</b>						
(V) Deferred Tax in relation to fair value gains of IP	12,990	12,990	n.a	15,578	15,578	n.a
(VI) Fair value of financial instruments	-	-	n.a	-	-	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
<b>Include:</b>						
(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	-	29,366	n.a	-	33,876	n.a
<b>NAV</b>	<b>898,538</b>	<b>927,904</b>	<b>885,548</b>	<b>914,332</b>	<b>948,208</b>	<b>898,754</b>
Number of shares (excluding treasury shares)	83,630,424	83,630,424	83,630,424	83,636,255	83,636,255	83,636,255
<b>NAV per share</b>	<b>10.74 <sup>(1)</sup></b>	<b>11.10 <sup>(1)</sup></b>	<b>10.59 <sup>(1)</sup></b>	<b>10.93</b>	<b>11.34</b>	<b>10.75</b>

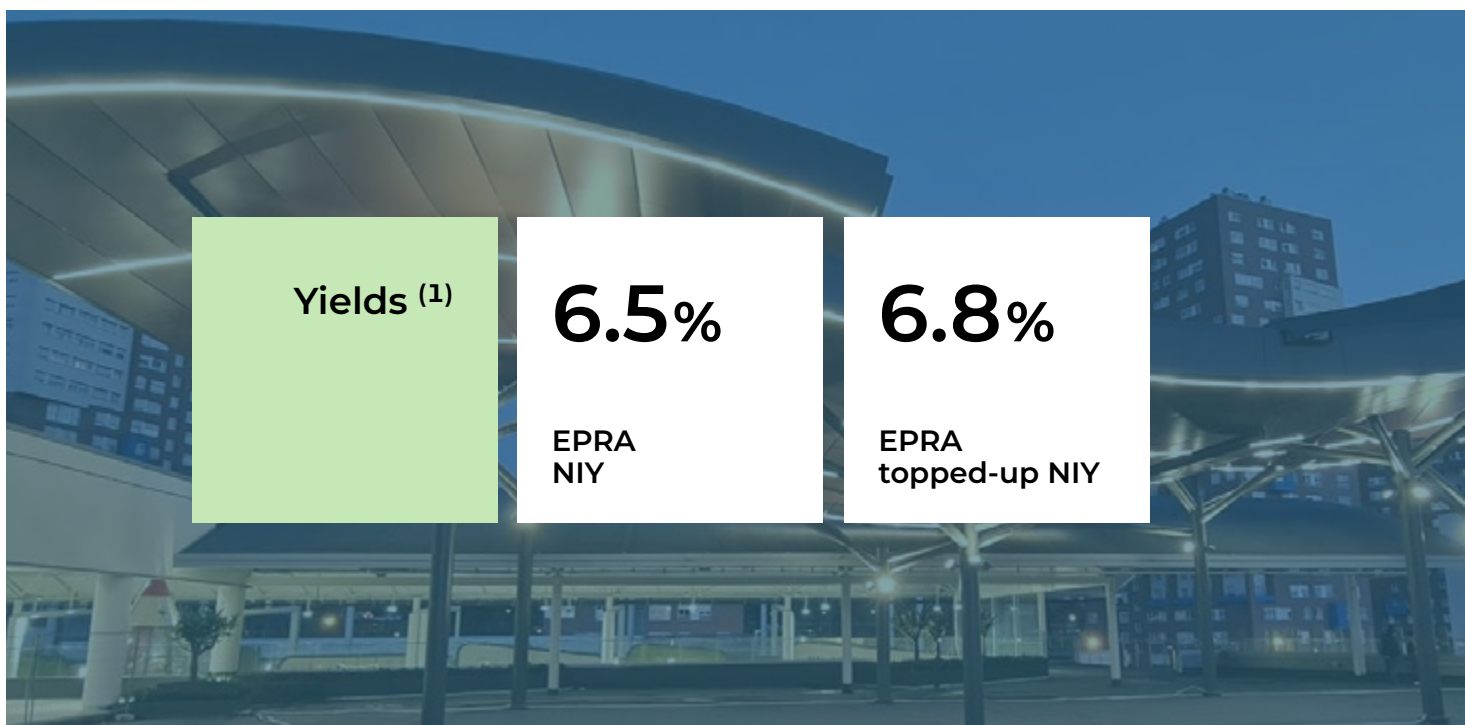
Figures may not match due to rounding

(1) When interpreting the evolution of this figure, the dividend paid in the second quarter (€0.60 per share) should be taken into account.

## EPRA NIY and EPRA topped-up NIY

(Thousands of euros)	Total Shopping Centers	Total Retail Parks	Total Lar España
Completed Property Portfolio	935,220	377,736	1,312,956
Allowance for estimated purchasers costs	22,263	7,103	29,366
<b>Gross up completed property portfolio valuation (A)</b>	<b>957,483</b>	<b>384,839</b>	<b>1,342,322</b>
Annualised cash passing rental income	69,256	26,790	96,055
Property outgoings	(6,036)	(2,139)	(8,175)
<b>Annualised net rents (B)</b>	<b>63,229</b>	<b>24,651</b>	<b>87,880</b>
Notional rent expiration of rent free periods or other lease incentives	1,994	983	2,977
<b>Topped-up net annualised rents (C)</b>	<b>65,223</b>	<b>25,634</b>	<b>90,857</b>
<b>EPRA NET INITIAL YIELD (B/A)</b>	<b>6.6%</b>	<b>6.4%</b>	<b>6.5%</b>
<b>EPRA TOPPED-UP NET INITIAL YIELD (C/A)</b>	<b>6.8%</b>	<b>6.7%</b>	<b>6.8%</b>

Figures may not match due to rounding



(1) The EPRA NIY and EPRA Topped-up NIY values as of 31/12/2022 were 5.6% and 5.9%, respectively.

## EPRA Vacancy Rate

As you can see, we have managed to reduce the Vacancy Rate from 3.5% as of December 31, 2022, to **3.0%** as of December 31, 2023.

This variation is explained by our **active portfolio management**, which, combined with maintaining existing contracts from previous periods, has brought the portfolio occupancy to historic highs.

For the comparison of the figures, it is necessary to consider that during the year 2023, the divestment of the Rivas Futura and Vistahermosa shopping parks was carried out.

	ERV (Thousands of euros)	ERV Vacancy (Thousands of euros)	31.12.2023 EPRA Vacancy Rate %
Shopping Centres	66,604	2,232	3.4%
Retail Parks	26,938	532	2.0%
<b>TOTAL LAR ESPAÑA</b>	<b>93,543</b>	<b>2,764</b>	<b>3.0%</b>

	ERV (Thousands of euros)	ERV Vacancy (Thousands of euros)	31.12.2022 EPRA Vacancy Rate %
Shopping Centres	64,208	2,503	3.9%
Retail Parks	33,298	885	2.7%
<b>TOTAL LAR ESPAÑA</b>	<b>97,506</b>	<b>3,388</b>	<b>3.5%</b>





## EPRA Cost Ratios

(Thousands of euros)	2023	2022
Administrative expenses	(802)	(928)
Operating costs net of recoverable income <sup>(1) (2) (3)</sup>	(21,863)	(16,328)
Administrative/operating expenses in associates	-	-
<b>EPRA Cost (including vacancy cost) (A)</b>	<b>(22,665)</b>	<b>(17,256)</b>
Direct vacancy costs	(2,151)	(2,083)
<b>EPRA Cost (excluding vacancy cost)(B)</b>	<b>(20,514)</b>	<b>(15,173)</b>
Gross Rental Income less ground rent costs-per IFRS <sup>(4)</sup>	94,222	82,915
Net associated costs (net service charge) <sup>(3)</sup>	(6,457)	(6,311)
<b>Gross Rental Income (C)</b>	<b>87,765</b>	<b>76,604</b>
<b>EPRA COST RATIO (including direct vacancy costs) A/C</b>	<b>25.8%</b>	<b>22.5%</b>
<b>EPRA COST RATIO (excluding direct vacancy costs) B/C</b>	<b>23.4%</b>	<b>19.8%</b>

Considering recurring expenses alone, the **EPRA Cost Ratio in 2023– including direct vacancy costs – would be 16.9%**, while if we **exclude those costs, this ratio would stand at 14.7%**.

The respective values for the year 2021 would be **16.4% including direct vacancy costs and 14.2% 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

31.12.2023					
(Thousands of euros)	Group as reported (A)	Proportionate Consolidation (B)			Combined (A+B)
		Share of Joint Ventures	Share of Material Associates	Non-controlling Interests	
<b>Include:</b>					
Borrowings from Financial Institutions	70,000	-	-	-	70,000
Commercial paper	-	-	-	-	-
Hybrids (including convertibles, preference shares, debt, options, perpetuals)	-	-	-	-	-
Bond loans	581,000	-	-	-	581,000
Foreign currency derivatives (futures, swaps, options and forwards)	-	-	-	-	-
Net payables	28,158	-	-	-	28,158
Owner-occupied property (debt)	-	-	-	-	-
Current accounts (equity characteristic)	-	-	-	-	-
<b>Exclude:</b>					
Cash and cash equivalents	(244,218)	(162)	-	-	(244,380)
<b>NET DEBT (A)</b>	<b>434,940</b>	<b>(162)</b>	<b>-</b>	<b>-</b>	<b>434,778</b>
<b>Include:</b>					
Owner-occupied property	-	-	-	-	-
Investment properties at fair value	1,312,956	-	-	-	1,312,956
Properties held for sale	-	-	-	-	-
Properties under development	-	-	-	-	-
Intangibles	1	-	-	-	1
Net receivables	15,555	-	-	-	15,555
Financial assets	-	-	-	-	-
<b>TOTAL PROPERTY VALUE (B)</b>	<b>1,328,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,328,512</b>
<b>LTV (A/B)</b>	<b>32.7%</b>				<b>32.7%</b>



31.12.2022					
(Thousands of euros)	Group as reported (A)	Proportionate Consolidation (B)			Combined (A+B)
		Share of Joint Ventures	Share of Material Associates	Non-controlling Interests	
<b>Include:</b>					
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)	-	-	-	-	-
<b>Exclude:</b>					
Cash and cash equivalents	(203,462)	(158)	-	-	(203,620)
<b>NET DEBT (A)</b>	<b>591,264</b>	<b>(158)</b>	<b>-</b>	<b>-</b>	<b>591,106</b>
<b>Include:</b>					
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	-	-	-	-	-
<b>TOTAL PROPERTY VALUE (B)</b>	<b>1,498,516</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,498,516</b>
<b>LTV (A/B)</b>	<b>39.5%</b>				<b>39.4%</b>

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# Annex

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## 5.1 About this Annual Report

The information included in the **2023 Annual Report** relates to all of the activities carried out by Lar España Real Estate SOCIMI, S.A. and its subsidiaries (together, “the Group”) between 1 January and 31 December 2023.

The latest annual report presented by Lar España covers the period between 1 January and 31 December 2022. The organisation has not undergone any significant change in its reporting boundary that could affect the information presented in this report.

The information presented herein refers to the **most significant aspects of the financial and non-financial performance of Lar España’s portfolio.**

In addition, this report **draws on other reports** to provide more detailed disclosures on certain matters. For example, the Group’s consolidated annual accounts for the year ended 31 December 2023 are referenced to reinforce the disclosures detailing the economic dimension.



## Standards and references

The contents of this report address the material topics identified by Lar España in 2023 on the basis of the materiality analysis performed (section 1.6 Materiality analysis of this report) and were prepared in accordance with, inter alia, the following principles and standards based on transparency and reliability of information:

<p><a href="#"><u>Law 11/2018 of 28 December 2018 on non-financial and diversity information</u></a></p>	<p>This report voluntarily includes disclosures on the social, environmental and governance-related aspects referred to in this law, based on the business and materiality of Lar España.</p>	<p><a href="#"><u>GRI (Global Reporting Initiative)</u></a></p>	<p>With reference to the guidelines set out in the Global Reporting Initiative (GRI Standards 2021 version) in line with the criteria and principles governing the definition of the content and quality of the information provided in the report, as envisaged in the most recent version of those guidelines.</p>
<p><a href="#"><u>EPRA (European Public Real Estate Association)</u></a></p>	<p>The guidelines set out in the most recent version of the Best Practices Recommendations document for real estate companies, published by the Reporting and Accounting Committee, and the EPRA Sustainability Best Practices Recommendations Guidelines, published in 2017, for the inclusion of non-financial content.</p>	<p><a href="#"><u>IIRC (Integrated International Reporting Council)</u></a></p>	<p>As updated in 2021, incorporating strategic focus and future orientation, connectivity of information, responsiveness to stakeholders, materiality, conciseness, reliability, completeness, consistency and comparability.</p>

Furthermore, in line with our commitment to transparency, we have gone one step further in 2023 with a view to voluntarily addressing certain reporting requirements under **Law 11/2018 on non-financial and diversity information**.

The purpose has been to address the key material topics, as determined by means of the materiality assessment carried out by Lar España, which took into account the relevance by topic and main stakeholder, reporting at least one indicator for the topics considered material in respect of Lar España.

In order to give an account of the organisation's performance in 2023, the following principles were applied, in keeping with the guidelines provided in the updated GRI Sustainability Reporting Standards with respect to the preparation of sustainability reports:

- The principles for determining the **content of the report**: stakeholder inclusiveness, the sustainability context and completeness.
- The principles for determining the **quality of the report**: balance, comparability, accuracy, timeliness, clarity and reliability.

## Independent review

The sustainability information contained in this Annual Report has been reviewed externally by a third party with a limited review scope and based on the GRI Sustainability Reporting Standards (GRI Standards 2021) guide. This guide includes a set of principles and indicators, which can be found in the appendix to this report.

