

Net Zero Carbon Pathway



Every little helps - and there's more to come!

 **Contents**

Foreword	2
Executive Summary	3
About Pradera	4
Defining Net Zero Carbon	5
Why Net Zero?	6
Challenges to achieving Net Zero Carbon	7
Our ESG Approach & Journey So Far	8
Our Scope of Commitment	9
Our Baseline Carbon Footprint	10
Milestones and Targets	11
Delivery Strategy	12
Tenant Engagement	19
Supplier Engagement	20
Carbon Offsetting	21
Climate-Related Risk and Resilience	22
Detailed Scoping Table and Greenhouse Gas Protocol Alignment	24
Glossary	26

Every little helps – and there's more to come!

Foreword

Climate change poses some of the most formidable challenges of our time and it is alarming how quickly the world is warming.

No doubt, there is an urgent need for deep, rapid and sustained reductions in greenhouse gas emissions to limit global warming to 1.5°C above pre-industrial levels and meet the goal of the UN Paris Accord of 2015.

Given the building sector has a very large emissions footprint being responsible directly and indirectly for approximately one-third of global CO₂ emissions, there is considerable pressure on our industry to take more substantial climate actions to help avoid a climate catastrophe.

As a retail investment fund and asset manager Pradera realises that it has a responsibility to future proof its assets by decarbonising and ensuring that they are resilient to climate-related transition and physical risks.

Pradera takes seriously the environmental impact of its corporate activities and assets we manage. We have made great strides so far in implementing energy efficiency measures and green certification, but we recognise that we need to improve further and transition to Net Zero Carbon.



Colin Campbell
Chairman

This is why, we have committed to target Net Zero Carbon emissions of Scope 1 & 2 for our corporate activities by 2030 and all Scopes of emissions for our active discretionary funds by 2040.

The creation of the Net Zero Carbon pathway offers a substantial opportunity for us to deliver value for our assets, communities, and the planet. This will require a tremendous effort from us but also support from our stakeholders.

While we are at the early stage of our Net Zero Carbon pathway, it is a significant step forward for Pradera and one that I am proud to endorse.

Our Net Zero Carbon pathway outlines where we are now on our journey, where we need to get to and the key actions, we will take to achieve our goal.

We have identified areas of focus to improve operational efficiency, roll out on-site renewable energy generation, phase out fossil fuels and procure off-site renewable energy.

It is also imperative for us to engage with our tenants and wider value chain if we want to achieve Net Zero Carbon including Scope 3 by 2040.

I am pleased to present our pathway towards Net Zero Carbon.

We aim to achieve Net Zero Carbon emissions across our corporate activities by 2030 and our active discretionary funds by 2040.

Executive Summary

As a company, Pradera has committed to reaching Net Zero Carbon by 2030 and for its managed funds by 2040.

We are committed to achieving Net Zero Carbon of all scopes of emissions ten years in advance of the 2050 deadline set through the Paris Accord.

Our commitment covers operational carbon from landlord and tenant-controlled areas for Scope 1 & 2 and Scope 3 of greenhouse gas emissions including embodied carbon associated with refurbishments, reconfigurations, extensions, fit-outs and demolitions if applicable.

Pradera believes that there is not only environmental benefit of transitioning to Net Zero Carbon but also a commercial gain. Assets, which comply with the latest regulatory requirements, have green certification, are highly energy efficient and powered by renewables, reduce the risk of obsolescence, and avoid a 'brown discount'.

We therefore see our commitment to Net Zero Carbon to protect our assets from both the impacts of climate change but also to maintain value, secure green finance and attract high investor and tenant interest.

Our Net Zero Carbon pathway is based on data analysis, climate change risks scenario analysis and is aligned with a 1.5°C climate warming scenario.

To support our Net Zero Carbon commitment, we have used the London Energy Transformation Initiative's definition of Net Zero Carbon and aligned our scope and boundary commitments with the Better Building Partnership's (BBP) Net Zero Carbon Pathway Framework.

As part of Pradera's commitment to Net Zero Carbon we aspire to set science-based emissions reduction targets and we will seek an independent accreditation of our target by Science Based Target's (SBTi) initiative.

Our Net Zero Carbon assumptions are supported by our hands-on approach to retail investment, fund and asset management, with targets measurable and achievable in the short, medium and long-term.

The steps we have taken to structure our Net Zero Carbon pathway are presented in this report and focus on the following areas and initiatives:



Defining a Net Zero Carbon Building



Identifying Challenges



Setting up our Scope and Boundaries



Understanding our base footprint



Setting up Milestones to 2040



Identifying Delivery Strategy



Outlining Tenant and Supplier Engagement



Formulating Carbon Offsetting



Presenting our Climate Risk Approach

Every little helps - and there's more to come!

About Pradera

€3.4bn
Value of assets under management

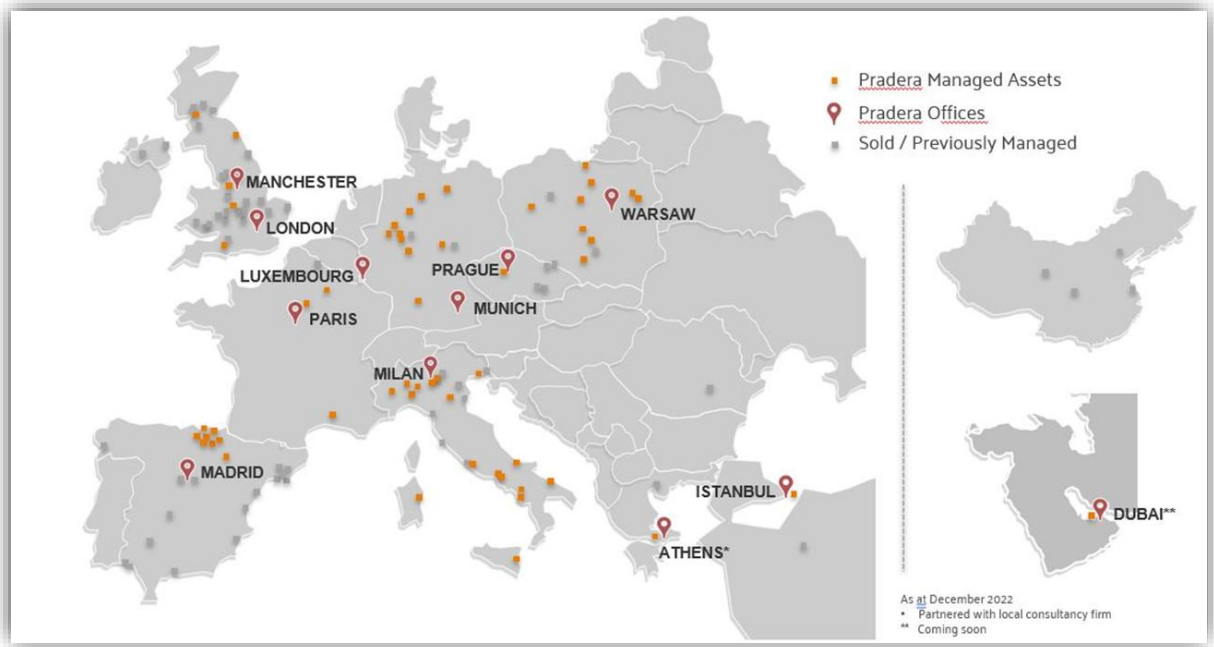
59 assets
Shopping centres, retail parks, grocery stores

1.6m sqm
Total GLA under management in 10 countries

2,500 stores

90 people
of 15 nationalities across Europe

12 offices
across Europe & the UEA



Every little helps – and there’s more to come!

