Taskforce on Climate-related Financial Disclosures (TCFD) Report 2025

Contents

Introduction

Climate change represents a material risk for the real estate sector as real life consequences are increasingly prevalent due to global temperatures and carbon emissions continuing to rise at an excessive rate.

2025 was the third warmest year on record globally, with temperature remaining about 1.4–1.5°C above pre-industrial levels. Energy demand stayed elevated, driven by electrification and cooling needs, while global greenhouse gas emissions rose again by around 0.5%.

As climate change leads to more pronounced extremes, rapid temperature changes from hot to cold and wet to dry have increased substantially across the world, and they are likely to rise further and put more stress on human health and natural habitat.

With more frequent and intense fluctuations in temperature, climate change could put significant strain on energy systems due to unpredictable surges in heating and cooling demand.

The wild fluctuations in temperature are also likely to make it more challenging to manage water resources as supplies of freshwater across the globe are already under pressure.

Now, more than ever, we need to make assets more resilient and cut greenhouse gas emissions rapidly as failure to address climate-related risks could prove to be costly and lead to potential loss in value of an asset.

Given the built environment is responsible for more than a third of today's global CO_2 emissions, it is vital for the real estate sector to bear the collective responsibility and make a change before it is too late.

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

Our Approach to Climate Resilience

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

The aspects of climate change are therefore equally important to us and our stakeholders, and we recognise that our assets are susceptible to extreme weather events.

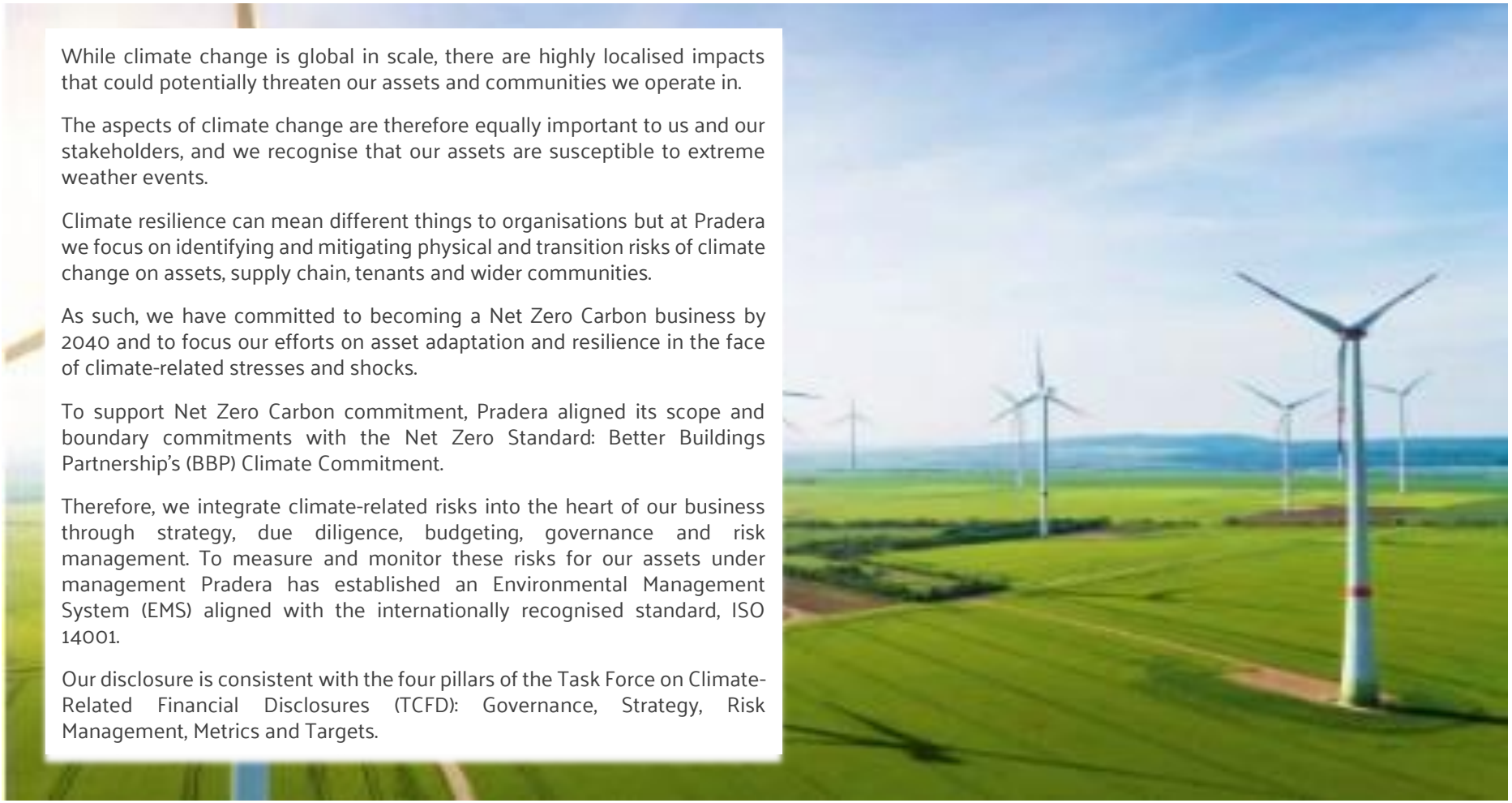
Climate resilience can mean different things to organisations but at Pradera we focus on identifying and mitigating physical and transition risks of climate change on assets, supply chain, tenants and wider communities.

As such, we have committed to becoming a Net Zero Carbon business by 2040 and to focus our efforts on asset adaptation and resilience in the face of climate-related stresses and shocks.