## Contact details

Anyone wishing to request additional information on the contents of this 2023 Annual Report should submit their queries through the following channels:



### General communication channels and contact

Queries, questions, comments and information requests

info@larespana.com

+34 91 436 04 37

[larespana.com/contacto/](https://larespana.com/contacto/)

### Press

Press office, information on Lar España news and activities

prensa@larespana.com

+34 91 436 04 37

[larespana.com/prensa/](https://larespana.com/prensa/)

### Shareholder and investor information

info@larespana.com

+34 91 436 04 37



## 5.2 Company Chart 31.12.2023

The **scope of the Group's consolidation** at 31 December 2023 is as follows::

100%	<b>LE RETAIL</b> - El Rosal, S.L.U.	El Rosal	100%	
100%	<b>LE RETAIL</b> - Albacenter, S.L.U.	Albacenter	100%	
100%	<b>LE RETAIL</b> - Ànec Blau, S.L.U.	Ànec Blau	100%	
100%	<b>LE RETAIL</b> - Txingudi, S.L.U.	Txingudi	100%	
100%	<b>LE RETAIL</b> - As Termas, S.L.U.	As Termas	100%	
100%	<b>LE RETAIL</b> - VidaNova Parc, S.L.U.	VidaNova Parc	100%	
100%	<b>LE RETAIL</b> - Hiper Albacenter, S.A.U.	Albacenter Hypermarket	100%	
100%	<b>LE RETAIL</b> - Lagoh, S.L.U.	Lagoh	100%	
100%	<b>LE RETAIL</b> - Las Huertas, S.L.U.	Las Huertas	100%	
100%	<b>LE RETAIL</b> - Abadía, S.L.U.	Parque Abadía + Commercial Gallery	100%	
100%	<b>LE RETAIL</b> - Gran Vía de Vigo, S.A.U.	Gran Vía de Vigo	100%	
100%	<b>LE RETAIL</b> - Rivas, S.L.U.		100%	
100%	<b>LE RETAIL</b> - Vistahermosa, S.L.U.		100%	
100%	<b>LE RETAIL</b> - Hiper Ondara, S.L.U.	Portal de la Marina / Megapark As Termas Petrol station	100%	
50%	<b>INMOBILIARIA</b> - Juan Bravo 3, S.L.		50%	

**Sociedad:** Full Consolidation Equity Method

**Asset Class:** Shopping Centres Retail Parks

## 5.3 Environmental performance (sBPR)

### BREEAM and ISO certifications tables

EPRA code	Unit of measurement	Indicator	Absolute Measures (Abs)			Like for like (LfL) <sup>(1)</sup>		
			2022	2023	Change vs 2022	2022	2023	Variación vs 2022
Cert-Tot	N°	Number of assets within boundary	14 out of 14	12 out of 12	-	12 out of 12	12 out of 12	-
	N°	Number of assets certified	14 out of 14	12 out of 12	-	12 out of 12	12 out of 12	-
	sqm	BREEAM certification	528,901	475,121	-	475,121	475,121	0.0%
	%	Percentage of assets with BREEAM certification	100%	100%	0,0%	100%	100%	
	%	Percentage of assets with BREEAM certification in terms of GAV	100%	100%	0,0%	100%	100%	
	%	Percentage of assets with BREEAM "Excellent" rating in terms of GAV	23%	24%	1.1%	25%	24%	-1.1%
	%	Percentage of assets with BREEAM "Very Good" rating in terms of GAV	75%	74%	-1.3%	73%	74%	1.1%
	%	Percentage of assets with BREEAM "Good" rating in terms of GAV	2%	2%	0.2%	2%	2%	0.0%

EPRA code	Unit of measurement	Indicator	2023			2022		
			Excellent	Very Good	Good	Excellent	Very Good	Good
Cert-Tot	N°	Number of assets within boundary	12 out of 12	12 out of 12	12 out of 12	14 out of 14	14 out of 14	14 out of 14
	N°	Number of assets certified	3 out of 12	8 out of 12	1 out of 12	3 out of 14	10 out of 14	1 out of 14
	sqm	BREEAM certification	40%	59%	1%	36%	63%	1%
	%	Percentage of assets with BREEAM certification	25%	67%	8%	22%	71%	7%
	%	Percentage of assets with BREEAM certification in terms of GAV	24%	74%	2%	23%	75%	2%

Verified by external auditor according to Annex 5.6

### SO 14001 and ISO 45001 certifications

EPRA code	Unit of measurement	Indicator	Absolute Measures (Abs)			Like for like (LfL) <sup>(1)</sup>		
			2022	2023	Change vs 2022	2022	2023	Change vs 2022
Cert-Tot	N°	Number of assets within boundary	14 out of 14	12 out of 12	-	12 out of 12	12 out of 12	-
	N°	Number of assets certified	12 out of 14	10 out of 12	-	10 out of 12	10 out of 12	-
	%	Percentage of assets with ISO 14001 and ISO 45001 certification	86%	83%	-	83%	83%	-
	%	Percentage of assets with ISO 14001 and ISO 45001 certification in terms of GAV	97%	97%	-	97%	97%	-

Verified by external auditor according to Annex 5.6

(1) LfL: For Like for Like values, the Rivas Futura and Vistahermosa retail parks, which were divested in July 2023 and had BREEAM "Very Good", ISO 14001, and ISO 45001 certifications, have been excluded.



## EPRA-ENERGY indicator table 2023 vs 2022

EPRA Code	Unit of measurement	Indicator	Absolute Measures (Abs)			Like for like (Lfl.) <sup>(1)</sup>			
			2022	2023	Change vs 2022	2022	2023	Change vs 2022	
Elec-Abs, Elec-LfL	kWh	Electricity	Non-renewable electricity obtained by the landlord (A)	341,656	0	-100%	341,656	0	-100%
			Renewable electricity obtained by the landlord (B)	24,366,219	23,423,678	-3.9%	23,670,312	23,062,307	-2.6%
			% Renewable electric energy obtained by owner	98.6%	100%	1.4%	98.6%	100%	1.4%
			Consumption sub-metered to tenants (C)	656,539	655,555	-0.1%	656,539	655,555	-0.1%
			Electricity generated and dispatched to the grid	299,009	328,343	9.8%	299,009	328,343	9.8%
			Total landlord electricity consumption (D = A+B-C)	24,051,355	22,768,122	-5.3%	23,355,429	22,406,752	-4.1%
EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	Not applicable. There are no Lar assets with district heating and cooling (DH&C-Abs).					
Fuels-Abs, Fuels-LfL	kWh	Fuel	Total fuel obtained by the landlord (E)	1,642,082	1,676,760	2.1%	1,638,421	1,675,794	2.3%
			Total fuel consumption submetered to tenants (F)	83,596	73,999	-11.5%	83,596	73,999	-11.5%
			Total fuel consumption of the landlord (G = E-F)	1,558,487	1,602,761	2.8%	1,554,826	1,601,795	3.0%
Energy-Int	kWh/ sqm / year	Energy intensity used in common areas per square metre H = (D+E)/S sqm	40.1	38.2	-4.8%	42.6	41.0	-3.6%	
	kWh/ visit / year	Building energy intensity per visitor I = (A+B+E)/S visit.	0.33	0.33	0.7%	0.38	0.35	-7.0%	
Number of assets within boundary			14 out of 14			12 out of 14			
Proportion of disclosed data estimated			0.0%			0.0%			
Proportion of estimated fuel consumption data			0.0%			0.0%			

Verified by external auditor according to Annex 5.6

(1) Lfl.: For Like for Like values, the Rivas Futura and Vistahermosa retail parks, which were divested in July 2023, have been excluded.



## Emissions from combustion at Lar España's facilities, 2023 vs 2022 (according to MITERD coefficients)

FY 2023									
	Type of fuel	Amount of fuel (ud)	Emission factors			Partial emissions			Total emissions kg CO <sub>2</sub> eq
			kg CO <sub>2</sub> /ud	g CH <sub>4</sub> /ud	g NO <sub>2</sub> /ud	kg CO <sub>2</sub>	g CH <sub>4</sub>	g NO <sub>2</sub>	
SHOPPING CENTRES	Natural Gas (kWhHCV) <sup>(1)</sup>	1,497,053	0.182	0.016	0.000	272,464	23,953	0	273,134
	Diesel fuel B (l) <sup>(2)</sup>	4,421	2.705	0.365	0.022	11,958	1,614	97	12,029
	Absolute					284,422	25,566	97	285,164
	LfL					284,422	25,566	97	285,164
RETAIL PARKS	Natural Gas (kWhHCV) <sup>(1)</sup>	57,264	0.182	0.016	0.000	10,422	916	0	10,448
	Diesel fuel B (l) <sup>(2)</sup>	352	2.705	0.365	0.022	952	128	8	958
	Absolute					11,374	1,045	8	11,405
	LfL					11,117	1,010	6	11,147
Absolute						295,796	26,611	105	296,569
LfL						295,539	26,576	103	296,310

FY 2022									
	Type of fuel	Amount of fuel (ud)	Emission factors			Partial emissions			Total emissions kg CO <sub>2</sub> eq
			kg CO <sub>2</sub> /ud	g CH <sub>4</sub> /ud	g NO <sub>2</sub> /ud	kg CO <sub>2</sub>	g CH <sub>4</sub>	g NO <sub>2</sub>	
SHOPPING CENTRES	Natural Gas (kWhHCV) <sup>(1)</sup>	1,462,744	0.182	0.016	0.000	266,219	23,404	0	266,875
	Diesel fuel B (l) <sup>(2)</sup>	3,379	2.705	0.365	0.022	9,141	1,233	74	9,195
	Absolute						25,566	97	285,164
	LfL						25,566	97	285,164
RETAIL PARKS	Natural Gas (kWhHCV) <sup>(1)</sup>	50,485	0.182	0.016	0.000	9,188	808	0	9,211
	Diesel fuel B (l) <sup>(2)</sup>	1,080	2.705	0.365	0.022	2,921	394	24	2,938
	Absolute					12,109	1,202	24	12,149
	LfL					11,133	1,070	16	11,167
Absolute						287,469	25,839	98	288,218
LfL						286,493	25,708	90	287,237

Verified by external auditor according to [Annex 5.6](#)

# 2.90%

Variation (Abs)  
2023 vs 2022

# 3.16%

Variation (LfL)  
2023 vs 2022

(1) The amount of natural gas consumed is indicated in kWhHCV (High Calorific Value) since the emission factor of natural gas is expressed in kgCO<sub>2</sub>/kWhHCV.

(2) HCV (High Calorific Value) of diesel obtained from the IDAE table (HCV in kWh/kg = 11.944). Average density of diesel: 0.850 kg/l. HCV in kWh/kg applied in the calculation of diesel emissions: 11.944 \* 0.850 = 10.15 kWh/liter.

## Emissions of fluorinated gases 2023 vs 2022 (according to MITERD coefficients)

FY 2023						
Asset	Gas type	Chemical formule	GWP	Equipment type	Equipment refill (kg)	Emissions kgCO <sub>2</sub> eq
RETAIL PARKS	R-407C	R-32/125/134a (23/25/52)	1,624	Roof Top	82.08	133,315
	HFC-134a	CH <sub>2</sub> FCF <sub>3</sub>	1,300	Chiller	30.00	39,000
	R-410A	R-32/125 (50/50)	1,924	Roof Top	38.30	73,670
	HFC-32	CH <sub>2</sub> F <sub>2</sub>	677	Roof Top	0.50	339
SHOPPING CENTRES	-	-	-	-	-	-
Abs and LfL						246,324

FY 2022						
Asset	Gas type	Chemical formule	GWP	Equipment type	Equipment refill (kg)	Emissions kgCO <sub>2</sub> eq
RETAIL PARKS	R-407C	R-32/125/134a (23/25/52)	1,624	Roof Top	57.50	93,392
	R-407C	R-32/125/134a (23/25/52)	1,624	Chiller	20.00	32,484
	R-410A	R-32/125 (50/50)	1,924	Roof Top	42.20	81,172
	R-410A	R-32/125 (50/50)	1,924	Split	1.60	3,078
	R-404A	R-125/143a/134a (44/52/4)	3,943	Split	2.10	8,280
SHOPPING CENTRES	-	-	-	-	-	-
Abs and LfL						218,405

Verified by external auditor according to [Annex 5.6](#)

12.78%

Variation (Abs)  
2023 vs 2022

12.78%

Variation (LfL)  
2023 vs 2022



## EPRA indicators of Emissions and greenhouse gas emission intensity 2023 vs 2022<sup>(1)</sup>

Area of impact	EPRA Sustainability Performance Measures				Absolute Measures (Abs)			Like for like (Lfl) <sup>(2)</sup>			
	EPRA Code	Unit of measurement	Indicator		2022	2023	Change vs 2022	2022	2023	Change vs 2022	
GHG Emissions	GHG-Dir-Abs, GHG-Dir-LfL	kgCO <sub>2</sub> eq	Direct emissions (J)	Scope 1 (fuel)	288,218	296,569	2.9%	287,237	296,310	3.2%	
			Indirect emissions (K)	Scope 2 (electricity) Market Based	92,247	0	-100.0%	92,247	0	-100.0%	
	Scope 2 (electricity) Location Based			3,367,187	2,276,812	-32.4%	3,269,760	2,240,675	-31.5%		
	Indirect emissions (L)		Scope 3	15,252	13,501	-11.5%	15,252	13,501	-11.5%		
	GHG emissions (J+K)		Scope 1 + 2	380,466	296,569	-22.1%	379,484	296,310	-21.9%		
	Total GHG emissions (M=J+K+L)		Scope 1 + 2 + 3	395,717	310,070	-21.6%	394,736	309,811	-21.5%		
	GHG-Int	kgCO <sub>2</sub> eq/sqm/year	GHG emissions intensity per square metre (J+K/S sqm common areas)	0.60	0.46	-22.1%	0.65	0.51	-21.9%		
		kgCO <sub>2</sub> eq/1,000 visitor/year	Emissions intensity per 1,000 visitors in the retail segment and per employee in office segment (J+K/ Svisit/1000)	4.73	3.89	-17.6%	5.63	4.24	-24.7%		
	Number of assets within boundary					14 out of 14			12 out of 14		
	Proportion of disclosed data estimated					0.0%			0.0%		

Verified by external auditor according to [Annex 5.6](#)

(1) Some values reported in 2022 had to be updated following the publication of emission factors by the Ministry for Ecological Transition and the Demographic Challenge of the Government of Spain in June 2023, subsequent to the publication of Lar España's 2022 Annual Report.

## EPRA Water indicators 2023 vs 2022

Area of Impact	EPRA Code	Unit of measurement	Indicator	Absolute Measures (Abs)			Like for like (Lfl) <sup>(2)</sup>			
				2022	2023	Change vs 2022	2022	2023	Change vs 2022	
Water	Water-Abs, Water-LfL	m <sup>3</sup>	Water supply obtained by the landlord (N)	239,112	232,140	-2.9%	213,981	219,697	2.7%	
			Consumption sub-metered to tenants (O)	105,063	98,244	-6.5%	91,545	91,488	-0.1%	
			Water consumption in common and shared areas (P=N-O)	134,049	133,895	-0.1%	122,436	128,209	4.7%	
	Water-Int	Litres/person/year	Water consumption intensity per visitor (N x 1000/ Svisit)	2.97	3.05	2.6	3.17	3.14	-1.0	
	Number of assets within boundary				14 out of 14			12 out of 14		
	Proportion of disclosed data estimated				0.0%			0.0%		

Verified by external auditor according to [Annex 5.6](#)

(2) LfL: For Like for Like values, the Rivas Futura and Vistahermosa retail parks, which were divested in July 2023, have been excluded.

(3) Not all assets recharge water to tenants. In the 2023 fiscal year, this procedure was applied by 7 shopping centers and 3 retail parks, one of which was divested in July 2023.

## EPRA Waste indicators 2023 vs 2022

Area of Impact	EPRA Code	Unit of measurement	Indicator	Absolute Measures (Abs)			Like for like (LfL) <sup>(1)</sup>		
				2022	2023	Change vs 2022	2022	2023	Change vs 2022
Waste	Waste-Abs, Waste-LfL	Ton	Total waste generation	12,080	11,282	-6.6%	11,572	10,983	-5.1%
		%	Total ratio of waste to treatment	42.0%	47.9%	14.0%	39.5%	46.5%	17.8%
		%	Total ratio of waste to landfill	58.0%	52.1%	-10.2%	60.5%	53.5%	-11.6%
		%	Proportion of non-hazardous waste	99.94%	99.95%		99.94%	99.95%	
		Ton	Generation of non-hazardous waste	12,072	11,276	-6.6%	11,564	10,977	-5.1%
			→ Reused	0.00	0.02		0.00	0.02	
			→ Recycled	1,322	1,241		982	1,038	
			→ Composted	495	563		386	506	
			→ Energy recovery	3,255	3,598		3,196	3,558	
		→ Landfill	7,000	5,874	-16.1%	7,000	5,874	-16.1%	
		%	Non-hazardous waste ratio with treatment	42.0%	47.9%	14.0%	39.5%	46.5%	17.8%
		%	Proportion of hazardous waste	0.06%	0.05%		0.06%	0.05%	
		Ton	Generation of hazardous waste	7.51	5.77	-23.2%	7.49	5.76	-23.1%
			→ Reused	0.16	0.14		0.16	0.14	
→ Recycled	0.03		0.11		0.02	0.10			
→ Composted	0.13		0.28		0.13	0.28			
→ Energy recovery	5.43		4.59		5.43	4.59			
→ Landfill	1.75	0.65	-62.8%	1.75	0.65	-62.8%			
%	Hazardous waste ratio with treatment	76.7%	88.7%	15.7%	76.7%	88.7%	15.7%		
Number of assets within boundary				14 out of 14			12 out of 14		
Ton	Estimated waste	1,094	936	-14.4%	1,094	936	-14.4%		
%	Estimated waste ratio	9.06%	8.30%	-8.4%	9.45%	8.52%	-9.8%		

Verified by external auditor according to [Annex 5.6](#)

(1) LfL: For Like for Like values, the Rivas Futura and Vistahermosa retail parks, which were divested in July 2023, have been excluded.