Defining Net Zero Carbon

The concept of Net Zero Carbon seems simple but it is complex as there has not been a universally agreed definition yet.

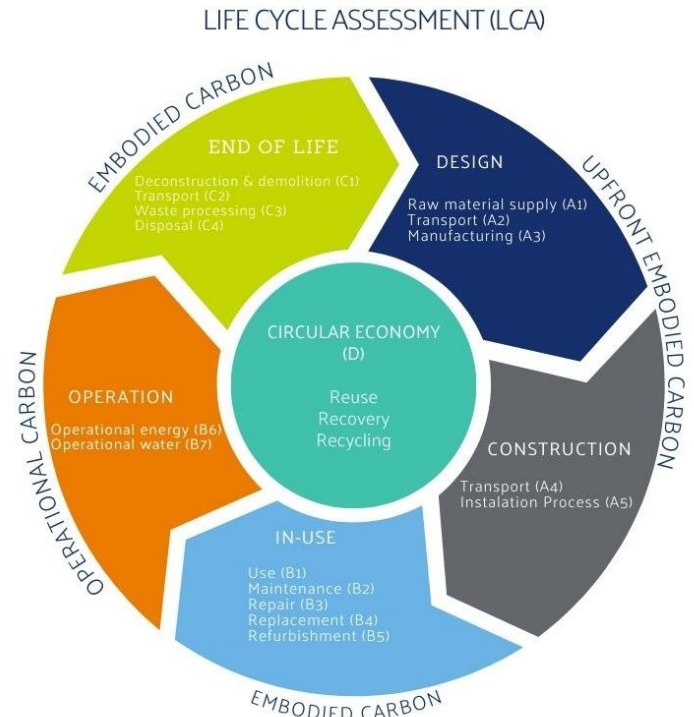
While the industry continues to figure out what Net Zero Carbon really means in practice, Pradera follows the London Energy Transformation Initiative's (LETI) definition of Net Zero Carbon, which takes into account the Whole Life Carbon ("WLC"). The definition is based on the 'Paris Proof' approach to ensure best efforts to limit global warming to 1.5°C degrees by 2050 and is as follows:

A 'Net Zero (Whole Life) Carbon Asset is one where the sum total of all asset related GHG emissions, both operational and embodied over an asset's life cycle, are minimised, meet local carbon, energy and water targets, and with residual 'offset', equals zero.

The Life Cycle Assessment chart shows emissions at each stage of the asset's life cycle and Net Zero Carbon is achieved when an asset removes as much carbon as possible. This is usually through low carbon design, no fossil fuels, improved energy efficiency aligned with decarbonisation targets, generation of onsite renewable energy and use of off-site renewable energy. Any residual emissions that remain unfeasible to eliminate are neutralised through carbon removals.

We recognise it is important to consider both embodied carbon from construction or refurbishment activities and operational carbon from running a building, however we will not seek to offset any upfront embodied carbon for an existing asset we acquire unless we have been responsible for its development. Given we were not in direct control of the asset's design and construction, we regard upfront embodied carbon emissions of an existing asset as 'sunk'.

Pradera will endeavour, however, to reduce operational carbon for existing assets and consider embodied carbon for projects where we are in direct control. This includes upfront embodied carbon for small developments and embodied carbon for assets in-use, which undergo refurbishment, reconfigurations, replacement of fit-outs, extensions and demolitions if applicable.



Source: A built asset's life cycle defined by BS EN 15978 and used by LETI, RICS and GRESB

Net Zero Whole Life Carbon =
Operational Carbon + Embodied Carbon

Every little helps - and there's more to come!

Why Net Zero?

Climate change and its pervasive impacts are increasingly evident. With concentrations of carbon dioxide at their highest levels ever, buildings account for 33% of today's global CO₂ emissions when both operational emissions and embodied emissions of materials are taken into account (International Energy Agency, 2022).

The case for Net Zero Carbon is ever more compelling given 80% of the buildings that will exist in 2050 have already been built and current modelling suggests that without a substantive and immediate scaling of decarbonisation initiatives, we will fall short of the commitments made in the Paris Accord.

Therefore, Pradera recognises that keeping global warming within a threshold of 1.5°C compared to pre-industrial levels and aligning our targets with this overarching goal is an absolute priority to avoid a climate catastrophe. Retrofitting must play a vital role in it, otherwise our assets will become 'stranded' and face a 'brown discount'.

There is a growing sentiment that investors and valuers have started linking green buildings to rents and values. Therefore, assets which are highly energy efficient, have green certification and comply with the latest regulatory standards are likely to enhance their value, reduce energy costs, have higher occupancy rates, attract higher investor interest and secure green finance.

We believe that we must take decisive actions to protect our investors' investments and translate net zero commitments into clear targets and robust transition plans that outline what actions will be taken to achieve those targets.

Our Net Zero Carbon Pathway is aligned with industry best practice: The BBP Net Zero Carbon Pathway Framework and our actions are centered around five key steps as shown below, which are underpinned by independently verified data and green certification, and strong governance:



Every little helps - and there's more to come!

Challenges to achieving Net Zero Carbon

Whilst the real estate industry is not short of ambition and makes commitment to achieving Net Zero Carbon, Pradera realises the task is challenging and there is still some way to go to ensure the real estate sector is consistent in the target setting methods, measurement of progress and defining Net Zero success. The below presents our views on areas of ambiguity and challenges we need to face:

Asset Control

Pradera is a retail investment fund and asset manager and manages assets on behalf of our investors and clients.

While we have direct control of our discretionary funds allowing us to make strategic and financial decisions on behalf of our investors, we must collaborate with them to bring them along on our Net Zero Carbon journey.

With assets where we act in a capacity of an asset manager only we have no direct or financial control and limited ability to influence our clients' decisions. We will, however, support them and embark on their Net Zero Carbon journey.

Tenant & Supply Chain Emissions

Pradera recognises one of the major roadblocks to decarbonisation efforts is obtaining and managing Scope 3 emissions from tenants and suppliers.

We, like many others, have limited ability to control Scope 3 emissions but recognise that their reduction is essential to achieve Net Zero Operational Carbon for the whole building.

As we are reliant on engaging with our tenants and suppliers, we will utilise our engagement tools. With green lease clauses and a robust engagement plan, we will collect data, increase coverage and strengthen our relationship with tenants and suppliers as we progress towards the Net Zero Carbon target.

Country Decarbonisation Pathways

Pradera invests predominantly in the EU, with some member states heavily dependent on fossil fuels.

Although the European Commission's ambition to transform Europe into the first climate neutral continent by 2050 is high as outlined in their Green Deal, individual EU member state's energy capacity and willingness to engage and decarbonise grid vary.

We may face considerable challenges to phase out fossil fuels at some assets by 2040, however we will make best efforts and collaborate with industry bodies and peers to lobby local regulators where possible.

Embodied Carbon

Measuring embodied carbon is a complex issue compared to operational carbon and the tools to measure embodied carbon are still in relative infancy.

With the real estate industry increasingly focusing attention on the problem, we will use LETI's guidelines on embodied carbon when it comes to small developments, refurbishments, replacement of fit-outs, extensions and demolitions if applicable.

Pricing Net Zero Carbon

Tools such as CRREM give some indication to the real estate sector on costs of retrofitting to comply with decarbonisation pathway. However, the energy use intensity requirements are still evolving and pricing the transition to Net Zero Carbon with a degree of certainty is challenging.

We will endeavour to carry out Net Zero Carbon Audits and review Energy Performance Certificates to get a clear understanding on pricing of Net Zero Carbon initiatives, look for subsidies and where possible potential recovery from service charge.

Offsetting










There are not many high-quality offsets available today but we expect this will change once the market matures.

Where it is not possible to eliminate unavoidable carbon emissions, we will follow the Oxford Principles for offsetting and will aspire to establish an internal price on carbon. This will act as seed funding for energy improvements in existing assets and will take the form of a levy on our business travel and the embodied carbon.

Every little helps – and there's more to come!

Our ESG Approach & Journey So Far

We bring retail to life through repurposing our assets and enhancing ESG features but our Net Zero Carbon pathway also supports the UN Sustainable Development Goals (SDGs). By undertaking initiatives to promote environmental responsibility, social and ethical standards, Diversity, Equality, and Inclusion (DEI), sound health & safety measures, and risk management Pradera has the ability to directly influence nine SDGs:

Key Focus Areas	Priorities	Aligned with UN SDGs
ENVIRONMENTAL Climate change mitigation and adaptation	We minimise our environmental impact by improving energy efficiency, implementing renewable energy solutions and working with our stakeholders to reduce resource consumption. We are targeting Net Zero Carbon.	  
SOCIAL Social Value	Our values flow through the way we care for the planet we share and the people who live on it. We focus on delivering social value by supporting local initiatives, notable causes and communities we operate in.	  
GOVERNANCE Reporting, Verification & Risk Management	We established the ESG Committee to ensure climate-related risks are implemented at investment and operational levels. By engaging with our stakeholders, we ensure systems and procedures are in place to support reporting and benchmarking of our emissions. We support growth of responsible regional business and endorse entrepreneurship.	  



Every little helps – and there’s more to come!

Our Scope of Commitments

CORPORATE EMISSIONS

Our commitment applies to our corporate emissions.

We will seek to procure off-site renewable energy for our offices.

We will avoid unnecessary business travel in favour of tele and video conferencing, use transport options with minimal carbon emissions and promote taxi sharing and shuttle services.

We will seek to upgrade our company cars to electric or equivalent low carbon technology.

We will develop an internal carbon price to offset residual corporate carbon from business travel.

EXISTING ASSETS

Our commitment applies to emissions from our active discretionary funds and joint ventures*.

Funds in liquidation and assets where we are not in direct control have been excluded from our Net Zero Carbon pathway.

We will use the Carbon Risk Real Estate Monitor (CRREM) for each asset to set energy use intensity to levels of 1.5°C aligned with real estate decarbonisation pathways.

Net Zero Carbon Plans will be aligned with the BBP Net Zero Carbon Pathway Framework.

REFURBISHMENTS/ DEVELOPMENTS

Our commitment applies to emissions from small developments, refurbishment, reconfigurations, fit-outs, extensions and demolitions where we are in direct control.

We will consider embodied carbon.

We will establish embodied carbon intensity targets, include green lease clauses to engage tenants to operate the fossil fuel free building.

For new projects, which are not Net Zero ready due to market constraints, we will structure the Net Zero Carbon Plan and align with the BBP Net Zero Carbon Pathway Framework.

ACQUISITIONS

Our commitment applies to emissions from new acquisitions.

We will run the Carbon Risk Real Estate Monitor (CRREM) within the due diligence process to see where assets are on the decarbonisation pathway.

We will ensure that all new assets are included in our Net Zero Carbon Pathway after being under our management for a period of two years.

We will ensure that energy use intensities are set up for newly acquired assets.

Net Zero Carbon Plans will be aligned with the BBP Net Zero Carbon Framework.

*Emissions from joint ventures account for the percentage equity share in the whole building emissions.

Every little helps – and there's more to come!

Our Baseline Carbon Footprint

The first step in setting our Net Zero Carbon pathway was to gain a clear understanding of our baseline carbon footprint, looking at different emission scopes defined by the Greenhouse Gas Protocol (GHG) below:



Scope 1 of GHG Emissions

Direct emissions Pradera generates directly as a result of landlord activities where there is operational control including natural gas, company owned petrol/diesel vehicles and refrigerant losses



Scope 2 of GHG Emissions

Indirect emissions Pradera generates through electricity purchase and company owned electric vehicles as part of landlord activities where there is operational control



Scope 3 of GHG Emissions

Indirect emissions generated from sources in Pradera's own supply chain and leased assets that can be influenced but are not controlled by Pradera. These are usually the greatest share of the carbon footprint, and include emissions associated with tenant energy, embodied carbon, business travel, procurement, waste and water

Our baseline carbon footprint, presented here, is for the year ended 31st December 2022 and details the extent and type of emissions for our organisation under three scope categories.

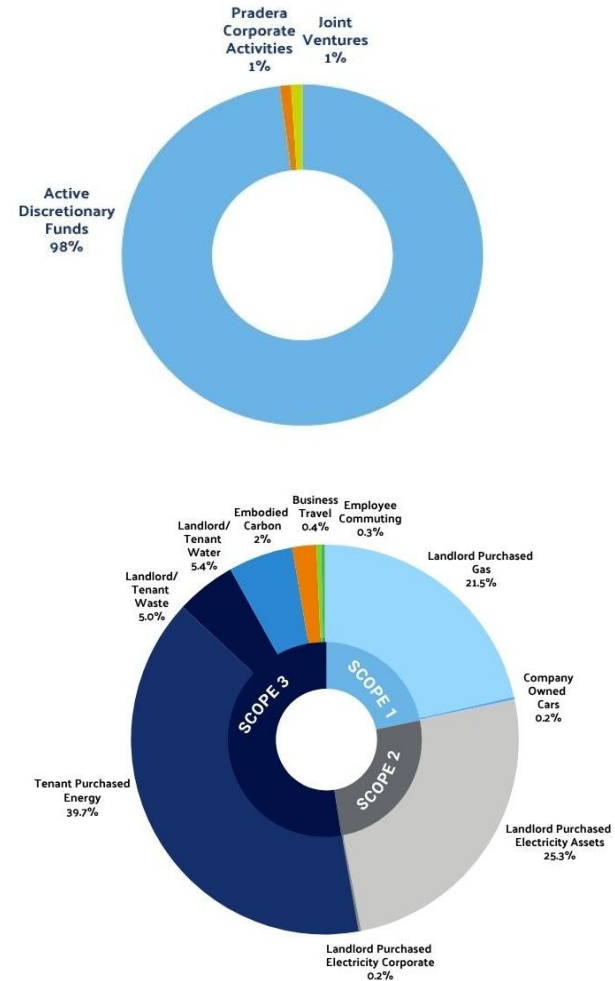
Scope 1 and Scope 2 emissions account for 22% and 25% respectively, while Scope 3 makes up the majority of our carbon footprint 53% and includes indicative embodied carbon from the operational phase of our assets.