# EPRA Environmental performance indicators by climate zones



### Cfb temperate climate

Temperate oceanic climate

### Csb temperate climate

Dry, mild summer

### Csa temperate climate

Hot-summer Mediterranean climate y cálido

### Bsk dry climate

Cold semi-arid climate

Area of impact	EPRA Sustainability Performance Measures INFORMATION BY CLIMATE AREA													Cfb			Csb			Csa			Bsk		
	EPRA SBPR code	Unit of measurement	Indicator	Like for like (LFL) <sup>(1)</sup>			2022	2023	Abs 22 vs 23	2022	2023	LFL 23 vs 22	2022	2023	LFL 23 vs 22	2022	2023	LFL 23 vs 22							
				2022	2023	LFL 23 vs 22 <sup>(1)</sup>																			
Energy	Elec-Abs, Elec-LFL	kWh	Electricity	Non-renewable electricity obtained by the landlord (A)	341,656	0	-100.0%	341,656	0	-100.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%						
				Renewable electricity obtained by the landlord (B)	23,670,312	23,062,307	-2.6%	6,344,652	5,866,370	-7.5%	4,538,495	4,299,557	-5.3%	8,614,440	8,714,721	1.2%	4,172,725	4,181,659	0.2%						
				Consumption submetered to tenants (C)	656,539	655,555	-0.1%	607,883	616,224	1.4%	27,487	19,789	-28.0%	21,169	19,542	-7.7%	0	0	0.0%						
				Electricity generated from renewable sources and dispatched to the grid	299,009	328,343	9.8%	0	0	0.0%	150,658	150,549	-0.1%	76,898	101,867	32.5%	71,453	75,927	6.3%						
				Total landlord electricity consumption (D = A+B-C)	23,355,429	22,406,752	-4.1%	6,078,425	5,250,145	-13.6%	4,511,008	4,279,768	-5.1%	8,593,271	8,695,179	1.2%	4,172,725	4,181,659	0.2%						
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	Not applicable			Not applicable			Not applicable			Not applicable											
	Fuels-Abs, Fuels-LFL	kWh	Fuel	Total fuel obtained by the landlord (E)	1,638,421	1,675,794	2.3%	585,516	561,209	-4.2%	841,289	886,888	5.4%	16,822	18,543	10.2%	194,793	209,153	7.4%						
				Total fuel consumption submetered to tenants (F)	83,596	73,999	-11.5%	83,596	73,999	-11.5%	0	0	0.0%	0	0	0.0%	0	0	0.0%						
				Total fuel consumption of the landlord (G = E-F)	1,554,826	1,601,795	3.0%	501,921	487,211	-2.9%	841,289	886,888	5.4%	16,822	18,543	10.2%	194,793	209,153	7.4%						
	Energy-Int	kWh/sqm/year	Energy intensity used in common areas per square metre H = (D+E)/S sqm	42.6	41.0	-3.6%	34.4	30.0	-12.8%	46.7	45.1	-3.5%	51.7	52.3	1.2%	38.9	39.1	0.5%							
kWh/visit/year		Building energy intensity per visitor I = (A+B+E)/S visit.	0.38	0.35	-7.0%	0.37	0.31	-15.7%	0.56	0.50	-10.2%	0.44	0.43	-2.8%	0.24	0.24	0.4%								
Number of assets within boundary				12 out of 14	12 out of 12		3 out of 3			3 out of 3			3 out of 3			3 out of 3									
Proportion of disclosed data estimated				0.0%	0.01%		0.0%	0.0%		0.0%	0.0%		0.0%	0.00%		0.0%	0.0%								
Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LFL	kgCO <sub>2</sub> e	Direct emissions (J)	Scope 1 (fuel)	287,237	296,310	3.2%	92,344	90,945	-1.5%	154,424	162,078	5.0%	4,442	4,867	9.6%	36,026	38,420	6.6%						
				Scope 2 (electricity) Market Based	92,247	0	-100.0%	92,247	0	-100.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%						
	GHG-Indir-Abs, GHG-Indir-LFL	kgCO <sub>2</sub> e	Indirect emissions (K)	Scope 2 (electricity) Location Based	3,269,760	2,240,675	-31.5%	850,979	525,015	-38.3%	631,541	427,977	-32.2%	1,203,058	869,518	-27.7%	584,181	418,166	-28.4%						
				Scope 3	15,252	13,501	-11.5%	15,252	13,501	-11.5%	0	0	0.0%	0	0	0.0%	0	0	0.0%						
				Scope 1 + 2	379,484	296,310	-21.9%	184,591	90,945	-50.7%	154,424	162,078	5.0%	4,442	4,867	9.6%	36,026	38,420	6.6%						
				Total GHG emissions (M=J+K+L)	394,736	309,811	-21.5%	199,843	104,445	-47.7%	154,424	162,078	5.0%	4,442	4,867	9.6%	36,026	38,420	6.6%						
	GHG-Int	kgCO <sub>2</sub> e/sqm/year	GHG emissions intensity per square metre (J+K/S sqm common areas)	0.65	0.51	-21.9%	0.96	0.48	-50.7%	1.35	1.41	5.0%	0.03	0.03	9.6%	0.32	0.34	6.6%							
				kgCO <sub>2</sub> e/1,000 visitor/year	Emissions intensity per visitor (J+K/Svisit/1000)	5.63	4.24	-24.7%	9.32	4.38	-53.0%	16.06	15.69	-2.2%	0.23	0.24	5.2%	1.95	2.08	6.5%					
Number of assets within boundary				12 out of 14	12 out of 12		3 out of 3			3 out of 3			3 out of 3			3 out of 3									
Proportion of disclosed data estimated				0.0%	0.01%		0.0%	0.01%		0.0%	0.00%		0.00%	0.00%		0.0%	0.0%								
Water	Water-Abs, Water-LFL	m <sup>3</sup>	Water supply obtained by the landlord (N)	213,981	219,697	2.7%	41,065	39,389	-4.1%	41,787	44,060	5.4%	80,408	84,855	5.5%	50,722	51,392	1.3%							
				Consumption sub-metered to tenants (O)	91,545	91,488	-0.1%	11,053	10,307	-6.8%	19,053	18,563	-2.6%	45,311	44,434	-1.9%	16,128	18,183	12.7%						
	Water-Int	Litres/person/year	Water consumption intensity per visitor (N x 1000/Svisit)	122,436	128,209	4.7%	30,012	29,082	-3.1%	22,734	25,497	12.2%	35,096	40,421	15.2%	34,594	33,209	-4.0%							
				3.17	3.14	-1.0%	2.07	1.90	-8.5%	4.34	4.27	-1.8%	4.10	4.16	1.4%	2.75	2.78	1.1%							
Number of assets within boundary				12 de 14	12 de 12		3 out of 3			3 out of 3			3 out of 3			3 out of 3									
Proportion of disclosed data estimated				0%	1.4%		0.0%	0.0%		0.0%	0.9%		0.0%	0.5%		0.0%	0.0%								

(1) LFL: For Like for Like values, the Rivas Futura and Vistahermosa retail parks, which were divested in July 2023, have been excluded.

## EPRA Environmental performance indicators by typology

Area of Impact	EPRA Sustainability Performance Measure INFORMATION BY ASSET TYPE						SHOPPING CENTRES			RETAIL PARKS			
	EPRA sBPR code	Unit of measurement	Indicator	Like for like (LFL) <sup>(1)</sup>			2022	2023	Lfl 23 vs 22	2022	2023	Lfl 23 vs 22	
				2022	2023	Lfl 23 vs 22 <sup>(1)</sup>							
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Non-renewable electricity obtained by the landlord (A)	341,656	0	-100.0%	341,656	0	-100.0%	0	0	0.0%
				Renewable electricity obtained by the landlord (B)	23,670,312	23,062,307	-2.6%	21,250,613	20,595,315	-3.1%	2,419,700	2,466,993	2.0%
				Consumption submetered to tenants (C)	656,539	655,555	-0.1%	656,539	655,555	-0.1%	0	0	0.0%
				Electricity generated from renewable sources and dispatched to the grid	299,009	328,343	9.8%	222,111	226,477	2.0%	76,898	101,867	32.5%
				Total landlord electricity consumption (D = A+B-C)	23,355,429	22,406,752	-4.1%	20,935,729	19,939,759	-4.8%	2,419,700	2,466,993	2.0%
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	Not applicable			Not applicable			Not applicable		
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total fuel obtained by the landlord (E)	1,638,421	1,675,794	2.3%	1,580,638	1,615,923	2.2%	57,783	59,871	3.6%
				Total fuel consumption submetered to tenants (F)	83,596	73,999	-11.5%	83,596	73,999	-11.5%	0	0	0.0%
				Total fuel obtained by the landlord (G = E-F)	1,554,826	1,601,795	3.0%	1,497,043	1,541,924	3.0%	57,783	59,871	3.6%
	Energy-Int	kWh/sqm/year	Energy intensity used in common areas per square metre H = (D+G/S sqm)	42.6	41.0	-3.6%	49.3	47.2	-4.2%	19.0	19.4	2.0%	
		kWh/visitor/year	Building energy intensity per visitor = (A+B+E/S visit.)	0.38	0.35	-7.0%	0.57	0.52	-8.4%	0.09	0.09	-0.3%	
	Number of assets within boundary				12 out of 14	12 out of 12		9 out of 9			3 out of 3		
	Proportion of disclosed data estimated				0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	

Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kgCO <sub>2</sub> eq	Direct emissions (J)	Scope 1 (fuel)	287,237	296,310	3.2%	276,070	285,164	3.3%	11,167	11,147	-0.2%
			Indirect emissions (K)	Scope 2 (electricity) Market Based	92,247	0	-100.0%	92,247	0	-100.0%	0	0	0.0%
				Scope 2 (electricity) Location Based	3,269,760	2,240,675	-31.5%	2,931,002	1,993,976	-32.0%	338,758	246,699	-27.2%
			Indirect emissions (L)	Scope 3	15,252	13,501	-11.5%	15,252	13,501	-11.5%	0	0	0.0%
			GHG emissions (J+K)	Scope 1 + 2	379,484	296,310	-21.9%	368,317	285,164	-22.6%	11,167	11,147	-0.2%
			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	394,736	309,811	-21.5%	383,569	298,664	-22.1%	11,167	11,147	-0.2%
	GHG-Int	kgCO <sub>2</sub> eq/sqm/year	GHG emissions intensity per square metre (J+K/S sqm common areas)	0.65	0.51	-21.9%	0.81	0.63	-22.6%	0.09	0.09	-0.2%	
		kgCO <sub>2</sub> eq/1000 visitor/year	Emissions intensity per visitor (M/ Svisit/1000)	5.63	4.24	-24.7%	9.05	6.69	-26.0%	0.42	0.41	-2.4%	
	Number of assets within boundary				12 out of 14	12 out of 12		9 out of 9			3 out of 3		
	Proportion of disclosed data estimated				0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	

Water	Water-Abs, Water-LfL	m <sup>3</sup>	Water supply obtained by the landlord (N)	213,981	219,697	2.7%	181,647	189,309	4.2%	32,334	30,388	-6.0%
			Consumption sub-metered to tenants (O)	91,545	91,488	-0.1%	77,608	76,945	-0.9%	13,937	14,542	4.3%
			Water consumption in common and shared areas (P=N-O)	122,436	128,209	4.7%	104,039	112,363	8.0%	18,397	15,846	-13.9%
	Water-Int	Litres/ person/year	Water consumption intensity per visitor (N x 1000/ Svisit)	3.17	3.14	-1.0%	4.46	4.44	-0.4%	1.21	1.11	-8.1%
	Number of assets within boundary				12 out of 14	12 out of 12		9 out of 9			3 out of 3	
Proportion of disclosed data estimated				0%	1.4%		0.0%	2.2%	0.0%	0.0%	0.0%	

Verified by external auditor according to [Annex 5.6](#)

(1) LfL: For Like for Like values, the Rivas Futura and Vistahermosa retail parks, which were divested in July 2023, have been excluded.

## EPRA Environmental Performance indicators for Lar España RE SOCIMI Corporate Office 2023 vs 2022

Are of Impact	EPRA Sustainability Performance Measures				Lar España Corp Offices - Contribution by the 4 Lar España employees			TOTAL Lar España Corporate Offices			
	EPRA code	Unit of measurement	Indicator		Coverage	2022	2023	LfL 23 vs 22	2022	2023	LfL 23 vs 22
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Lar España electricity consumption + shared utilities	1 out of 1	2,120	2,074	-2.1%	60,834	59,527	-2.1%
				Consumption submetered to tenants		Not applicable			Not applicable		
				Electricity generated and dispatched to the grid		0	0	0.0%	0	0	0.0%
				Total Lar España electricity consumption		2,120	2,074	-2.1%	60,834	59,527	-2.1%
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	1 out of 1	There is no supply of district heating and cooling (DH&C-Abs)			There is no supply of district heating and cooling (DH&C-Abs)		
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption	1 out of 1	0	0	0.0%	0	0	0.0%
Energy-Int	kWh / sqm / year		Building energy intensity per square metre		1 out of 1	53.0	51.9	-2.1%	53.0	51.9	-2.1%
			Building energy intensity per employee		1 out of 1	529.9	518.5	-2.1%	490.6	518.5	5.7%
Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kgCO <sub>2</sub> eq	Direct emissions	Scope 1	1 out of 1	0	0	0.0%	0	0	0.0%
			Indirect emissions	Scope 2 (Market-based)		438	207	-52.7%	12,167	5,953	-51.1%
			Indirect emissions	Scope 3		Not applicable			Not applicable		
			Total	Scope 1 + 2		438	207	-52.7%	12,167	5,953	-51.1%
	GHG-Int	kgCO <sub>2</sub> eq/sqm/ year	Emissions intensity per square meter		1 out of 1	11.8	5.2	-56.2%	10.6	5.2	-51.1%
	kgCO <sub>2</sub> eq/ employee/ year	Emissions intensity per employee		1 out of 1	109.6	51.9	-52.7%	98.1	51.9	-47.2%	
Water	Water-Abs, Water-LfL	m <sup>3</sup>	Water consumption		1 out of 1	5	10	115.7%	133	297	123.1%
	Water-Int	litros/sqm/year	Water consumption intensity per square metre		1 out of 1	129.4	258.4	99.7%	115.9	258.4	123.1%
		litres / employee/ year	Water consumption intensity per employee		1 out of 1	1,198.2	2,584.4	115.7%	1,072.6	2,584.4	141.0%
Waste	Waste-Abs, Waste-LfL	kg	Waste generation		1 out of 1	645	122	-81.1%	19,993	3,504	-82.5%
		%	Waste recycled			No data	20	16.2%	No data	568	16.2%
		%	Proportion of estimated waste			100%	0%	-	100%	0%	-

Verified by external auditor according to [Annex 5.6](#)



## 5.4 EU Taxonomy

### 5.4.1 Introduction

The active involvement of financial markets in promoting a sustainable economy is absolutely essential to achieve the decarbonisation targets set by the European Union in order to achieve emission neutrality by 2025.

In order to foster this involvement, in mid-2020 the European Commission approved the EU Taxonomy Regulation to define a common reporting framework for all European markets.

The Taxonomy forms the bedrock on which a sustainable financing framework has been created, as it establishes a common classification system that enables a comparison between companies. The aim is to encourage the flow of capital towards companies with the best sustainable performance.