Corporate emissions include energy, business travel and indicative employee commuting.

Our Baseline Carbon Footprint does not include:

- Emissions from our supply chain
- Tenant fit-out and transport
- Visitor travel due to lack of car counters at many of our assets
- End of Life emissions from the operational phase of the building

Pradera's total operational emissions are subject to change and we will work to improve the accuracy of the above baseline focusing as a priority on the automation of energy data for our assets and mapping suppliers.



Every little helps - and there's more to come!

Milestones and Targets

Our Net Zero Carbon pathway aligns with the Better Buildings Partnership (BBP) Net Zero Carbon Pathway Framework, supports the UN Sustainable Development Goals and presents our house approach how to achieve Net Zero Carbon target for all our emissions by 2040. This document is intended to provide a high-level overview of our approach, and targets, and is the first edition of our Net Zero Carbon pathway. We expect to review and update our approach periodically as the real estate sector advances its Net Zero Carbon pathway and more guidelines are available.

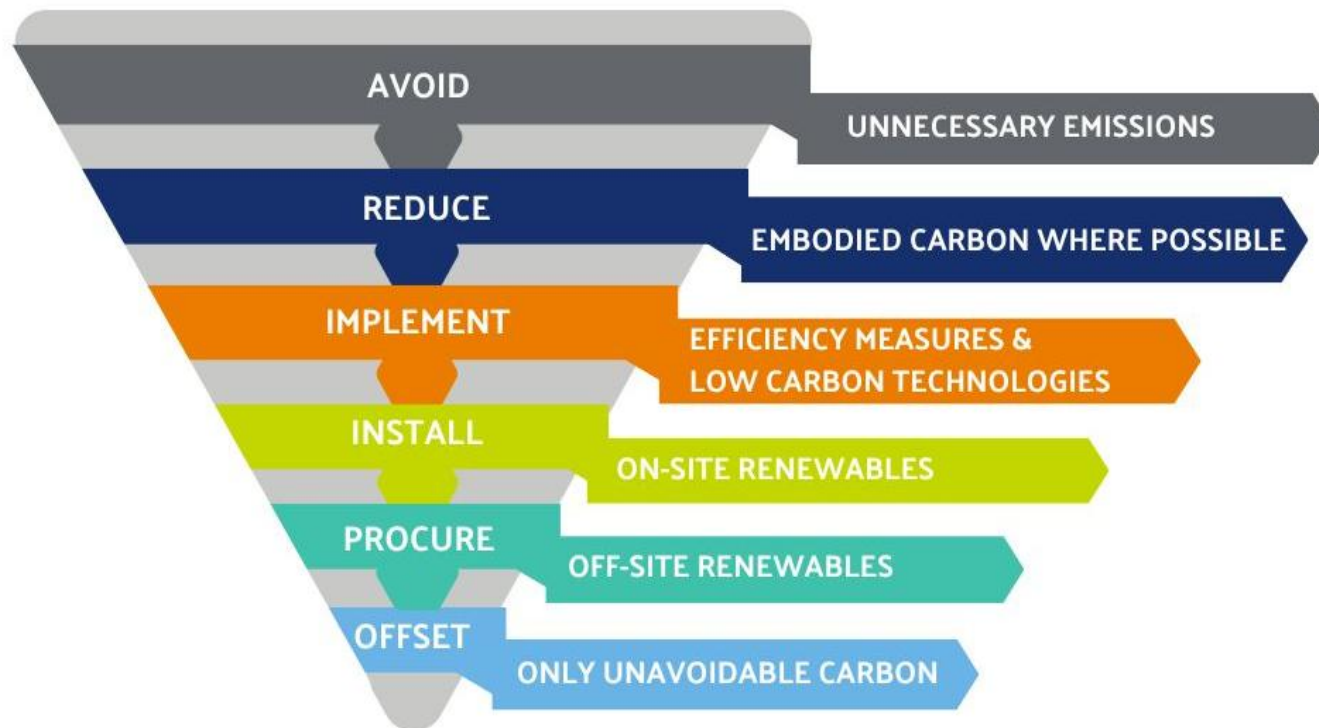
2025	2030	2035	2040
<p>15% reduction in Carbon Emissions of Scope 1, 2 & 3</p> <p>compared to 2022 starting point for our corporate activities and active discretionary funds' assets</p>	<p>Net Zero Operational Carbon of Scope 1 & 2 Emissions for our corporate activities</p> <p>42% reduction in Carbon Emissions of Scope 1, & 2 and 25% reduction in Scope 3 compared to 2022 starting point for active discretionary funds' assets</p>	<p>75% reduction in Carbon Emissions of Scope 3 based on 2022 starting point for our corporate activities</p> <p>75% reduction in Carbon Emissions of Scope 1, 2 & 3 based on 2022 starting point for discretionary funds' assets</p>	<p>Net Zero Operational Carbon of Scope 3 Emissions for our corporate activities</p> <p>Net Zero Operational Carbon of Scope 1, 2 & 3 Emissions for our active discretionary funds' assets</p>
<p>Key Performance Targets:</p> <ul style="list-style-type: none"> Procure off-site renewable energy at our London and Milan offices Pradera's diesel and petrol cars upgraded to hybrid cars Net Zero Carbon Audits at active discretionary funds' assets Review of EPCs Increase procurement of off-site renewable energy to 25% at our discretionary funds' assets Increase the number of BREEAM In-Use certificates from 50% to 70% 	<p>Key Performance Targets:</p> <ul style="list-style-type: none"> Occupy Net Zero offices Pradera's hybrid cars replaced with electric cars or equivalent low carbon technology No single use plastic used at Pradera's offices No new installation of gas boilers Increase procurement of off-site renewable energy to 50% at our active discretionary funds' assets All EPCs compliant with the Minimum Energy Efficiency Standards Increase the number of BREEAM In-Use certificates to 100% 	<p>Key Performance Targets:</p> <ul style="list-style-type: none"> Increase data coverage to 100% for active discretionary funds' assets Increase procurement of off-site renewable energy for Tenant controlled spaces to 75% at active discretionary funds Achieve 50% of on-site renewable energy generation for Landlord controlled spaces at active discretionary funds' assets 	<p>Key Performance Targets:</p> <ul style="list-style-type: none"> Phase out fossil fuels at active discretionary funds' assets Achieve full renewable energy generation at Landlord and Tenant controlled areas at active discretionary funds' assets Achieve 350kg/Co2/sqm guideline target for Embodied Carbon of projects where we are in direct control Zero waste to landfill at active discretionary funds' assets

Every little helps – and there's more to come!

Delivery Strategy

To achieve the Net Zero Carbon target we will follow the Energy Hierarchy

THE ENERGY HIERARCHY



Every little helps – and there's more to come!

Embodied Carbon

We will reduce Carbon Intensity of refurbishments, fit-outs and small development projects

Our emissions associated with embodied carbon have been small. We generally do not develop new properties and our embodied carbon is approximately 2% out of total emissions in 2022 and results mostly from refurbishments and reconfigurations. With future projects and fit-outs we will prioritise:

- EPCs minimum rating requirements
- Fossil-fuel free heating
- Renewable energy solutions
- Energy and water metering

Key Actions to reduce Carbon Intensity for refurbishments, reconfigurations, extensions, fit-outs and small development projects:

CORPORATE

- Consider the environmental impacts of materials selected and give preference to products sustainably sourced
- For any new offices or office moves undertake corporate office fit-out that will promote Net Zero Carbon fit-outs
- Review and assess recycling principles

ASSETS

- Proactively engage supply chain and refurbishment partners and share best sustainable practices
- Consider Net Zero Carbon commitment at the design stage of major refurbishments, renovations, extensions or small development projects, designing out fossil fuels and selecting low carbon conserved, repurposed and recycled materials
- Extend green lease clauses and investigate opportunity for tenants in green leases to calculate embodied carbon and report on it from their refurbishment and fit-outs
- Include a Tenant refurbishment guidance to promote Net Zero Carbon fit-outs
- Implement requirements for embodied carbon as part of our Tenant Sustainability Guide
- Review Embodied Carbon practices every 5 years

Reporting Metrics:

- Embodied Carbon (tCO₂)
- Carbon Intensity (kgCO₂/sqm or tCO₂/sqm)

Progress to Date

- A Tenant Sustainability Guide is in place but needs to incorporate Net Zero requirements
- Green leases include general clauses on sustainable practices related to refurbishment and reconfiguration works

Every little helps – and there's more to come!

Operational Efficiency

We will increase Operational Efficiency of Energy, Water and Waste

The majority of our emissions are associated with the energy used to power and heat our buildings, which accounts for 87% of our emissions in 2022.

Key Actions to monitor full carbon footprint at landlord and tenant spaces and reduce energy and carbon intensity:

CORPORATE

- Undertake Net Zero audits for our office spaces
- Map Scope 3 of corporate supplier carbon emissions
- Replace existing lights with LEDs
- Phase out single use plastic
- Execute Pradera's Green Office policy and focus on behavioural changes with turning off lights and equipment when not in use
- Explore opportunities for reducing carbon emissions from business travel and promote teleconferencing & sustainable transport
- Promote Pradera's ride to work scheme and electric car leasing scheme
- Replace all Pradera's diesel and petrol cars by 2025 with hybrid cars and by 2030 with electric cars or equivalent low carbon technology
- Occupy Net Zero Offices only by 2030

ASSETS

- Identify opportunities for energy efficiency, water conservation and waste management with Net Zero Carbon Audits
- Integrate Net Zero Carbon audit findings for carbon reduction plans and incorporate mitigation actions for climate-related risks
- Review all EPCs and implement initiatives to decrease energy intensity
- Replace all existing lights with LEDs
- Transition away from fossil fuels toward electric solutions e.g. air/ground source heat pumps
- Use automated data collection and smart metering
- Engage with Tenants to ensure that every new or renewed lease includes a clause on data sharing and environmental collaboration
- Understand our Tenants' Net Zero Carbon ambitions, reduction plans and investigate opportunities for potential cooperation on setting up joint targets
- Execute the Sustainable Sourcing and Procurement Policy with our biggest supply chain partners
- Embed Net Zero Carbon criteria at investment and operational levels
- Increase the number of electric car charging points across all our discretionary assets
- Improve data collection of GHG Scope 3 operational purchased goods and services

Reporting Metrics:

- Total energy emissions & like-for-like consumption (kWh)
- Energy intensity (kWh/sqm)
- Total carbon emissions (tCo2) and intensity (tCo2/ sqm)
- Scope 1, 2 & 3 of carbon emissions
- Total water consumption & like-for-like comparison (m³)
- Total waste (tonnes) & waste recycled (%)

Progress to Date

- Annual data collection for active discretionary funds' assets
- Used the CRREM tool to assess assets' decarbonisation pathways
- Embarked on a comprehensive LED upgrade programme
- Installed first air source heat pumps at our Czech retail park
- Rolled out green lease clauses; currently 53% of our active discretionary funds' assets include green clauses
- Implemented the Sustainable Sourcing and Procurement Policy
- Rolled out our Green Office Policy
- Our London and Milan offices are gas free

Every little helps - and there's more to come!

On-site and Off-site Renewable Energy

We will maximise on-site renewables to reduce dependence on the national grid and procure off-site renewables for the remaining energy

15% of our total energy generated at active discretionary funds' assets is generated from renewable sources and we aim to increase it.

Key Actions to take to assess the feasibility of solar installation across our discretionary assets and procure 'high quality' off-site energy:

CORPORATE

- Purchase electricity from renewable sources only at our London and Milan offices by 2025
- Occupy Net Zero offices only and procure off-site renewable energy at our offices by 2030

ASSETS

- Conduct renewable energy feasibility study, assess capacity and identify opportunities for on-site renewables
- Secure on-site renewable energy for Electrical Vehicle charging stations
- Investigate opportunities to enter into Power Purchase Agreements (PPAs) for renewable energy with our Tenants and look for terms which will be beneficial to both parties
- Collaborate with our property managers to offer advice on renewable energy procurement
- Work closely with Tenants to increase off-site renewable energy to at least 25% by 2025, 50% by 2030 and 75% by 2035
- Review new solar technologies periodically and achieve 50% on-site renewable energy generation for Landlord controlled spaces by 2035 and 100% by 2040 at our active discretionary funds' assets

Reporting Metrics:

- On-site renewable capacity MW
- kWh or MWh on-site renewable generation
- kWh or MWh procured off-site renewable energy
- % of total energy generated from on-site renewable energy
- % of total energy procured from off-site renewable energy

Progress to Date

- Solar panels have been installed at 3 assets in Italy and 2 assets in Germany
- Our active discretionary funds' assets currently procure 15% of off-site renewable energy

Every little helps – and there's more to come!

Carbon Offsetting

We will offset only unavoidable carbon

After implementing all elements of our Net Zero Carbon strategy, there will still be residual carbon that we will not be able to eliminate. We are committed to procuring high quality offsets, which will balance carbon emissions.

Key Actions to take to offset residual emissions for embodied carbon from landlord refurbishments, reconfigurations, extensions, small developments, tenant and landlord fit-outs, and corporate emissions:

CORPORATE

- Set requirements for offsetting unavoidable residual carbon emissions, such as business travel at our offices

ASSETS

- Establish an offsetting programme
- Work with tenants to support their individual offsetting requirements
- Offset only unavoidable carbon in line with Oxford Offsetting Principles
- Prioritise third party verified offsetting projects such as afforestation and reforestation
- Consider setting up an internal price of carbon and a decarbonisation fund to finance energy improvements in existing assets and support other assets to become Net Zero
- Investigate whether future offset funding could contribute to various UN Sustainable Development Goals through social impact projects.

Reporting Metrics:

- Total emissions offset (tonnes)
- % of emissions offset
- Number and types of offsetting schemes
- Total carbon offsets purchased (kgCO₂e/annum)

Progress to Date

- Offsetting standards are still evolving and we have not taken any actions so far
- Our offsetting strategy is only indicative at this stage. We will align with the best practice frameworks and guidance

Every little helps – and there's more to come!