Assessment of this performance is based on a series of economic activities deemed relevant in view of their environmental impact and, in turn, tied to six environmental and climate objectives: climate change mitigation; climate change adaptation; pollution prevention and control; transition to a circular economy; sustainable use and protection of water and marine resources; and the protection and restoration of biodiversity and ecosystems.

The Taxonomy calls such activities “eligible”, and companies must consider whether they carry out any of these activities and, for those that do, assess whether they meet the criteria set by the Taxonomy to be considered sustainable, referred to as “Taxonomy-aligned” activities. As a consequence, companies undertaking activities covered by the

Taxonomy (eligible activities) must work towards meeting the associated technical screening criteria in order to be considered sustainable (aligned activities) and report on this annually.

The Taxonomy establishes three indicators that non-financial companies must disclose so that the eligibility and alignment of their activities can be assessed. These indicators are ratios based on the turnover, CapEx and OpEx of the Taxonomy-qualifying activity for the year.



## 5.4.2 Eligibility and alignment study

According to the Taxonomy regulation, Lar España would not be required to assess or report on the degree of eligibility and alignment of its activities until FY 2025. Nevertheless, the Company has decided to bring this requirement forward as it considers this information to be of major relevance for its stakeholders.

Lar España is therefore analysing the eligibility and alignment of the activities carried out in 2023 against the 6 Taxonomy objectives, taking into account all companies within its consolidation perimeter. Given that this is a voluntary move to gain an approximation of the current situation, the information reported in this report does not contain the tables for reporting Taxonomy information required by the European Commission. This first approximation completes the groundwork for the reporting of more detailed information in future years, when Lar España will be legally required to report its Taxonomy performance in accordance with the European Commission requirements.

### Eligibility analysis

The eligibility of an activity is determined by considering whether it matches any of the detailed descriptions provided in the regulation for each of the qualifying activities associated with the environmental objectives.

After analysing all the activities set out in the Taxonomy, we have identified those carried out by Lar España that either generated turnover in 2023, involved CapEx investments, or entailed an associated OpEx.

The activities deemed eligible are associated with the climate change mitigation and pollution prevention and control objectives.

### Alignment analysis

In order for an eligible activity to qualify as sustainable, it must meet all the alignment conditions. These criteria are as follows:

- Technical criteria associated with making a substantial contribution to the objective in question.
- Criteria associated with “do no significant harm” to the other objectives (DNSH).
- Compliance with minimum social safeguards.

As a result, for each of the activities considered eligible, Lar España has assessed compliance with the associated technical screening criteria.

### Results

The eligible activities carried out by Lar España during 2023, the alignment of which is being studied, are associated with the climate change mitigation and pollution prevention and control objectives:

- Climate change mitigation:
  - 5.4. Renewal of wastewater collection and treatment.
  - 5.5. Collection and transport of non-hazardous waste in source segregated fractions.
  - 6.13. Infrastructure for personal mobility, cycle logistics.
  - 7.2. Renovation of existing buildings.
  - 7.3. Installation, maintenance and repair of energy efficiency equipment.
  - 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
  - 7.6. Installation, maintenance and repair of renewable energy technologies.
  - 7.7. Acquisition and ownership of buildings.
- Pollution prevention and control:
  - 2.3. Collection and transport of non-hazardous and hazardous waste.

Activity “7.7. Acquisition and ownership of buildings” is a perfect match for Lar España’s core business, as it refers to “buying real estate and exercising ownership of that real estate”. Accordingly, priority has been given to the analysis of this activity as it is the only one among the eligible activities that reflects significant turnover and OpEx.

In numerical terms, activity “7.7. Acquisition and ownership of buildings” accounts for 100% of Lar España's total turnover in 2023. In alignment terms, the percentage of aligned turnover stands at 98.8% with respect to total turnover for 2023.

This high degree of alignment is testament to Lar España's commitment to continuously improve the management and energy efficiency of its assets, as well as to the ongoing assessment of its exposure to the financial impacts that can result from climate change.

These are the two aspects that must be assessed in order to meet the technical and DNSH criteria set out in the Taxonomy.

The Taxonomy-related OpEx associated with activity “7.7. Acquisition and ownership of buildings”, represents 100% of Lar España's total Taxonomy-qualifying OpEx in 2023. Of the total figure for 2023, 99.8% is Taxonomy-aligned.

As regards the remaining activities performed by Lar España that qualify as eligible, these are tied to its core activity, but there is no associated turnover, only Taxonomy-qualifying CapEx and OpEx. The degree of alignment of these activities is currently being analysed by Lar España.

The results of the Taxonomy-related indicators for 2023 are reflected in the table below:

		Revenue	CapEx	OpEx
<b>Eligible and aligned activities</b>	7.7. Acquisition and ownership of buildings	98.8 %	0 %	99.8 %
	<b>Total eligible and aligned activities</b>	<b>98.8 %</b>	<b>0 %</b>	<b>99.8 %</b>
<b>Non-aligned eligible activities</b>	2.3. Collection and transport of non-hazardous and hazardous waste	0 %	0,0 %	0 %
	5.4. Renewal of wastewater collection and treatment	0 %	0.1 %	0 %
	5.5. Collection and transport of non-hazardous waste in source segregated fractions	0 %	0,0 %	0 %
	6.13. Infrastructure for personal mobility, cycle logistics	0 %	3.8 %	0 %
	7.2. Renovation of existing buildings	0 %	35.1 %	0 %
	7.3. Installation, maintenance and repair of energy efficiency equipment.	0 %	4.7 %	0 %
	7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	0 %	0.6 %	0 %
	7.6. Installation, maintenance and repair of renewable energy technologies.	0 %	0.1 %	0 %
	7.7. Acquisition and ownership of buildings	1.2%	0 %	0.2%
		<b>Total non-aligned eligible activities</b>	<b>1.2%</b>	<b>44.5 %</b>
	<b>Total non-aligned non-eligible activities</b>	<b>0 %</b>	<b>55.5 %</b>	<b>0 %</b>
	<b>Total activities</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

### 5.4.3 Accounting Policy<sup>(1)</sup>

Pursuant to point 1.2.1 of Annex I to the Commission Delegated Regulation supplementing Regulation (EU) 2020/852, an explanation is set out below of how turnover, investments in fixed assets and operating expenses were determined and allocated to the numerator and denominator of each indicator reported.

To calculate both the amount and the percentage of eligible activities of Lar España for the various indicators, we considered total turnover, CapEx and specific OpEx, as required in the Regulation for the different activities, according to their eligibility.

#### Turnover

In the case of the Turnover indicator, based on the income statements, the accounts to be treated were chosen on the basis of the Commission Delegated Regulation (EU) as well as “Final Report - Advice on article 8 of the Taxonomy Regulation” published by ESMA on 26 February 2021.

Thus, the revenue accounts selected were those recognised for accounting purposes in accordance with IAS 1 paragraph 82(a): “revenue, presenting

separately interest revenue calculated using the effective interest method”. This revenue includes:

- Operating lease income recognised in accordance with IFRS 16, recorded as revenue in the consolidated income statement for the year ended 31 December 2023..

The same income statement of Lar España is used to calculate the numerator, but only items considered eligible according to the Taxonomy are included.

#### CapEx

This KPI was calculated by using the CapEx breakdown by project extracted from the accounts as a starting point. Based on this data and following the criteria determined in Annexes I and II, section 1.1, to the Commission Delegated Regulation (EU), the types to be included, according to the Regulation, were selected, i.e. those recognised under International Accounting Standards IAS 40 (Investment Property) and IAS 16 (Property, Plant and Equipment), in accordance with note 7 on Investment Property in the consolidated annual accounts for 2023.

<sup>(1)</sup> The information has been obtained from the Consolidated Financial Statements available on our website: <https://www.larespana.com/wp-content/uploads/2024/02/consolidated-financial-statements-2023.pdf>



To calculate the denominator, a list of Group projects containing consolidated information after adjustments was used, taking into account that which could be considered CapEx, in accordance with Article 8, and indicating whether the project is eligible under the accounting criteria established in the Regulation. The sum of these projects constituted the denominator.

The denominator included Euros 46 thousand and Euros 168 thousand of CapEx for, respectively, the Vistahermosa and Rivas assets classified as non-current assets held for sale, in accordance with note 9 to the consolidated annual accounts for 2023.

The figure obtained to calculate the denominator of the CapEx indicator also served as the starting point for calculating the numerator, but including in the sum only those items considered eligible in accordance with the Taxonomy Regulation.

### **OpEx**

To avoid duplication, in the case of the OpEx indicator, the Group's consolidated income statement after adjustments was used as the starting point.

In accordance with the regulations (Annex I, paragraph 1.1 of the Commission Delegated Regulation (EU) and "Final Report - Advice on article 8 of the Taxonomy Regulation" published by ESMA on 26 February 2021) the accounts to be used in the calculation were selected for the denominator. Thus, the OpEx denominator includes all non-capitalised direct costs related to building refurbishment, maintenance and repair, and any other expenses directly related to the day-to-day servicing and maintenance of property, plant and equipment, which are recognised under other operating expenses in the consolidated statement of comprehensive income for the year ended 31 December 2023. Costs incurred by the Company or by a third party were included.

The figure obtained to calculate the denominator of the OpEx indicator also served as the starting point for calculating the numerator, but including in the sum only those items considered eligible in accordance with the Taxonomy Regulation.

### **Double counting**

In order to avoid double counting of the figures for these activities, the organisation established the necessary supervision and control measures to ensure the consistency and reliability of the information extraction and transformation process, thereby ensuring the completeness and traceability of the information from inception to calculation and reporting of the indicators.

To this end, appropriate mechanisms were defined in respect of responsibility and segregation of duties to enable the tasks for the process to be supervised, and to ensure the use of consistent accounting criteria, proper application of the premises established and avoid duplication when assigning activities or inter-company relations to the different indicators.

## 5.4.4 Eligibility and alignment study

### Analysis of the main activities

In order to analyse the eligibility and alignment of Lar España's activities with the requirements of the Taxonomy, we considered all the entities that make up the Company's scope of consolidation.

Activities included in the Regulation and carried out by Lar España in 2023 that are material to the study from the standpoint of revenue, CapEx and/or OpEx, are as follows:

- Mobility infrastructure.
- Installation, maintenance and repair of energy efficiency equipment.
- Installation, maintenance and repair of instruments and devices for measuring, regulating and monitoring energy performance of buildings.
- Installation, maintenance and repair of renewable energy technologies.
- Acquisition and ownership of buildings.
- Renovation of existing buildings.
- Collection and transport of non-hazardous and hazardous waste.

### Eligibility analysis

The eligibility of an activity is based on its similarity to the detailed descriptions in the delegated acts of the Taxonomy, which define the technical criteria and requirements for each environmental objective.

These descriptions are linked to a series of NACE codes intended to guide the eligibility analysis process. Below is the result of the assessment of eligibility of our activities, according to the criteria set out in the Taxonomy.

#### Main eligible activities

- **Activity 7.2. Renovation of existing buildings:** construction and civil engineering works or preparation thereof. Lar España has carried out substantial renovation work on its properties, upgrading the existing spaces for all customers.
  - **Activity 7.7. Acquisition and ownership of buildings:** buying real estate and exercising ownership of that real estate.
  - In addition, throughout 2023, Lar España has carried out several actions which, although not directly related to its core business, are aimed at the Group's internal maintenance and can therefore be linked to certain activities in the European Taxonomy.
- #### Other eligible activities
- **Activity 6.13. Infrastructure for personal mobility, cycle logistics.** During 2023, investments were made in speed control devices for ramps/stairs, and in access stairs to technical galleries and installations in Lagoh, along with other investments. After assessing their eligibility, these activities were determined to be eligible under activity 6.13 of the Taxonomy. Infrastructure for personal mobility and cycle logistics.
  - **Activity 6.15. Infrastructure enabling low-carbon road transport and public transport.** In 2023, the Txingurri car park was tarmacked. After conducting an eligibility assessment of the investment, it was concluded that this activity is eligible under activity 6.15 of the Taxonomy. Infrastructure enabling low-carbon road transport and public transport.
  - **Activity 7.3. Installation, maintenance and repair of energy efficiency equipment.** Investments were also made for the renovation of LED lighting, renovations and improvements in HVAC and improvements in emergency lighting, among other items. These were identified to be eligible under activity 7.3. Installation, maintenance and repair of energy-efficient equipment, as this activity includes everything related to individual measures for the renovation of energy-efficient equipment.
  - **Activity 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.** During the year, investments were carried out and identified as eligible under activity 7.5. These

included consumption automation, renovation of the KNX management system, and smart metering. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.

- **Activity 7.6. Installation, maintenance and repair of renewable energy technologies** In addition, maintenance work considered eligible within the scope of activity 7.6 was carried out on the photovoltaic installations of Lar España's properties. Installation, maintenance and repair of renewable energy technologies.
- **Activity 2.3. Collection and transport of non-hazardous and hazardous waste.** Lastly, Lar España carried out the removal of vermiculite during the year, which is eligible under activity 2.3. Collection and transport of non-hazardous and hazardous waste.

### Alignment analysis

For each activity identified as eligible, we assessed the technical criteria of "substantial contribution" and "do no significant harm" in relation to the climate change mitigation objective. Furthermore, the Group's compliance with the minimum social guarantees was verified.

In 2023 Lar España carried out several activities associated with the climate change mitigation objective, the alignment of which has been and is being analysed. This analysis was completed for activity 7.7. Acquisition and ownership of buildings, wherein the following were analysed:

- **Technical criteria:** For compliance with criteria linked to the energy efficiency of the properties and efficient management of the related energy consumption.
  - **Energy efficiency of the properties:** In accordance with the Taxonomy, an assessment was made of whether Lar España's properties are amongst the 15% most efficient properties in Spain. To this end, we assessed whether the values reflected in the energy efficiency certificates of the properties are within this range compared to the average efficiency of properties on Spanish territory, according to the latest available data . The conclusion of the assessment was that all but
- **Efficient management of energy consumption:** After analysing all of Lar España's properties, the conclusion was that all of them have systems in place that allow for efficient management of energy consumption.
- **Do no significant harm (DNSH) criteria:** As part of Lar España's assessment of impact of climate risks on its properties, a study was conducted on how climate change risks affect its activities in terms of both risks and opportunities. After a risk identification phase that took into account the risks which the Taxonomy Regulation requires companies to analyse, an assessment was made of the impacts associated with the risks and opportunities to which Lar España is exposed. The study concluded that none of the risks have a material impact on Lar España, and it was not deemed necessary to establish any preventive measures other than monitoring these risks in case the associated impact changes in the future.
- **Minimum social safeguards:** Associated with corporate compliance with certain social safeguards linked to social aspects such as human rights, anti-corruption practices, fair competition practices, and aspects linked to fair taxation. For more information on measures put in place by Lar España to ensure compliance with the minimum social safeguards, see chapters 2.1.3 Code of Conduct, 2.1.7 Ethical behaviour and compliance, 2.1.9 Money laundering and terrorist financing, 2.1.10 Anti-corruption, 2.1.5 Corporate policies, 2.1.6 Risk and opportunity management, 2.2.1 Talent management and 2.2. Contribution of this report to social development.