Third Party Verification and Green Certification

We will ensure independently verified data and green certification

We carry out a third party audit to verify our carbon emissions on an annual basis. We also believe that green certification demonstrates the quality, performance and sustainable credentials of the asset. To be transparent we aspire to report our progress against Net Zero Carbon targets.

Key Actions to ensure best practices, transparency and green certification:

CORPORATE

- Ensure Pradera's Corporate ESG reporting reflects best practices and meets the latest regulatory requirements
- Become a signatory to the BBP Climate Commitment and report on progress
- Explore opportunities for independent accreditation of our Net Zero Carbon target by Science Based Target's (SBTi) initiative
- Implement the Environmental Management System aligned with ISO 14001 standard

ASSETS

- Certify assets to in-use building performance standards BREEAM or LEED
- Increase the number of BREEAM In-Use Certificates to 70% by 2025 and 100% by 2030 at our active discretionary funds' assets
- Ensure all our spaces have a valid EPC certificate, which meets the EU and UK Minimum Energy Efficiency Standards (MEES)

Reporting Metrics:

- % of assets reporting independently verified carbon data
- The number of BREEAM In-Use certification
- % of portfolio covered by BREEAM In-Use certification
- % of EPCs meeting Minimum Energy Efficiency Standards (MEES)

Progress to Date

- Report to GRESB and achieved a 5 Green Star rating for one of our active discretionary funds
- Our data is externally verified by ISO 14064-3 standard for our active discretionary funds
- Use a third party software to calculate our corporate emissions
- Complied with the SFDR
- Our Climate-related Resilience strategy is aligned with TCFD
- Secured over 20 BREEAM In-Use certificates across wider Pradera portfolio

Every little helps – and there's more to come!

Governance

We will provide clear governance structure to ensure delivery of the Net Zero Carbon strategy

Our Net Zero Carbon pathway reflects Pradera's clear strategic direction. With our full commitment and accountability for implementation of the Net Zero Carbon strategy we will drive initiatives to improve sustainable performance of our assets and ease our environmental impact.

Key Governance Actions to ensure the implementation of the Net Zero Carbon strategy at a corporate and asset level:

CORPORATE

- The responsibility for the strategic direction of the Net Zero Carbon pathway lies with the ESG Committee both at a corporate and asset level and is endorsed by and reported to the Pradera Board
- The ESG Committee collaborates with the Pradera Risk Committee on identifying and mitigating climate-related risks, which are embedded at investment and operational levels and reported to the Pradera Board on a quarterly basis

ASSETS

- Outline Net Zero Carbon specific targets for individual assets following Net Zero audits
- Report on progress against Net Zero Carbon performance targets
- Ensure asset managers are accountable for implementation of Net Zero Carbon initiatives and supported by the Fund Management Team
- Increase the number of Tenants implementing climate action
- Engage Suppliers to initiate climate action

Reporting Metrics:

- Annual review of Net Zero Carbon targets and progress against them
- % of Tenants supporting Net Zero Carbon transition
- % of Suppliers taking climate action
- Number of climate-related risks reported and mitigated annually on the Pradera Risk register

Progress to Date

- Reinstated the ESG Committee in 2019, which is responsible for developing the Pradera Group's ESG policy and strategy, integrating it across the Group and providing oversight of ESG initiatives at the corporate and asset level
- ESG initiatives are included in our investor reporting
- Climate-related risk identification and mitigation process is in place
- Climate-related risks are reported to the Pradera Risk Committee and communicated to the Pradera Board

Every little helps – and there's more to come!

Tenant Engagement

The lion's share of our carbon footprint is derived from tenant-related emissions for which we have limited control. This means that active engagement with our tenants must be our key priority to achieve Net Zero Carbon for Scope 3 emissions by 2040. To do this, we need to strengthen our relationship with tenants and base it on partnership and collaboration as we progress towards the Net Zero Carbon target. The engagement tools we will use include Green Leases and a Tenant Sustainability Guide.

We have already taken steps to implement green lease clauses across our wider Pradera portfolio, however to achieve Net Zero Carbon we must bring tenants on the journey with us to drive operational energy efficiency, increase the use of renewable energy, decarbonise heating systems and minimise embodied carbon. The key areas we will focus are as follows:

Cooperation

Effective communication between a landlord and tenant can substantially improve the environmental performance of an asset.

By establishing a multi-stakeholder group representing tenants, asset and property managers we will initiate a dialogue on Net Zero Carbon and wider sustainability issues.

Data Sharing

Our fundamental priority is to collect data from our tenants and understand their Net Zero Carbon ambitions.

By engaging with tenants we will be able to get access to their current utility usage, share our usage and set mutually beneficial saving targets.

Energy Conservation

We believe that reducing energy consumption is essential for Net Zero Carbon commitment and encourage our tenants to install smart metering, upgrade traditional lighting bulbs to LED lighting and replace gas heating with air or ground source heat pumps.

In addition, we advocate behavioural measures to further help tenants to save energy through simple practices.

Renewable Energy

Our goal is to maximise the use of renewable energy and create additional capacity to the grid. We will assess opportunities in on-site and off-site generation as we move towards our Net Zero Carbon target and identify what opportunities might exist for cooperation between landlords and tenants.

Green Building Criteria

We are committed to the high standards of green certification, ESG rating and benchmarking. That is why, we will collaborate with our tenants on meeting new Minimum Energy Efficiency Standards of Energy Performance Certificates and securing high BREEAM or LEED rating. We will continue to report to GRESB and engage tenants to increase data coverage for benchmarking.

Fit-out

Our aim is to minimise embodied carbon at fit-outs and refurbishments but so far this source of emissions has been outside of our measurement boundary.

To improve, we will engage with tenants on how they can increase circularity of materials used, align with LETI guidelines and we will outline specific requirements in our Tenant Sustainability Guide.

Every little helps – and there's more to come!

Supplier Engagement

Our ambition is to achieve Net Zero Carbon for Scope 3 by 2040. To do so, we must partner with our key suppliers and take them on our climate journey. As they reflect our upstream activities as defined by Greenhouse Gas Protocol, we will engage with them to make the necessary carbon reductions.

Those suppliers relate to our corporate purchased capital goods and services but also to services procured by the landlord to service and maintain our assets e.g. property management.

To do this, we will integrate our Net Zero Carbon ambitions into our property management contracts and supply chain contracts with our Top Tier suppliers. We will use as a base our Sustainable Sourcing and Procurement Policy, which is focused on the four pillars of the Better Future Charter. It covers Business Partners, People, Assets, Communities and is underpinned by our robust Governance.

Our aim is to understand our key suppliers' Net Zero Carbon ambitions and we expect them to set up sustainable goals including carbon emission reduction targets using the Net Zero Carbon Framework in accordance with community, city, state, regional, national and international regulatory requirements and report progress against them.

We will work with our suppliers in partnership to ensure a continued dialogue, resource efficiency and will put in place clear and transparent supplier requirements.

Carbon Offsetting

We will only offset unavoidable carbon after all other steps have been taken first.

Those unavoidable emissions are likely to be associated with embodied carbon, which is currently negligible at Pradera as we do not generally develop new assets. Most of our embodied carbon is reconfiguration and refurbishment related and will include landlord or tenant fit-out that we will measure and collaborate with our tenants to minimise it.

We might have some unavoidable residual operational carbon emissions related to our supply chain, however we will strive to implement robust procedures and will execute our Sustainable Sourcing and Procurement policy to avoid emissions and set up tangible goals.

Our other source of unavoidable carbon is likely to come from our corporate business travel. Although we do not travel as much as we used to before Covid-19 and use video conferencing more, we still travel and use petrol, diesel, hybrid and to limited extent electric cars.

We will aspire to upgrade our corporate diesel and petrol cars to hybrid cars by 2025 and electric cars by 2030.

The carbon offsetting market is still in its infancy and there are not many high quality offsets available today. However, we expect this situation to change as the market matures.

We will focus our offsetting strategy on using certified offset programmes and setting up an internal price of carbon.

To do this, we will adhere to the Oxford Principles of Offsetting for our residual operating carbon and aspire to use high-quality offsets focused on carbon removal. These types of offsets remove emissions directly from the atmosphere usually through afforestation or reforestation.

As we move along our Net Zero Carbon pathway we will set up an internal price of carbon aligned with guidance from the United Nations Global Compact on carbon pricing and explore options of setting up a decarbonisation fund.

The internal price of carbon will take the form of a levy on the unabated embodied carbon and business travel and will be used to provide seed funding for energy improvements in existing assets.

In addition, we will investigate whether future offset funding could contribute to various UN Sustainable Development Goals through social impact projects, with the purpose to create social value.

Climate-Related Risks and Resilience

At Pradera, we recognise that climate change aspects are important to us and our stakeholders. Our primary focus is to integrate them at investment and operational level, and Pradera has a clear top down-bottom up 'line of sight' for climate-related aspects from the Board to the ESG Committee.

While climate change is global in scale, there are highly localised impacts that could potentially threaten our assets and communities we operate in.

Climate resilience can mean different things to organisations but at Pradera we focus on identifying and mitigating transition and physical risks of climate change on assets, supply chain, tenants and wider communities.

It is therefore crucial for us to consider and integrate climate change aspects into our Net Zero Carbon strategy and focus on an asset adaptation and transformation in the face of climate-related stresses and shocks.

Pradera has a systematic process in place to assess materiality of transition and physical risks.

Our climate scenario analysis shows that our portfolio will be more exposed to transition risks rather than physical risks. This is largely due to the fact that our assets are predominantly located in Europe, which is governed by strict enforcement of legislations and regulations.

We have identified that our exposure to transition risks is likely to be driven by new policy and legal regulations, technological innovation, market demand and reputational aspects. If not mitigated in time, assets will become stranded and negative impacts of transition risks will be reflected in an asset's value and increasing operating costs.

We have carried out a physical risk scenario analysis with our insurers, which demonstrates that our assets may be exposed to some extent to weather related acute hazards such as fluvial flooding and storm surge, and chronic stressors such as extreme heat, droughts and wildfires.

Given extreme weather conditions are likely to intensify going forward, interventions and adaptations are required to avoid a negative impact on an asset's value and the ever increasing cost of insurance premiums.

Climate-Related Risks and Resilience

Transition Risks and Mitigation Factors

Policy & Legal

With the latest introduction of legal frameworks such as the SFDR, TCFD, the minimum required EPC rating standards across Europe, and a looming carbon tax could result in fines for non-compliance, we see urgent need to accelerate decarbonisation efforts to increase operational efficiency of our assets and meet the Paris Climate Accord requirements.

Technological Innovation

The rate of technological innovation over the last decade has been substantial with LED lighting, renewable technology and energy efficient heating. These advances, however, bring the obsolescence risk to those assets, which do not transition to low carbon. We at Pradera will strive to further implement LED lighting, sensors, air/ground source heat pumps and solar panels to avoid an asset obsolescence.

Market Demand

Market demand continues to shift towards sustainable and low-carbon buildings. Those assets, which will not lower GHG emissions are likely to become stranded and depreciate quickly. As the trend continues, we will roll out our Net Zero Carbon strategy to avoid an asset stranding risk and enhance value.

Reputation

Low EPC rating, lack of green certification and missing Net Zero plans could potentially decrease investor interest, asset liquidity and restrict access to green finance. We recognise that our Net Zero Carbon strategy could help to strengthen our relationship and build trust among all our stakeholders.

Physical Risks and Mitigation Factors

Fluvial Flooding

Heavy or prolonged rainfall events could lead to river flooding and a potential damage could contribute to increased capital costs, reduced revenue and higher insurance premiums.

Although this would possibly affect only a very limited number of our assets, we will implement flood control features to ensure assets are protected against flooding.

Storms

Some of our assets could potentially be exposed to windstorm damage especially during the winter season.

This risk could result in reduced revenue from tenants but also would increase insurance premiums. With the correct features to protect building fabrics facades and roofs we will be able to mitigate the storm risk.

Extreme Heat/Droughts

Heatwaves will have an impact on the cooling demands of our assets and thereby will contribute to increased energy consumption and maintenance costs.

With the installation of renewable energy, shading skylights and areas most exposed to the sun we will be able to prevent overheating and ease cooling demand at our assets.

Wildfires

Assets may be prone to fire risk in hotter summers and will increase water demand. This risk could result in higher operating costs and demolition of assets.

Although this would be an extreme scenario, we see an opportunity for water harvesting with the installation of water collection basins for fire security purposes at our assets.

Every little helps – and there's more to come!

Detailed Scoping Table and Greenhouse Gas Protocol Alignment

The table below sets out the carbon emissions included within the scope of our commitment and alignment with the BPP Net Zero Carbon Pathway mandatory scope items.

Business Area	Sub Area	GHG Protocol Reporting Category	Emissions Scope	Commitment Inclusion (BBP Requirement)	Pradera Commitment	Comments
CORPORATE*	Head office energy use	Company Facilities	1&2	Optional	Y	
	Company vehicles	Company Vehicles	1	Optional	Y	
	Business travel (excluding commuting)	Business Travel	3	Optional	Y	
	Purchased goods and services	Purchased goods & services	3	Optional	Y	From 2025
	Operational waste generated	Waste generated in operation	3	Optional	-	Report on best efforts
	Operational water use	Purchased goods & services	3	Optional	-	Report on best efforts
	Employee commuting	Employee Commuting	3	Optional	-	Report on best efforts
DIRECT REAL ESTATE HOLDINGS (including JVs with management control)	Landlord purchased energy (electricity and fuels)	Purchased electricity, heat & steam	1,2&3	Y	Y	
	Tenant purchased energy (electricity and fuels)	Downstream leased assets	3	Y	Y	
	Landlord refrigerants	Purchased goods & services	1	Y	Y	
	Tenant refrigerants	Tenant Scope 3	3	N	N	
	Landlord purchased water	Purchased goods & services	3	Y	Y	
	Tenant purchased water	Tenant Scope 3	3	N	N	
	Landlord managed operational waste	Waste generated in operations	3	Y	Y	
	Tenant managed operational waste	Tenant Scope 3	3	N	-	Report on best efforts
	Tenant transport emissions	Tenant Scope 3	3	N	N	
	Tenants supply chain emissions	Tenant Scope 3	3	N	N	
	Landlord purchased capital goods and services (M&E & property managed services)**	Purchased goods & services	3	Y	Y	From 2025
DEVELOPMENT	New development*** (including funding)	Purchased goods & services	3	Y	Y	***
	Refurbishment	Purchased goods & services	3	Y	Y	From 2025
	Landlord controlled fit-out	Purchased goods & services	3	Y	Y	From 2025
	Tenant controlled fit-out	Tenant Scope 3	3	Y	Y	From 2025
	End of life	End of life treatment of sold products	3	****	N	