(1) ESTADO DE LA CERTIFICACIÓN ENERGÉTICA DE LOS EDIFICIOS (9º Informe) (certificadosenergeticos.com)

## 5.5 List of social initiatives

Asset	Initiative	Description	Approach
Abadía	Solidarity point	Throughout the year, as a space given free of charge to various NGOs to attract members and information on their activities.	Collaboration with NGOs and other organizations
	Various solidarity stands	With partnerships such as: UNICEF, Save the Children, <i>Dejando Huella</i> , WWF, Action against Hunger, Médecins Sans Frontières, and national foundations such as <i>Fundación Trifolium</i> and <i>Fundación Pasqual Maragall</i> .	Collaboration with NGOs and other organizations
	Various food collection campaigns	With <i>Banco de Alimentos</i> and <i>Socorro de los Pobres</i> .	Collaboration with NGOs and other organizations
	Volunteering Caixabank	For its own Caixabank campaign <i>Ningún hogar sin alimento</i> .	Collaboration with NGOs and other organizations
	Solidarity campaign	With Alcampo for the collection of school supplies	Collaboration with NGOs and other organizations
	Solidarity days	With Alcampo with a solidarity market for more than ten local associations.	Collaboration with NGOs and other organizations
	Solidarity sponsorship	With Cadena Ser in its campaign <i>Ser niños jugando – Toledo</i> .	Collaboration with NGOs and other organizations
	Information stand with UNHCR	Raising awareness for the earthquake in Turkey and Syria	Collaboration with NGOs and other organizations
	Campaigns with the Red Cross	To raise money for the earthquakes in Morocco and the floods in Libya.	Collaboration with NGOs and other organizations
	Campaign with WWF	For the care of the seas, coasts and nature with an information stand.	Environmental awareness
	Decathlon's Second Life	Event for the sale and purchase of sports material.	Environmental awareness
	Sports days	With the Decathlon Foundation, in favour of disadvantaged people.	Sport & Healthy Lifestyle
Information stand	With the AECC association for breast cancer awareness.	Sport & Healthy Lifestyle	



Asset	Initiative	Description	Approach
Abadía	Blood Donor and Volunteer Days	For bone marrow transplantation with <i>Donantes de Sangre – Toledo</i> .	Sport & Healthy Lifestyle
	Photographic exhibition	From the ASPACE association, for the awareness of people with cerebral palsy.	Sport & Healthy Lifestyle
	Solidarity sponsorship	Career La Nocturna de Toledo, with the local council of Sports.	Sport & Healthy Lifestyle
	Project RECICLOS	In different assets of the portfolio, space has been given for the implementation of the RECICLOS machine. As well as the dissemination of communication campaigns that contribute to the participation of visitors in the project. Points earned are converted.	Promoting sustainability
Albacenter	<i>Haz tu donación para Turquía y Siria</i>	Dissemination of the Red Cross campaign on its social networks.	International support
	Solidarity point	Throughout the year, as a space given free of charge to various NGOs to attract members and information on their activities.	Collaboration with NGOs and other organizations
	Various solidarity stands	With partnerships such as: UNICEF, Save the Children, <i>Dejando Huella</i> , WWF, Action Against Hunger, Médecins Sans Frontières, as well as foundations, such as <i>Fundación Trifolium</i> and <i>Fundación Pasqual Maragall</i> .	Collaboration with NGOs and other organizations
	Various food collection campaigns	With <i>Banco de Alimentos</i> and <i>Socorro de los Pobres</i> .	Collaboration with NGOs and other organizations
	Solidarity toy collection	With the Red Cross, <i>Corazones Unidos Bierzo</i> , Cáritas and a local hospital.	Collaboration with NGOs and other organizations
	COPE Awards	With the ecological drawing contest and the Eloy Camino Public School.	Environmental awareness
	Esparto workshops	To encourage the craftsmanship of this material.	Culture
	<i>Entrepuntejos</i>	Crochet Classes Organized by the <i>Asociacion de tejedoras de Albacete</i>	Culture
	Leader project exhibition	Through the exhibition of photographs and the organization of a press conference.	Culture
	Solidarity Pilates World Record	With Afanión.	Sport & Healthy Lifestyle
Press conference and book signing	Book signing by Iris Torrente, president of the Ostomy Association, with her book <i>Mi modo aleatorio</i> to raise awareness of ulcerative colitis and immune-mediated diseases.	Sport & Healthy Lifestyle	

Asset	Initiative	Description	Approach
Albacenter	Dedicated space	To the AMAC association, with solidarity piggy banks and activities to commemorate World Breast Cancer Day.	Sport & Healthy Lifestyle
	Health & Wellness Talks	In the coworker room with Herbalife ( <i>Enfoca tu salud</i> ) and Farmasi ( <i>Cuida de tu piel</i> ).	Sport & Healthy Lifestyle
	Blood Donations	With the <i>Hermanidad de Donantes de Sangre</i>	Sport & Healthy Lifestyle
	Solidarity exhibition	With sales of jugs for the NGO <i>Stop Ceguera, llamada Botijos de luz</i> .	Sport & Healthy Lifestyle
	Sponsorship of the <i>San Silvestre</i> popular race	More than 6,000 participants participated.	Sport & Healthy Lifestyle
	Musical Dumbo	As a core action in 2023 to contribute to the fight against bullying and the reduction of inequalities. It is an inclusive show with translators for deaf children and children's associations specialized in this disability. In addition to the message it conveys, it contributes to inclusion in the representation itself with actors such as the protagonist with Down syndrome.	Promoting equality
	Parent Education Courses	With the <i>Fundación FDA Juventud</i> .	Promoting equality
	Flamenco Dance Classes	In the Activity Room, with Miguel de Luis.	Promoting equality
Ànec Blau	Solidarity Point	Throughout the year, as a space given free of charge to various NGOs to attract members and information on their activities.	Collaboration with NGOs and other organizations
	Various solidarity stands	With partnerships such as: UNICEF, Save the Children, <i>Dejando Huella</i> , WWF, Action against Hunger, Médecins Sans Frontières, and national foundations such as <i>Fundación Trifolium</i> and <i>Fundación Pasqual Maragall</i> .	Collaboration with NGOs and other organizations
	Various food collection campaigns	With <i>Banco de Alimentos</i> and <i>Socorro de los Pobres</i> .	Collaboration with NGOs and other organizations
	Solidarity toy collection	With Cruz Roja, <i>Corazones Unidos Bierzo</i> , <i>Cáritas</i> and Hospital.	Collaboration with NGOs and other organizations
	Solidarity Coffee	With La torradeta, in favor of raising funds for people in vulnerable situations.	Collaboration with NGOs and other organizations
	Quiz on social media	To raise awareness of water consumption. To encourage participation, an associated raffle was launched.	Environmental awareness

Asset	Initiative	Description	Approach
Ànec Blau	Donate Your Clothes	Communication campaign with Humana and respect for the environment campaign with different messages about climate change.	Environmental awareness
	III Edition of the Micro-Short Film Contest	Third edition of the film competition aimed at young talents to support them in the development of their projects. The Contest has a day of screening of the materials in one of the premium rooms of Yelmo Cines. There are prizes for several categories, including 2,000 euros for the best short film.	Culture
	Chess Exhibition	Dedicated space for chess exhibition by girls from the U16 categories of Mallorca and Catalonia.	Culture
	Sponsorship of the Sitges Marathon	Sponsorship of the <i>Mitja Marató of Sitges</i> with more than 2,000 participants.	Sport & Healthy Lifestyle
	Sponsorship <i>Maratón del Mediterraneo</i>	Sponsorship of the <i>Maratón del Mediterraneo</i> with more than 2,000 participants.	Sport & Healthy Lifestyle
	Sponsorship of the Top 4 Handball Tournament in Castelldefels	Sponsorship and collaboration for the celebration of a tournament of the Catalan Handball Federation.	Sport & Healthy Lifestyle
	Sponsorship of the <i>Canal Olímpic</i>	With more than 1,500 children.	Sport & Healthy Lifestyle
	Top 4 Balonmano Casteldefells	Sponsorship and collaboration.	Sport & Healthy Lifestyle
	Blood Donation Day	With the <i>Banc de Sang i Teixits of Catalonia</i> .	Sport & Healthy Lifestyle
	Campaign Sponsorship Race <i>El Capó</i>	With more than 600 participants.	Sport & Healthy Lifestyle
	Musical Dumbo	As a core action in 2023 to contribute to the fight against bullying and the reduction of inequalities. It is an inclusive show with translators for deaf children and children's associations specialized in this disability. In addition to the message it conveys, it contributes to inclusion in the representation itself with actors such as the protagonist with Down syndrome.n.	Promoting equality
III edition of the short story contest	Mentoring young talents to support the development of their projects. It also has a day of screening of the materials in one of the premium rooms of Yelmo Cines Ànec blau. There are prizes for several categories, of which €2,000 stands out for the best micro-short film.	Promoting equality	

Asset	Initiative	Description	Approach
Ànec Blau	Dedicated space	With the town hall for Tourist Information Point.	Promoting equality
	Dedicated space	For the children's women's chess exhibition with the Catalan Chess Federation, for the U16 categories of Mallorca and Catalonia.	Promoting equality
	Dedicated To promote aid for animal shelters	To promote aid for animal shelters.	Other initiatives
	<i>Solidarity stand</i>	With <i>Asociación Bienestar Bigotes</i> , for cat protection.	Other initiatives
	Earth Hour	Participation with lights out and communication campaign.	Promoting sustainability
	Beach Clean-Up Day	Organization of a day of cleaning the beach of Castelldefels, in collaboration with the Ocean52 association and Shaka Surf of Castelldefels. This action aims to raise awareness of the importance of protecting our natural spaces.  The event also featured several surprises, as well as a tote bag kit, a T-shirt, a recycled bottle and a raffle among participants for mall gift cards and movie tickets. 52 kilos of waste were collected in one hour and with around 30 participants.	Promoting sustainability
	Environmental communication campaign	Recurring campaign with different messages about climate change, environment, recycling.	Promoting sustainability
	RECICLOS Project	In different assets of the portfolio, space has been given for the implementation of the RECICLOS machine. As well as the dissemination of communication campaigns that contribute to the participation of visitors in the project. The points earned are converted into donations to social projects.	Promoting sustainability
Clothing Donation Awareness Campaigns	Thus promoting the principles of Circular Economy while allowing help to those in need of this type of resources.	Promoting sustainability	
As termas	<i>Haz tu donación para Turquía y Siria</i>	Dissemination of the Red Cross campaign on its social networks.	International support
	<i>Donar es de Cine</i>	As a thank you for their blood donation, users They receive a free movie ticket	Collaboration with blood donation campaigns
	<i>As Termas Suma</i>	Any local NGO can participate with a project. The winning project gets a prize of €3,000 to finance it.	Collaboration with NGOs and other organizations

Asset	Initiative	Description	Approach
As termas	Solidarity toy collection	With Red Cross, Corazones Unidos Bierzo, Cáritas and a local hospital.	Collaboration with NGOs and other organizations
	Toy library	A space for games and activities for children from 3 to 10 years old, with monthly educational programmes, games and children's performances. A service that helps parents take care of their children while they shop.	Culture
	Patronage of the urban festival Arde Lucus	traditional historical festival.	Culture
	Popular Race Corre con Nós	Popular Race held in the parking lot of the shopping center on April 23.	Sport & Healthy Lifestyle
	Musical Dumbo	As a core action in 2023 to contribute to the fight against bullying and the reduction of inequalities. It is an inclusive show with translators for deaf children and children's associations specialized in this disability. In addition to the message it conveys, it contributes to inclusion in the representation itself with actors such as the protagonist with Down syndrome.	Promoting equality
	Video tribute	With the participation of the women who work at the center for International Women's Day.	Promoting equality
	Exclusive activities	Within the <i>Hola Familia</i> program.	Promoting equality
	<i>Termas suma</i>	With a competition from NGOs to award up to €3,000 for their social project, among others.	Promoting equality
	<i>Arde Lucus</i>	Exhibition with eleven information panels.	Promoting equality
Ecological Drawing	School drawing contest with ecological themes in which all schools in the province are invited.	Promoting sustainability	
El Rosal	<i>Haz tu donación para Turquía y Siria</i>	Dissemination of the Red Cross campaign on its social networks.	International support
	<i>Donar es de Cine</i>	As a thank you for your donation, users They receive a free movie ticket.	Collaboration with blood donation campaigns
	Solidarity Point	Throughout the year, as a space given free of charge to various NGOs to attract members and information on their activities.	Collaboration with NGOs and other organizations
	Various solidarity stands	With partnerships such as: UNICEF, Save the Children, Dejando Huella, WWF, Action against Hunger, Médecins Sans Frontières, and national foundations such as Fundación Trifolium and Fundación Pasqual Maragall.	Collaboration with NGOs and other organizations

Asset	Initiative	Description	Approach
El Rosal	Various food collection campaigns	With <i>Banco de Alimentos y Socorro de los Pobres</i> .	Collaboration with NGOs and other organizations
	Solidarity toy collection	With the Red Cross, <i>Corazones Unidos Bierzo</i> , <i>Cáritas</i> .	Collaboration with NGOs and other organizations
	Solidarity collection	With the partnership <i>Gente Solidaria</i> for the donation of different day-to-day items: baby food, diapers, etc.	Collaboration with NGOs and other organizations
	EscaparArte	Space provided for local artists to exhibit their works at the creative space EscaparArte	Culture
	Book Days	On the occasion of the celebration of World Book Day, a special communication is made during the week, to encourage the visit to La Casa del Libro de El Rosal.	Culture
	<i>Más Salud, Más Bierzo</i>	Workshops, talks, presentations, etc., offered by Clínica Ponferrada at its stand. Activities throughout the year.	Sport & Healthy Lifestyle
	3x3 Basketball Tournament	Eighth 3x3 Basketball Tournament on the outdoor esplanade of El Rosal, organized by the City of Ponferrada Basketball Club, with children from various towns in the area of influence, who also come to spend the day with their family in the shopping center.	Sport & Healthy Lifestyle
	Collaboration with Rotary Bierzo and Residencias Campolar	So that the people living in that residence can sell the products they have made in occupational workshops. The stand is attended by healthcare staff from the residence, and with the money raised, they plan to take a trip around the country.	Sport & Healthy Lifestyle
	Musical Dumbo	As a core action in 2023 to contribute to the fight against bullying and the reduction of inequalities. It is an inclusive show with translators for deaf children and children's associations specialized in this disability. In addition to the message it conveys, it contributes to inclusion in the representation itself with actors such as the protagonist with Down syndrome.	Promoting equality
	Earth Hour	Participation with lights out and communication campaign.	Promoting sustainability
RECICLOS Project	In different assets of the portfolio, space has been given for the implementation of the RECICLOS machine. As well as the dissemination of communication campaigns that contribute to the participation of visitors in the project. Points earned are converted into .	Promoting sustainability	

Asset	Initiative	Description	Approach
Gran Vía de Vigo	Digital space	Due to the war in Ukraine, the website and social networks were ceded to allow people to request collaboration in the solidarity campaign that both Caritas and the Red Cross launched.	International support
	<i>Donar es de Cine</i>	Thank you with a free ticket	Collaboration with blood donation campaigns
	Solidarity Point	Throughout the year, as a space given free of charge to various NGOs to attract members and information on their activities.	Collaboration with NGOs and other organizations
	Various solidarity stands	With partnerships such as: UNICEF, Save the Children, Dejando Huella, WWF, Action Against Hunger, Médecins Sans Frontières, as well as foundations, such as Fundación Trifolium and Pasqual Maragall.	Collaboration with NGOs and other organizations
	Solidarity toy collection	With the Red Cross, Corazones Unidos Bierzo, Cáritas y Hospital .	Collaboration with NGOs and other organizations
	Participation in the Earth Hour initiative	With the switching off of the façade lights, planter projectors and a third of the parking lot lighting.	Environmental awareness
	School Drawing Contest	With an ecological theme, with all the schools of the province summoned.	Environmental awareness
	MONA Market	First Edition of the MONA Art and Illustration Market. It was held on Friday, April 14 and Saturday, April 15 on Floor 0. The market was born with the vocation of being a reference in the sector at a local level and was made up of six local artists.	Culture
	+Xuntos	II edition of the solidarity race against gender violence.	Sport & Healthy Lifestyle
	40° Marcha <i>Aspanaex</i>	For registration and collection of bibs.	Sport & Healthy Lifestyle
	<i>Las 21 Santander</i>	Sponsorship of the Diesemn half marathon and raffle of bibs on Instagram as well as their collection.	Sport & Healthy Lifestyle
	Exposition <i>Violencia sexual na xuvenude</i>	From the <i>Irene</i> Programme, to raise awareness about sexual violence among young people	Promoting equality
	II edition of the Mona flea market	Art and illustration for the promotion of local artistic talent.	Promoting equality
Brilliant Science	Awards ceremony and exhibition with the Galicia Sur Health Research Institute.	Promoting equality	