Detailed Scoping Table and Greenhouse Gas Protocol Alignment

Business Area	Sub Area	GHG Protocol Reporting Category	Emissions Scope	Commitment Inclusion (BBP Requirement)	Pradera Commitment	Comments
INDIRECT REAL ESTATE HOLDINGS (indirect Real Estate Holdings, eg. where investments are managed by a third party such as JVs with no management control or investments in other real estate investment vehicles)	Landlord purchased energy (electricity and fuels)	Purchased electricity, heat & steam	1,2&3	Y	N	N/A
	Tenant purchased energy (electricity and fuels)	Downstream leased assets	3	Y	N	N/A
	Landlord refrigerants	Purchased goods & services	1	Y	N	N/A
	Tenant refrigerants	Tenant Scope 3	3	N	N	N/A
	Landlord purchased water	Purchased goods & services	3	Y	N	N/A
	Tenant purchased water	Tenant Scope 3	3	N	N	N/A
	Landlord managed operational waste	Waste generated in operations	3	Y	N	N/A
	Tenant managed operational waste	Tenant Scope 3	3	N	N	N/A
	Tenant transport emissions	Tenant Scope 3	3	N	N	N/A
	Tenants supply chain emissions	Tenant Scope 3	3	N	N	N/A
	Landlord purchased capital goods and services (M&E & property managed services)**	Purchased goods & services	3	Y	N	N/A

*Corporate emissions are voluntary but Pradera has decided to report on them.

**Those are services procured by the landlord to service and maintain the space e.g. property management, service charge recoverable items and CAPEX connected with minor replacement items.

***Pradera does not generally build new properties so it will be extremely rare.

****End of life carbon has not been included within the scope of the BBP Climate Change Commitment due to lack of industry consensus on how it should be accounted for. This position will be reviewed once industry understanding improves and an agreed approach will be adopted.

Every little helps - and there's more to come!

Glossary

BBP	Better Buildings Partnership is a collaboration of the UK's leading commercial property owners who are working together to improve the sustainability of existing commercial building stock.	Oxford Offsetting Principles	outline how offsetting needs to be approached to ensure it helps achieve a Net Zero Carbon Strategy. The principles are focused on emissions reductions and carbon removals.
BREEAM	Building Research Establishment Environmental Assessment Method is the world's leading sustainability rating scheme for the built environment.	Paris Accord	The Paris Accord/Agreement is an international treaty on climate change, adopted at COP21 in Paris, in December 2015. Its goal is to limit global warming to well below 2°C, preferably 1.5°C compared to pre-industrial level.
Brown Discount	Buildings that do not conform to being 'green' could suffer from a reduced value.	PPA	A Power Purchase Agreement is a contract between two parties, one that generates renewable electricity (the seller) and one that is looking to purchase electricity (the buyer).
CRREM	Carbon Risk Real Estate Monitor is an EU funded project, which provides the real estate industry with transparent, science-based decarbonisation pathways. These are aligned with the Paris Climate Goals of limiting global temperature rise to 2°C, with an ambition towards 1.5°C.	SBTi	Science Based Target Initiative is a Partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), which guides organisations how much and how quickly they must reduce their GHG emissions to prevent the worst effects of climate change.
Embodied Carbon	Embodied Carbon in assets is the GHG emissions from developments, refurbishments, landlord and tenant fit-out.	'Sunk' emissions	already emitted
EPC	Energy Performance Certificates subject to Minimum Energy Efficiency Standards in the EU and UK. EU: - By 2025: harmonized scale: A-G - By 2027: minimum rate: E and above - By 2030: minimum rate: D and above UK: - 2023: minimum rating E - By 2027: minimum rating C - By 2030: minimum rating B	SFDR	The Sustainable Finance Disclosure Regulations imposes mandatory ESG disclosure obligations for asset managers and other financial market participants.
ESG	Environmental, Social and Governance	Scope 1 emissions	are direct emissions from owned or controlled sources e.g. fossil fuels (gas), company vehicles.
DEI	Diversity, Equality and Inclusion	Scope 2 emissions	are indirect emissions from the generation of purchased energy.
GRESB	Global Real Estate Sustainability Benchmark is an organization that produces internationally-recognised benchmarks to track environmental, social and governance performance of commercial real estate and infrastructure on an annual basis.	Scope 3 emissions	are all other indirect emissions that occur in the value chain including both upstream and downstream emissions associated with the use of products, services and leased assets.
LEED	Leadership in Energy and Environmental Design (LEED) is a green building certification system developed by the US Green Building Council. Its aim is to measure the building sustainability.	Stranded Asset	A stranded asset is a building which could have seen a decrease in value because of the asset's higher GHG intensity than the decarbonisation target designated for the given asset class and location (country).
LETI	is a network of 1,000 built environment professionals, working together to put the UK on the path to a zero carbon future. The group consists of developers, engineers, housing associations, architects, planners, academics, sustainability professionals, contractors and facilities managers.	TCFD	Taskforce on Climate-related Financial Disclosures is a market-driven initiative set up to develop a set of recommendations for climate-related financial risk disclosures companies can adopt to inform their stakeholders about risks and mitigation.
Operational Carbon	Operational Carbon is all carbon emitted from an asset energy use. This includes both landlord and tenant heating, hot water, cooling, ventilation, lighting systems, and equipment use.	UN SDGs	The 17 UN Sustainable Development Goals (SDGs) were adopted in 2015 as part of the 2023 Agenda by 193 member states of the United Nations to address the most important global economic, social, environmental and governance challenges.
		Whole Life Carbon	The carbon emitted throughout a building's lifecycle, from the materials sourced and used during construction, the operational energy use and maintenance and end-of-life demolition of the building.

Bringing retail to life.

For further information please contact

Anna Finch

Head of ESG

anna.finch@pradera.com

www.pradera.com

www.linkedin.com/company/pradera/

Disclaimer

The material and comment contained in this report is provided for information purposes only and has been prepared by Pradera Limited ("Pradera") and relates to Pradera Limited, its subsidiaries and its managed collective investment schemes including Pradera European Retail Parks SCSp.

The document does not constitute an offer to sell or a solicitation of an offer to buy units in any Fund, any security or other product that may be referenced in this report.

Nothing in this report should be interpreted as a recommendation or opinion that you should make any purchase or sale of a security or other product or participate in any transaction. Nothing in this report should be construed as offering tax, legal or investment advice.

The information contained within this report (including any expression of opinion or forecast) has been obtained from, and is based on, sources believed by Pradera to be reliable.

Whilst every effort has been made to ensure the accuracy of the information supplied herein, Pradera cannot be held responsible for any errors or omissions.