Asset	Initiative	Description	Approach
Gran Vía de Vigo	Christmas Lighting	In collaboration with <i>Sanitas Mayores Vigo</i> .	Other initiatives
	Earth Hour	Participation with lights out and communication campaign.	Promoting sustainability
	RECICLOS Project	In different assets of the portfolio, space has been given for the implementation of the RECICLOS machine. As well as the dissemination of communication campaigns that contribute to the participation of visitors in the project. Points earned are converted into .	Promoting sustainability
	Musical Dumbo	As a core action in 2023 to contribute to the fight against bullying and the reduction of inequalities. It is an inclusive show with translators for deaf children and children's associations specialized in this disability. In addition to the message it conveys, it contributes to inclusion in the representation itself with actors such as the protagonist with Down syndrome..	Promoting sustainability
Lagoh	<i>Haz tu donación para Turquía y Siria</i>	Dissemination of the Red Cross campaign on its social networks.	International support
	Valentine's Day Blood Donation	Campaign in collaboration with the Andalusian Regional Government.	Collaboration with blood donation campaigns
	Toy library	For the little ones, in order to carry out different recreational and educational activities on weekends, while their parents do some shopping in the shopping centre.	Culture
	Handicraft Market	One Sunday a month, part of the area outside the lake is ceded to the Association of Merchants of Bermejales for the exhibition of its craft market.	Culture
	Book Exchange Point	Rest area with bookcase to exchange books and spend some time reading.	Culture
	Breast Cancer Day	On October 19, 1,000 pink bracelets were given away to all employees of the center along with an informative flyer about self-exploration. An information stand was also set up where the people responsible for the Pink Bracelets association offered information about breast cancer.	Sport & Healthy Lifestyle
	Amor solidario	Blood donation campaigns during the months of February and June, thanks to the collaboration of the Andalusian Regional Government.	Sport & Healthy Lifestyle
	Racing Navidad	Together with the Madre Coraje association, creating a space in which the youngest visitors could take part in a race bib workshop, run aboard children's transports on a fun obstacle course and finally, achieve the goal of visiting Santa Claus or the Three Kings. In addition, the activity was complemented with a toy collection for the association.	Sport & Healthy Lifestyle
	Caring Love	Blood donation campaigns during the months of February and June, thanks to the collaboration of the Junta de Andalucía.	Sport & Healthy Lifestyle



Asset	Initiative	Description	Approach
Lagoh	LGTBI+ Pride	During LGTBI+ Pride, last June, posts were made on social networks in favor of tolerance and inclusion.	Promoting equality
	Musical Dumbo	As a core action in 2023 to contribute to the fight against bullying and the reduction of inequalities. It is an inclusive show with translators for deaf children and children's associations specialized in this disability. In addition to the message it conveys, it contributes to inclusion in the representation itself with actors such as the protagonist with Down syndrome.	Promoting equality
	Pet Area with dog relief area	Water fountain and play area as a recreation space for pets. In addition, the centre has several services for dogs such as: loan of leashes and muzzles, bags for faeces, badges in establishments that allow access to pets, as well as communication of access and stay rules through different channels.	Other initiatives
	Earth Hour	Participation with lights out and communication campaign.	Promoting sustainability
	RECICLOS Project	In different assets of the portfolio, space has been given for the implementation of the RECICLOS machine. As well as the dissemination of communication campaigns that contribute to the participation of visitors in the project. Points earned are converted.	Promoting sustainability
	Clothing Donation Awareness Campaigns	Promoting the principles of Circular Economy while allowing the need for this type of resource to be helped.	Promoting sustainability
Megapark	Solidarity toy collection	With Red Cross.	Collaboration with NGOs and other organizations
	Urban garden workshop	As part of the <i>Summer fest</i> campaign.	Environmental awareness
	Yoga day	On the occasion of World Yoga Day.	Sport & Healthy Lifestyle
	Job Fair	For the job search in the retail park by Megapark	Promoting equality
Parque Abadía	Tournament Bike Maratón	Sponsorship of the Toledo Cycling Race, in collaboration with the local council of Sports Toledo.	Sport & Healthy Lifestyle
	Collaboration with the Decathlon Foundation	For the organization of sports days aimed at the most disadvantaged people.	Sport & Healthy Lifestyle
Portal de la Marina	<i>La Gran Donación</i>	As a thank you for your donation, the Users receive a free movie ticket.	Collaboration with blood donation campaigns
	Solidarity Point	Throughout the year, as a space given free of charge to various NGOs to attract members and information on their activities.	Collaboration with NGOs and other organizations

Asset	Initiative	Description	Approach
Portal de la Marina	Various solidarity stands	With associations such as: UNICEF, Save the Children, Leaving a Footprint, WWF, Action Against Hunger, Médecins Sans Frontières, as well as foundations, such as the <i>Trifolium Foundation</i> or <i>Pasqual Maragall</i> .	Collaboration with NGOs and other organizations
	Solidarity toy collection	With the Red Cross, <i>Corazones Unidos Bierzo</i> , <i>Cáritas</i> .	Collaboration with NGOs and other organizations
	Collection of used clothes	With <i>Arropa</i> , for the benefit of those most in need	Collaboration with NGOs and other organizations
	Musical Dumbo	As a core action in 2023 to contribute to the fight against bullying and the reduction of inequalities. It is an inclusive show with translators for deaf children and children's associations specialized in this disability. In addition to the message it conveys, it contributes to inclusion in the representation itself with actors such as the protagonist with Down syndrome.	Promoting equality
	Collaboration with the Festival <i>Montgó Rock</i>	With the raffle of two tickets, with the aim of giving visibility to other cultural activities in the area.	Other Activities
	Earth Hour	Participation with lights out and communication campaign.	Promoting sustainability
	RECICLOS project	In different assets of the portfolio, space has been given for the implementation of the RECICLOS machine. As well as the dissemination of communication campaigns that contribute to the participation of visitors in the project. Points earned are converted.	Promoting sustainability
Txingudi	Various food collection campaigns	With <i>Banco de Alimentos</i> and <i>Socorro de los Pobres</i> .	Collaboration with NGOs and other organizations
	Red Cross Gold Draw	Distribution and sale of raffle tickets, thus contributing to the fundraising for the organization.	Collaboration with NGOs and other organizations
VidaNova Parc	3x3 Basketball Championship	Organized by the Morvedre Basketball Club.	Sport & Healthy Lifestyle
	<i>Asociación Española Síndrome KGB</i>	Support for the association and visibility of Hugo's case as a small resident of Puerto de Sangunto..	Sport & Healthy Lifestyle
	3x3 Basketball Championship	In return for the sponsorship of the Morv Basketball Club, a 3x3 championship is organized by the Club itself within the facilities of the commercial park.	Sport & Healthy Lifestyle
	LGTBI+ Pride	During LGBTI+ Pride, last June, posts were made on social networks in favor of tolerance and inclusion.	Promoting equality

Asset	Initiative	Description	Approach
VidaNova Parc	School Duathlon	With collaboration from the Sagunto City Council.	Promoting equality
	Earth Hour	Participation with lights out and communication campaign	Promoting sustainability
Different Assets	Dedicated spaces	To organizations such as: Unicef, OXFAM, Banco de Alimentos, Save the Children, <i>Aldeas Infantiles</i> , Action Against Hunger, <i>Cáritas</i> , Red Cross, ONCE, UNHCR, Doctors of the World, <i>Médecins Sans Frontières</i> , Spanish Heart Foundation, Ictus, Afanión, <i>Fundación FAD</i> , <i>Asociación Bienestar Bigotes</i> , <i>Fundación Trifolium</i> , <i>Asociación Las Triples</i> , ISTEA, REMAR, ADISCAM, <i>Pascual Maragall</i> , <i>Josep Carreras</i> , WWF, <i>Síndrome KGB</i> ,	Collaboration with NGOs and other organizations



## 5.6 Independent assurance report

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Independent Limited Assurance Report of the 2023 Annual Report  
LAR ESPAÑA REAL ESTATE SOCIMI, S.A.



Ernst & Young, S.L.  
C/ Raimundo Fernández Villaverde, 65  
28003 Madrid

Tel: 902 365 456  
Fax: 915 727 238  
ey.com

## INDEPENDENT LIMITED ASSURANCE REPORT

To the Management of LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

### Scope

In accordance with your request, we have carried out a limited assurance assignment on the sustainability indicators contained in the annex "5.7.1 GRI and EPRA Content Index (sBPR)" (hereinafter, the "Subject Matter") that are included in the 2023 Annual Report of LAR ESPAÑA REAL ESTATE SOCIMI, S.A. (hereinafter, the "Report") for the period from January 1, 2023 to December 31, 2023.

The Report includes additional information that does not fall within the scope described in the previous paragraph and on which we have not carried out any procedure, so we do not express any conclusions about such information.

### Criteria applied by LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

To prepare the report, LAR ESPAÑA REAL ESTATE SOCIMI, S.A. has applied the criteria of the Global Reporting Initiative (GRI) Standards (hereinafter "the criteria"), as detailed in section "5.1 About this report".

### Responsibility of LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

The management of LAR ESPAÑA REAL ESTATE SOCIMI, S.A. is responsible for the selection of the criteria, as well as the presentation of the Subject matter under analysis in accordance with said criteria, in all material respects. This responsibility includes the implementation and maintenance of internal controls, the maintenance of appropriate records and the making of the estimates that are applicable for the preparation of the Sustainability Report in such a way that it is free from material misstatement, due to fraud or error.

### Our Responsibility

Our responsibility is to express a conclusion about the presentation of the Report based on the evidence we have obtained.

We have conducted our limited assurance work in accordance with International Standard for Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other Than Audits Or Reviews Of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). This standard requires us to plan and carry out the engagement to express a conclusion as to whether we are aware of any material modifications that need to be made to the Report to bring it into line with the criteria, and to issue a verification report. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement due to fraud or error.

We consider that the evidence we have obtained provides a sufficient and adequate basis for our conclusion of limited assurance.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65, 28003 Madrid - inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, B.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970906.

A member firm of Ernst & Young Global Limited.



#### Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Accounting Professionals of The International Ethics Standards Board for Accountants (IESBA Code of Ethics), and we have the necessary skills and experience to perform this assurance engagement.

Our firm applies the International Quality Management Standard (ISQM) 1 which requires the firm to design, implement and operate a quality management system that includes policies or procedures relating to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Procedures Performed

In a limited assurance engagement, the procedures carried out vary in their nature and timing, and are shorter in length, than those performed in a reasonable assurance engagement. Consequently, the degree of security that is obtained in a limited assurance engagement is substantially less than the degree of assurance that would have been obtained if a reasonable assurance engagement had been performed. Our procedures were designed to obtain a limited degree of certainty on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable degree of certainty.

Although we consider the effectiveness of management's internal controls in determining the nature and extent of our procedures, our assurance work was not designed to provide assurance over internal controls. Our procedures did not include testing controls or procedures related to verifying the aggregation or calculation of data within Information Technology systems.

A limited assurance engagement consists of the formulation of questions, mainly to the persons responsible for the preparation of the subject matter under analysis and the related information, and in the application of certain analytical and other appropriate procedures.

Our procedures have included:

- ▶ Meeting with LAR ESPAÑA REAL ESTATE SOCIMI, S.A. staff to learn about the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analyzing the processes for gathering and validating the data included in the 2023 Annual Report.
- ▶ Review of the information relating to the risks, policies and management approaches applied in relation to the material aspects included in the Annual Report 2023.
- ▶ Verifying, by means of tests, based on a selection of a sample, the information related to the contents included in the Annual Report for the financial year 2023. In this review, data on energy consumption, carbon footprint, water and waste, documented in the aforementioned Annual Report, have also been included. Likewise, it has been verified that it is properly compiled from the data provided by the sources of information.
- ▶ Obtaining a representation letter from the Board of Directors and Management.



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#### Other issues

Under no circumstances can this report be understood as an audit report in the terms provided for in the regulations governing the audit activity in force in Spain.

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#### Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that sustainability indicators contained in the annexes "2023 Annual Report" entitled "5.7.1 GRI and EPRA Table of Contents (sBPR)" has not been prepared, in all material respects, in accordance with the criteria of the selected GRI standards, which includes the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions.

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#### Restriction of Distribution and Use

This report has been prepared for the use of LAR ESPAÑA REAL ESTATE SOCIMI, S.A. in accordance with the terms of our letter of engagement and, therefore, should not be used for any other purpose. We will not accept any liability to any third party other than the recipients of this report.

ERNST & YOUNG, S.L.

(Free translation from the Original Report on Independent Review in Spanish dated April 24th, 2024. In the event of any discrepancy, the Spanish version always prevails.)

# 5.7 Table of contents

## 5.7.1 GRI & EPRA (sBPR) Index

Category	GRI	EPRA sBPR	Indicator	Page/Comments
<b>GENERAL DISCLOSURES</b>				
<b>CHAPTER 1: Lar España: Our business</b>	2-1 (2021)	N/A	Organizational details	88-89 ; 117-126 In 2023, there have been no significant changes in the operation of Lar España, therefore no minimum notice period regarding operational changes is established.
	2-6 (2021)	N/A	Information about the organization, activities, value chain, and other business relationships.	20-26 ; 284-286 ; 34-38
	2-22 (2021)	N/A	Statement on sustainable development strategy	4-7 ; 78 ; 82 ; 87 ; 39-43
	402-1	N/A	Minimum notice periods for operational changes	284-286
	3-3 (2021)	N/A	Management of material topics	39-43
	3-1 (2021)	N/A	Processess for determining material topics	44 - 47 ; 67 - 73
	3-2 (2021)	N/A	List of material topics	44 - 47
	2-5	N/A	External assurance	316-319
	2-29	N/A	Approach to Stakeholder engagement	48-53
<b>Reporting practice</b>	2-2	N/A	Entities included in the consolidated financial statements.	53
	3-1	N/A	Definition of report content and topic boundaries.	44-47, 67-73
	3-2	N/A	List of material topics.	44-47
	3-2	N/A	Restatements of information	284-287
	2-3	N/A	Reporting period (e.g., the fiscal or calendar year)	284-287
	2-5	N/A	External assurance	316-319
<b>CHAPTER 2 ESG (Environmental, Social and Governance) - Governance</b>	3-3 (2021)	N/A	Management of material topics	100-103 ; 153-155 ; 174 - 177
	408-1	N/A	Child labor	126 In accordance with the principles, commitments, objectives, and overall action strategies that encompass Lar España's Sustainability/ESG Policy, such as the United Nations Global Compact, OECD principles, and the aspects outlined in the Universal Declaration of Human Rights of the United Nations, as well as in the International Labour Organization (ILO) Declaration, Lar España maintains a zero-tolerance policy towards child labor and any form of forced labor.
	409-1	N/A	Forced or compulsory labor	126
	3-3 (2021)	N/A	Precautionary principle or approach	44 - 47 ; 67 - 73
	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	78-88
	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	48-53
	2-15	Gov-Col	Description of the processes for the highest governance body to ensure conflicts of interest are avoided and managed	.93 ; 105-107 ; 218-223
	2-9	Gov-Board	Description of the organization's governance structure Composition of the highest governance body and its committees	74-99



Category	GRI	EPRA sBPR	Indicator	Page/Comments
<b>GENERAL DISCLOSURES</b>				
<b>CHAPTER 2 ESG (Environmental, Social and Governance)</b>	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	76-92 The Chairman of the Board of Directors does not hold an executive position.
	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	73-92 The Annual Report is reviewed by the Board of Directors, ensuring that all material aspects are reflected.
	2-16	N/A	Description of the process for communicating critical concerns to the highest governance body. 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.	89 ; 93
	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.	119-123 ; 127
	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	85
	2-19	N/A	Description of remuneration policies for the highest governance body and senior executives for the following types of remuneration.	85-87 ; 97
	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. 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.	85-87 ; 97 ; 79-81 ; 148-149
	3-3 (2021)	N/A	Management of material topics	44 - 47 ; 100-103 ; 127-128 ; 94-99 ; 44-52 ; 106-107 ; 153 ; 229 ; 131 ; 261 100% of Lar España's activity takes place in Spain.
	403-9	N/A	Occupational health and safety	127-128
	2-23 (2021)	N/A	Values, principles, standards and Code of Conduct	127-128 ; 93 ; 104-107 ; 113 ; 94-99 The Code of Conduct includes provisions for the prevention of corruption. This standard applies to 100% of Lar España's business units
	2-24	N/A	Incorporation of commitments and Policies	96-99
	2-27	N/A	Compliance with legislation and regulations	96-99 In 2023, there have been no significant cases of non-compliance with legislation and regulations
	2-26 (2021)	N/A	Advisory mechanisms and ethical concerns	48-52 ; 105 ; 133 ; 135 ; 136
	406-1 (2016)	N/A	Information on the most significant impacts of the organization on the economy, the environment, and people, including impacts affecting human rights, and on how they are managed	123-128 ; 85 - 86 ; 141 In the 2023 fiscal year, no cases of discrimination were identified among the four employees of Lar España
	2-25	N/A	Processes for remediating negative impacts	105 ; 48-52 ;
	205-2	N/A	Policies and procedures for communication and training on anti-corruption efforts	98 ; 104 ; 106 ; 107
205-3	N/A	Confirmed incidents of corruption and actions taken	107 No cases of corruption were detected in 2023	

Category	GRI	EPRA sBPR	Indicator	Page/Comments
<b>GENERAL DISCLOSURES</b>				
<b>CHAPTER 2 ESG (Environmental, Social and Governance) - Gobernance</b>	2-29 (2021)	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.  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.  A list of stakeholder groups engaged by the organization.  The basis for identification and selection of stakeholders with whom to engage	46-47 ; 48-52 ; 108
	2-28 (2021)	N/A	Membership of associations	31-33 ; 56 ; 150-151 ; 304-315  At the corporate level, Lar España engages with: AECC, APRESO, DIRSE, Forética, ASIPA, and the United Nations Global Compact - Spanish Network.  At the corporate level, Lar España contributed a total amount of €360 to Asociación Norte Joven in the 2023 fiscal year.  At the operational level, social actions are undertaken across Lar España's entire portfolio, representing a social investment of over €360,000, in addition to more than €58,000 in scholarships, sponsorships, and donations. Lar España did not make any contributions to political parties or representatives in 2023.
	201-1	N/A	Direct economic value generated and distributed	130 ; 131 ; 144-146 ; 150
	415-1	N/A	The significant issues on which we focus our participation in the development of public policies and lobbying activities; our stance on these issues, and any differences between the positions we advocate through lobbying activities and our publicly declared policies, objectives, or other stated public positions	44-46
	207-4	N/A	Taxation	229
	201-1	N/A	Definition of report contents and topic coverage	144 ; 150
	201-4	N/A	Financial assistance received from the government	Lar España did not receive any public subsidies in its 2023 Annual Accounts
	<b>CHAPTER 2 ESG (Environmental, Social and Governance) - Social</b>	2-7 (2021)	N/A	Information on employees and other workers
2-21		N/A	Ratio of total annual compensation of the highest-paid individual in the organization in each country where significant operations are conducted, compared with the average total annual compensation of the entire workforce (excluding the highest-paid individual) in the corresponding country.  Ratio of the percentage increase in total annual compensation of the highest-paid individual in the organization in each country where significant operations are conducted, compared with the percentage increase in the average total annual compensation of the entire workforce (excluding the highest-paid individual) in the corresponding country.	117-128  Lar España has four employees, three of whom are male and one female. Due to data protection and confidentiality reasons regarding the composition of our workforce, no breakdown related to remuneration is provided. Additionally, the ratio of total annual compensation of the highest-paid individual to the average total annual compensation of the entire workforce, as well as the ratio of the percentage increase in total annual compensation of the highest-paid individual to the percentage increase in the average total annual compensation of the entire workforce, is not disclosed
2-30 (2021)		N/A	Percentage of total employees covered by collective bargaining agreements	125

Category	GRI	EPRA sBPR	Indicator	Page/Comments
<b>GENERAL DISCLOSURES</b>				
<b>CHAPTER 2 ESG (Environmental, Social and Governance) - Social</b>	405-1	N/A	Diversity and equal opportunities	82-85 ; 96 ; 117 ; 127 Due to our workforce consisting of only 4 employees, we do not consider it material to include details on the percentage of employees by job category for each of the following diversity categories: gender, age group, or other diversity indicators (such as minority groups or vulnerable groups). Regarding the governance bodies, all information is detailed in the Materiality Matrix included in the Annual Corporate Governance Report published on <a href="#">our website</a> .
	GRI 3-3 (2021)	N/A	Precautionary principle or approach	130-132, 150-152
	204-1	N/A	Proportion of expenditure on local supplier	130-132, 150-152 ; 99, 145-146
	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. 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.	130-132, 150-152
	413-1	Comty-Eng	Percentage of operations with implemented local community engagement, impact assessments and development programmes	130-132, 150-152
	203-1	N/A	Development and impact of infrastructure investments and services supported	130-132, 150-152
	2-6	N/A	Activities, value chain	105, 136, 286 , 20, 28, 179 In 2023, no valid complaints regarding violations of customer privacy and data loss have been identified
	418-1	N/A	Valid complaints regarding violations of customer privacy and customer data loss	105, 136, 286
	3-3 (2021)	N/A	Management of material topics	117-128 ; 105, 136, 286 ; 141 ; 99, 145-146 Lar España has only four employees, including only one woman, so the Company does not consider it relevant to its activity. Lar España does not have employees with disabilities. However, more than 66% of the Company's portfolio is certified according to the UNE-17001 Universal Accessibility standard
	403-9	H&S-Emp	Types of accidents and rates of accident frequency, occupational illnesses, lost days, absenteeism, and number of deaths due to occupational accidents or occupational illnesses	133-136 ; 117-129
	CRE6	N/A	Percentage of the organization that has certified its operations under international health and safety standards	137-140
	201-2	N/A	Financial implications and other risks and opportunities arising from climate change	324 According to our TCFD report, Lar España has conducted internal analysis to understand the financial implications and other risks and opportunities arising from climate change. However, this is internal information that will be used in line with our potential financial implications or costs, revenue projections, plans, and systems, among other factors.

Category		GRI	EPRA sBPR	Indicator	Page/Comments	
<b>GENERAL DISCLOSURES</b>						
<b>Social performance</b>	<b>Labour practices and decent work</b>	<b>Occupational health and safety</b>	403-1	N/A	Representation of workers in formal worker-company health and safety committees	117-128
			403-2	H&S-Emp	Types of accidents and rates of accident frequency, occupational illnesses, lost days, absenteeism, and number of deaths due to work-related accidents or occupational diseases.	127
			416-1	H&S-Asset	Evaluation of the health and safety impacts of product or service categories	137-139 ; 117-126 At the corporate level, Lar España falls within the scope of the Group Lar Safety and Health Policy. At the operational level, Lar España has 100% of its portfolio under operational control certified under ISO 45001. In 2023, there have been no cases of non-compliance with regulations or voluntary codes regarding the impacts of Lar España's assets on the health and safety of users.
			403-10	H&S-Emp	Occupational diseases	117-129
			416-2	H&S-Comp	Cases of non-compliance related to the impacts on the health and safety of product and service categories.	137-140 In 2023, there have been no cases of non-compliance with regulations or voluntary codes regarding the impacts of Lar España's assets on the health and safety of users.
			404-1	Emp-Training	Average annual training hours per employee, broken down by gender and job category.	122;127
	<b>Training and education</b>	404-2	N/A	Skills management programs and continuous training programs that promote employee employability and help them manage the end of their professional careers.	119-122 Lar España, within the scope of Grupo Lar as its manager, adheres to the Group Lar Training Policy to define its mandatory, specific, and general training.	
		404-3	Emp-Dev	Percentage of employees receiving regular performance and professional development evaluations, broken down by gender and professional category.	89	
		401-1	Emp-Turnover	New employee hires and staff turnover.	117-129 In 2023, there have been no layoffs or new hires	
		<b>Society</b>	<b>Diversity and equal opportunities</b>	405-1	Diversity-Emp	Diversity in governing bodies and employees.
	405-2			Diversity- Pay	Ratio of men's to women's pay.	The salary gap among employees does not apply because Lar España only has four employees, three of whom are men and one is a woman

Category		GRI	EPRA sBPR	Indicator	Page/Comments
<b>SPECIFIC CONTENTS</b>					
<b>Economic performance</b>	<b>Economic performance</b>	201-1	N/A	Direct economic value generated and distributed.	32-33,128,150
	<b>Indirect economic consequences</b>	203-1	N/A	Development and impact of investment in infrastructure and types of services.	130-132,150-152
<b>Environmental performance</b>	<b>Energy</b>	302-1	Elec-Abs	Internal energy consumption.	169-171, 196, 289, 294, 295,296
		302-1	Elec- Abs	Total energy consumption.	169-171, 196, 289, 294, 295,296
		302-1	Elec-LfL	Like for Like energy consumption.	169-171, 196, 289, 294, 295,296
		302-1	DH& C-Abs	Total heating and cooling consumption.	169-171, 196, 289, 294, 295,296
		302-1	DH&C-LfL	Like for Like heating and cooling consumption.	169-171, 196, 289, 294, 295,296
		302-1	Fuels-Abs	Total fuel consumption.	169-171, 196, 289, 294, 295,296
		302-1	Fuels-LfL	Like for Like total fuel consumption.	169-171, 196, 289, 294, 295,296
		302-2	Energy-Int	Energy consumption outside the organization.	162, 289, 294, 295, 297 Lar España is working to delve into energy consumption outside the organization (understood as: tenant consumption, major renovations, and waste treatment).
		302-3	Energy-Int	Energetic intensity.	162, 289, 294, 295, 296
		302-3	Energy-Int	Energy intensity.	162, 289, 294, 295, 296
		302-4	Energy-Int	Reduction of energy consumption.	62, 289, 294, 295, 299
		302-5	N/A	Reduction of energy needs for products and services.	179-185
		303-4	N/A	Reduction of energy consumption.	179-185
		303-5	N/A	Reductions in energy requirements for products and services.	179-185
		CRE1	Energy-Int	Building Energy Intensity	162, 289, 294, 295, 296

Category	GRI	EPRA sBPR	Indicator	Page/Comments	
<b>SPECIFIC CONTENTS</b>					
Environmental performance	Pollution	305-6	N/A	Ozone-depleting substance emissions	177, 180-185,290-291,292,294, 295,296
	Water	303-1	Water-Abs	Water extraction by source	187,191-196, 292, 294,295,296
		303-1	Water-LfL	Like for Like water consumption	187,191-196, 292, 294,295,296
		CRE2	Water-Int	Water intensity of buildings	187,191-196, 292, 294,295,296
Environmental performance	Emissions	305-1	GHG-Dir-Abs	Direct emissions of greenhouse gases (Scope 1)	177, 180-185,290-291,292,294, 295,296
			GHG-Dir-LfL	Like for Like direct emissions of greenhouse gases.	177, 180-185,290-291,292,294, 295,296
		305-2	GHG-Indir-Abs	Indirect emissions of greenhouse gases from energy generation (Scope 2).	177, 180-185,290-291,292,294, 295,296
		CRE3	GHG-Indir-LfL/CHG-Int	Like for Like indirect emissions of greenhouse gases.	177, 180-185,290-291,292,294, 295,296
		305-4	GHG-Int	Greenhouse gas emissions intensity.	177, 180-185,290-291,292,294, 295,296
		305-5	N/A	Reduction of greenhouse gas emissions	177, 180-185,290-291,292,294, 295,296
	Waste	306-2	Waste-Abs	Total weight of waste managed, by type and treatment method.	188-190, 293, 296
			Waste-LfL	Like for like of different types of waste.	188-190, 293, 296
		306-4	N/A	Waste not intended for disposal.	188,293
	Environmental risk provisions and guarantees	3-3	N/A		200 Lar España does not have provisions and warranties that directly address environmental risks. However, it has insurance policies that, in accordance with current legislation, allow for the mitigation of these potential risks.
	Regulatory compliance	2-27	N/A	Monetary value of significant fines and number of non-monetary penalties for non-compliance with environmental legislation and regulations.	107, 126 In 2023, there have been no significant cases of non-compliance with legislation and regulations

Category	GRI	EPRA sBPR	Indicator	Page/Comments	
<b>SECTORIAL CONTENTS</b>					
Environmental performance	Energy	CRE1	Energy-Int	Building energy intensity.	162, 289, 294, 295, 296
	Water	CRE2	Water-Int	Building water intensity.	187,191-196, 292, 294,295,296
	Emissions	CRE3	GHG-Int	Greenhouse gas emissions intensity of existing buildings.	177, 180-185,290-291,292,294, 295,296
	Biodiversity	GRI 304-1	N/A	Operational sites owned, leased, or managed located within or adjacent to protected areas or areas of high biodiversity value outside protected areas.	Lar España does not operate in any location within or adjacent to protected areas or areas of high biological value. Therefore, it also does not work with species listed on the IUCN Red List and national conservation lists.
		GRI 304-3	N/A	Protected or restored habitats	
		GRI 304-4	N/A	Species listed on the IUCN Red List and national conservation lists whose habitats are in areas affected by operations.	
Social performance	Labor practices and decent work - Training and education	CRE6	N/A	Percentage of organization operations verified according to a health and safety management system	137-140
	Product responsibility - Product/service labeling	CRE8	Cert-Tot	Type and number of sustainability certifications, ratings, and labeling with any scheme for new construction, management, occupancy, and rehabilitation.	156-159,228

## 5.7.2 Table of contents Law 11/2018

Category	Report requested by Law 11/2018	Page	Comments
<b>Reporting</b>	Reporting framework used	284-287	-
<b>Organization profile and business strategy analysis</b>	A brief description of the business model, including its business environment, organization, and structure.	88-89, 117-126	-
	Markets in which it operates	20-26, 284-286	-
	Organization's objectives and strategies	4,7, 78, 82, 87	-
	A brief description of the business model including its business environment, organization, and structure	284-286	In 2023, there have been no significant changes in Lar España's operation, therefore no minimum notice period regarding operational changes is established
	Key factors and trends that may affect its future evolution.	34-38	-
Materiality principle	39-47	-	
<b>Corporate governance</b>	Measures implemented to promote and comply with the core conventions of the ILO related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor, and the effective abolition of child labor.	44-48, 53, 57, 63	In 2023, there have been no changes in the criteria for preparing the Materiality Analysis compared to 2022.
	Management approach: Description and results of policies related to these issues as well as the main risks associated with those issues linked to the group's activities.	100-103, 153-155 174-177 126	According to the principles, commitments, objectives, and general action strategies encompassing Lar España's Sustainability/ESG Policy, such as the United Nations Global Compact and the OECD principles.
	Average remuneration of directors and executives, including variable compensation, allowances, severance pay, payments to long-term savings plans, and any other remuneration disaggregated by gender	44-47, 57-63	
	Management approach: Description and results of policies related to these issues as well as the main risks associated with those issues linked to the group's activities	44-47, 74-99 100-103 119-123, 127, 148-149	The Chairman of the Board of Directors does not hold an executive position. The Annual Report is reviewed by the Board of Directors, ensuring that all material aspects are reflected.
	Implementation of due diligence procedures on human rights and prevention of risks of human rights violations, and, if applicable, measures to mitigate, manage, and remedy potential abuses committed. Reports of human rights violations.	44-47 100-103	
	Management approach: Description and results of policies related to these issues as well as the main risks associated with those issues linked to the group's activities. Measures to combat money laundering.	44, 48-52, 85-86, 94-99, 105, 123-128, 133, 135-136, 141, 105	In the 2023 fiscal year, no cases of discrimination were identified among the four employees of Lar España.
	Management approach: Description and results of policies related to these issues as well as the main risks associated with those issues linked to the group's activities. Measures taken to prevent corruption and bribery.	93, 98, 104-107, 113 127-128, 93, 104-107, 153	
Management approach: Description and results of policies related to these issues as well as the main risks associated with those issues linked to the group's activities.	93, 98, 104-107, 113, 127-128,	The Code of Conduct includes provisions for preventing corruption. This standard applies to 100% of Lar España's business units. No cases of corruption were detected in 2023.	

Category	Report requested by Law 11/2018	Page	Comments
Corporate governance	Contributions to foundations and nonprofit organizations	31-33 , 44-46, 56 , 130 , 144-146, 150-151 , 304-315	At the corporate level, Lar España participates in: AECC, APRESCO, DIRSE, Forética, ASIPA, and the Global Compact - Spanish Network.  At the corporate level, Lar España contributed a total amount of €360 to the Norte Joven Association in the 2023 fiscal year.  At the operational level, social actions are carried out in 100% of Lar España's portfolio, representing a social investment of over €360,000, in addition to over €58,000 in scholarships, sponsorships, and donations. Lar España did not make any contributions to political parties and/or representatives in 2023.
	Country-by-country profits	144, 150, 229	The 100% of Lar España's activity takes place in Spain.
	Profit taxes paid	131, 229, 261	
	Public subsidies received		Lar España did not receive any public subsidies in its 2023 Annual Accounts.
Social	Total number and distribution of employees by country, gender, age, and job classification. Total number and distribution of types of employment contracts and annual averages of permanent, temporary, and part-time contracts by gender, age, and job classification. Policies implemented in the field of training. Total number of training hours by professional category. Measures taken to promote equality of treatment and opportunities between women and men. Policy against all forms of discrimination and, where applicable, diversity management. Organization of working time. Implementation of policies for work-life balance. Percentage of employees covered by collective agreements by country. Assessment of collective agreements, particularly in the field of health and safety at work. Measures aimed at facilitating work-life balance and promoting co-responsible parenting by both parents. Equality plans, measures taken to promote employment, protocols against sexual harassment and harassment based on gender.	82-85 89 96 117-128	The 100% of the four employees have permanent employment contracts and work full-time in Spain. All employees are covered by a collective agreement. In 2023, only 47 days of sick leave due to common illness were recorded.  Lar España, within the scope of Grupo Lar as its manager, follows the Group Lar Training Policy to define its mandatory, specific, and general training.  Lar España has four employees, three of whom are men and one woman. For data protection and confidentiality, we do not provide a breakdown of remuneration related to our workforce composition. Neither is the ratio of the total annual compensation of the highest-paid individual compared with the average total annual compensation of the entire workforce indicated, nor the ratio of the percentage increase in the total annual compensation of the highest-paid individual compared with the percentage increase in the average total annual compensation of the entire workforce.  Since our workforce consists of only 4 employees, we do not consider it material to include detailed percentages of employees by job category for each of the following diversity categories: gender, age group, or other diversity indicators (such as minority groups or vulnerable groups). In the case of Governance bodies, everything is detailed in the Materiality Matrix included in the Annual Corporate Governance Report published on our website
	Number of hours of absenteeism	127-128	
	The impact of the company's activity on employment and local development. The relationships maintained with local community stakeholders and the modalities of dialogue with them. The impact of the company's activity on local populations and territory	130-132, 150-152	
	Monitoring and audit systems and their results Complaint systems, received complaints, and their resolution	105, 136 , 286	In 2023, no valid complaints regarding violations of customer privacy and data loss were identified.
	Measures for consumer health and safety. Health and safety conditions at work.	117-128, 133-140	At the corporate level, Lar España falls within the scope of Grupo Lar's Health and Safety Policy.  At the operational level, Lar España has 100% of its portfolio under operational control certified under ISO 45001.  In 2023, no cases of non-compliance with regulations or voluntary codes related to the impacts of Lar España's assets on the health and safety of users have been recorded.
	Universal Accessibility for people with disabilities	141	Lar España does not have employees with disabilities. However, more than 66% of the Company's portfolio is certified according to the UNE-17001 standard for Universal Accessibility

Category	Report requested by Law 11/2018	Page	Comments
Social	Inclusion in the purchasing policy of social, gender equality, and environmental issues. Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility.	99, 145-146	
	Number of layoffs by gender, age, and job classification.	117-129	In 2023, there have been no layoffs or new hires.
	Average compensation and its evolution disaggregated by gender, age, and job classification or equivalent value.	117-129	Lar España has only four employees, with only one woman, so the Company does not consider it relevant to its activity.
	Gender pay gap, compensation for equal or average job roles within the company.	117-129	The gender pay gap among employees does not apply because Lar España only has four employees, three men, and one woman.
	Number of employees with disabilities.	117-129	Lar España only has four employees and does not have any employees with disabilities.
	Work accidents, particularly their frequency and severity, as well as occupational diseases; disaggregated by gender.	117-129	This information is briefly mentioned in section 2.2.1 Talent Management; however, the reported indicators are not disaggregated by gender, age groups, and professional category as our workforce consists solely of the management team composed of three men and one woman.
	Organization of social dialogue, including procedures for informing and consulting employees and negotiating with them.	117-129	Lar España has only four employees, and 100% of them are covered by the corresponding collective agreement. The report does not delve into this as it is not considered relevant within the Company's current Materiality Analysis.
	Mechanisms and procedures available to the company to promote employee involvement in the management of the company, in terms of information, consultation, and participation.	117-129	Lar España has only four employees, and 100% of them are covered by the corresponding collective agreement. The report does not delve into this as it is not considered relevant within the Company's current Materiality Analysis.
	Partnership or sponsorship actions	32-33 , 128 , 150	At the corporate level, Lar España participates in: AECC, APRESCO, DIRSE, Forética, ASIPA, and the Global Compact - Spanish Network. At the corporate level, Lar España's total amount is €360 with the Asociación Norte Joven in the 2023 fiscal year. At the operational level, social actions are carried out in 100% of Lar España's portfolio, representing a social investment of over €360,000, in addition to more than €58,000 in scholarships, sponsorships, and donations.
The impact of the company's activity on local populations and territory. The relationships maintained with local community stakeholders and the modalities of dialogue with them.	44-47 , 48-53, 130-132, 144 , 150		
Environment	Application of the precautionary principle.	153	
	Management approach: description and results of policies related to these issues as well as the main risks associated with these issues linked to the group's activities. Measures taken to adapt to the consequences of climate change. Measures to prevent, reduce, or remedy emissions that seriously affect the environment; taking into account any form of atmospheric pollution specific to an activity, including noise and light pollution	174-179	
	Environmental assessment or certification procedures.	156-159	
	Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety.	154-155	
	Use of renewable energies. Measures taken to improve energy efficiency. Direct and indirect energy consumption	162 , 289 , 294-296	



Category	Report requested by Law 11/2018	Page	Comments
Environment	Voluntary medium and long-term reduction targets set to reduce greenhouse gas emissions and the means implemented for this purpose. Greenhouse gas emissions generated as a result of the company's activities, including the use of goods and services it produces.	177, 180-185, 290-291, 294-296	According to its TCFD report, Lar España has conducted internal analysis to understand the financial implications and other risks and opportunities arising from climate change. However, this is internal information that will be used in accordance with our potential financial implications or costs, revenue projections, plans, and systems, among other factors.
	Water consumption and water supply are in line with local regulations and restrictions.	187, 191-196, 292, 294-296	
	Measures for prevention, recycling, reuse, other forms of recovery, and waste disposal are also implemented.	188, 293	
	The impacts caused by activities or operations in protected areas are carefully assessed. Measures are taken to preserve or restore biodiversity, ensuring the conservation of natural habitats and ecosystems.	44-47, 198	Lar España does not operate in any location within or adjacent to protected areas or areas of high biological value. Therefore, it does not work with species listed in the IUCN Red List or national conservation listings
	Amount of provisions and guarantees for environmental risks		Lar España does not have provisions and guarantees directly addressing environmental risks. However, it has insurance policies that, in accordance with current legislation, allow for the mitigation of these potential risks.
	Actions to combat food waste		According to Lar España's materiality analysis, this issue has not been considered relevant to its activities.
	Consumption of raw materials and measures taken to improve their efficient use.		According to Lar España's Materiality Analysis, this issue is not considered relevant to its activities.
	Measures to prevent, reduce, or remedy emissions that significantly impact the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution.		According to Lar España's Materiality Analysis, this issue is not considered relevant to its activity, besides the fact that no substances such as SF <sub>6</sub> are emitted as indicated in the contents.
	Total weight or volume of materials used for the company's operation.		According to Lar España's Materiality Analysis, this issue is not considered relevant to its activities.
Explanation of initiatives undertaken to minimize material consumption (e.g., measures aimed at reducing the consumption of raw materials implemented in production processes, employee awareness campaigns, etc.).		According to Lar España's Materiality Analysis, this issue is not considered relevant to its activities.	

## 5.8 Glossary

### EBT

Earnings before tax.

### EBIT

Earnings before interest and tax

### EBITDA

Earnings before interest, tax, depreciation and amortisation.

### Net profit/(loss)

Profit/(loss) for the period after tax

### Carbon Risk Real Estate Monitor (CRREM)

Is a global tool funded by the European Union under its Horizon 2020 program, designed to effectively and sectorally address the financial and transitional risks associated with low climate and energy performance within real estate activities. Its use provides estimates towards specific decarbonization pathways by asset and business type as well as by country, for property owners and stakeholders interested in assessing, managing, and avoiding climate risks.

### 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.

### ROA (Return on Assets)

Return on assets, calculated by dividing profit for the last 12 months by the Company's average assets of the last four quarters.

### Liquidity ratio

The Company's capacity to meet its obligations with liquid assets, calculated as the ratio between the Company's current assets and current liabilities.

### Solvency ratio

The Company's financial capacity to meet its payments obligations with all the assets and resources available. It is calculated by dividing equity plus non-current liabilities by noncurrent asset..

### EPRA

European Public Real Estate Association.

### EPRA Earnings

Earnings from operations

### 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).

### 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.

### 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.

### EPRA Net Reinstatement Value

Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

### **EPRA Net Tangible Assets**

Assumes that entities buy and sell assets, thereby providing visibility into certain levels of unavoidable deferred tax.

### **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).

### **EPRA Vacancy Rate**

Estimated Market Rental Value (ERV) of vacant space divided by the ERV of the entire portfolio.

### **EPRA Cost Ratio**

Administrative and operating costs (including direct vacancy costs) divided by gross rental income.

### **EPRA Cost Ratio (excluding direct vacancy costs)**

Administrative & operating costs (excluding direct vacancy costs) divided by gross rental income.

### **GAV (Gross Asset Value)**

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.

### **LTV (Loan to Value) neto**

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 calculada como cociente entre los ingresos por rentas que resultarían de alquilar la totalidad de la superficie a los precios de mercado estimados por los valoradores independientes (ERV) entre el valor bruto del activo.

### **Effort rate**

The effort rate is the ratio between the rent and the charges (co-ownership charges and property tax on the property) and the turnover generated by the operation on the property, which is the subject of the rent.

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

The Financial Stability Board (FSB) created this working group in 2018 to promote information on climate change risks and their management to investors.

### **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**

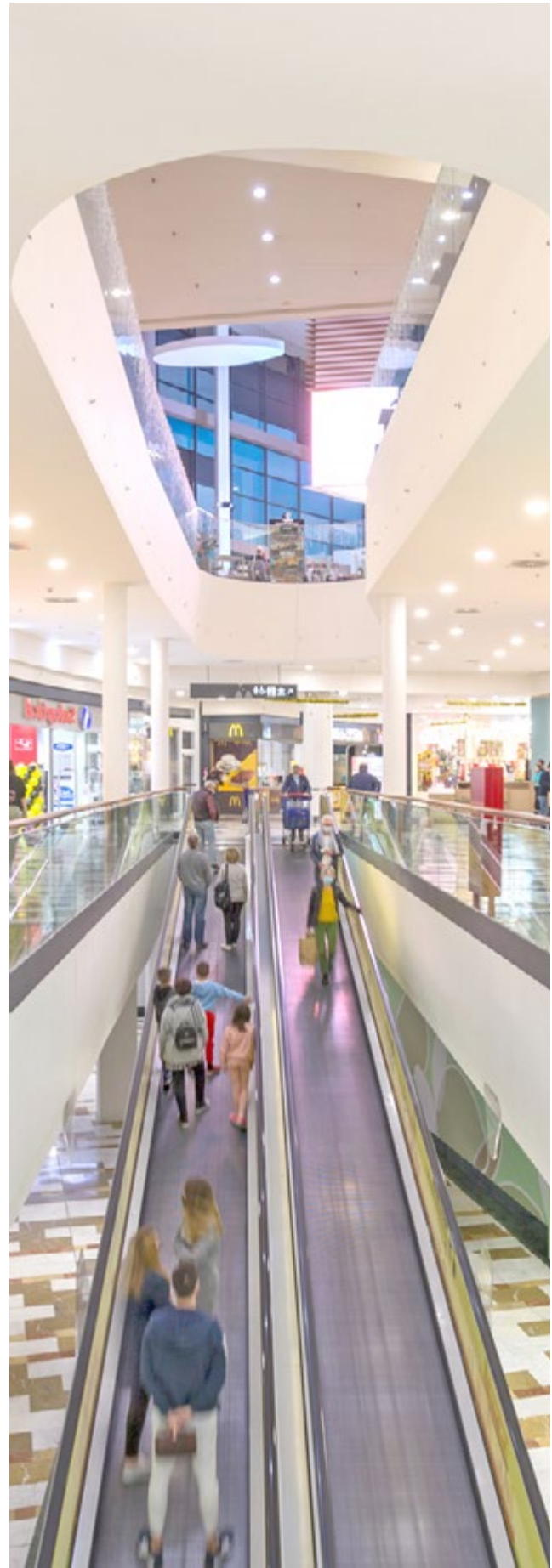
Composition of the highest governance body and its committees.

**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.





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C/ Maria de Molina 39 Floor 10  
28006 Madrid, España  
+34 91 436 04 37  
[www.larespana.com](http://www.larespana.com)  
[info@larespana.com](mailto:info@larespana.com)

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A photograph of a modern building facade with a dark, textured surface. The name "à necblau" is mounted on the wall in large, three-dimensional, light-colored wooden letters. The foreground is filled with out-of-focus, colorful flowers in shades of yellow, pink, and orange, creating a soft, bokeh effect. The sky is bright and clear.

à necblau