To support Net Zero Carbon commitment, Pradera aligned its scope and boundary commitments with the Net Zero Standard: Better Buildings Partnership's (BBP) Climate Commitment.

Therefore, we integrate climate-related risks into the heart of our business through strategy, due diligence, budgeting, governance and risk management. To measure and monitor these risks for our assets under management Pradera has established an Environmental Management System (EMS) aligned with the internationally recognised standard, ISO 14001.

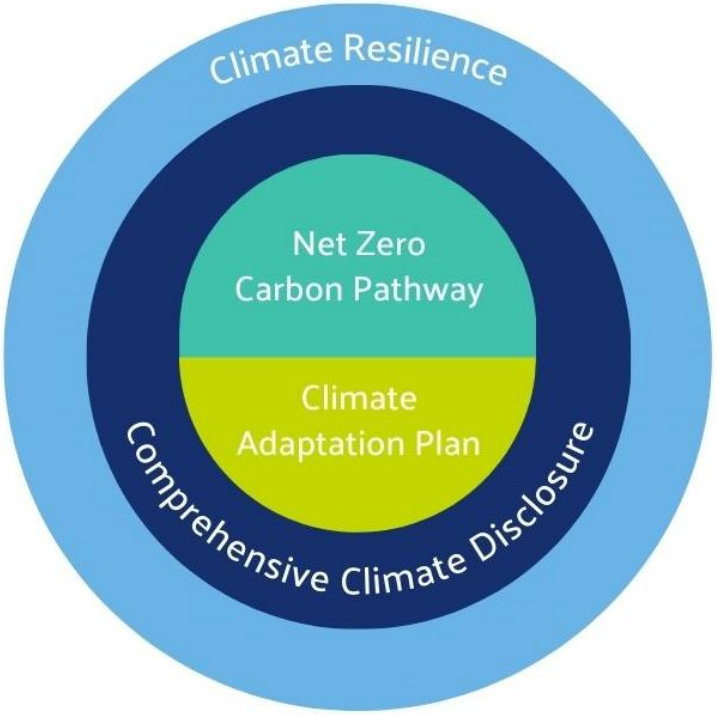
Our disclosure is consistent with the four pillars of the Task Force on Climate-Related Financial Disclosures (TCFD): Governance, Strategy, Risk Management, Metrics and Targets.



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

Our Approach to Climate Resilience

As a Better Buildings Partnership (BBP) Climate Commitment signatory, we also align with the BBP's definition of climate resilience that:



A climate-resilient business has a strategy in place to:

- Mitigate the worst impacts of climate change by becoming 'net zero' carbon by 2050
- Adapt to operating in a world in which climate-driven disruption is more frequent and severe
- Disclose climate-related information to investors, regulators and other stakeholders in a useful and timely way

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

Governance

BOARD-LEVEL OVERSIGHT

Climate-related issues and opportunities are increasingly becoming a day-to-day topic in Boardrooms and Pradera has a clear top down-bottom up 'line of sight' for climate-related aspects from the Board to the ESG Committee.

Updates on ESG matters with the aim to include climate-related issues are provided on a quarterly basis to the Board by the ESG Committee and include progress on initiatives and targets. In addition, the Risk Committee assists the Board to assess different types of risk including climate-related risks, which may affect the financial position, capacity to operate or reputation of any relevant Pradera Subsidiary or Fund.

Pradera's governance structure enables oversight and accountability for effective management of climate-related risks at investment and operational level.

The Board has a supervisory oversight responsibility for Pradera's activities and policies, and is responsible for setting, maintaining and reassessing policies and processes to manage Pradera's overall exposure to risk.

At Board level our Chairman, Colin Campbell has overall accountability for ESG matters, including climate-related issues. However, the responsibility for overseeing its day-to-day ESG management including climate-related risks is delegated to Anna Finch, Director of ESG. Peter Davies, Managing Director, oversees the review and performance as Chair of the ESG Committee and a member of the Senior Management Group.

THE ESG COMMITTEE

The ESG Committee meets on a bi-monthly basis and its mandate is to formulate the Pradera's ESG policy and strategy, identify climate-related risks and opportunities, and integrate initiatives throughout the Pradera Group. The committee reports on climate-related risks to the Risk Committee on a quarterly basis and assesses climate-related risks of potential investments. It consists of three core representatives including the Pradera Board, Senior Management and the Director of ESG but is attended by a group of cross-functional employees from Asset and Fund Management, Investment and Risk Management.

THE RISK COMMITTEE

The Risk Committee meets at least four times a year and its mandate is to assess the different types of risks to Pradera, including the climate-related risks and to suggest risk limits. The committee consists of two core representatives including the Pradera Board and Senior Management but is attended by cross-functional employees from Asset and Fund Management. The Chair of the Committee, Scott Quinn, is responsible for reporting the risks to the Board.

THE INVESTMENT COMMITTEE

The Investment Committee meets when and if required and the climate related risks are integrated throughout the whole investment process beginning from asset selection, due diligence, acquisition up to asset and fund management. They are discussed at the Investment Committee meetings at investment level and reported to the Risk Committee at operational level. The Chair of the Committee is Pradera's Chairman: Colin Campbell, who is also a member of the ESG and Risk Committees.

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

Strategy

As an experienced retail real estate investment and asset manager, we recognise that our business activities interact with the environment and we have a duty to ensure that climate change risks and opportunities are addressed. By embedding them into all aspects of Pradera's operations, we ensure that climate-related risks are monitored and managed.

Pradera continues to actively review the capital investment plan for each asset as it is essential to protect assets and reduce carbon emissions through improved energy efficiency initiatives to be able to comply with regulatory standards. By managing climate change risks and achieving energy efficiency gains, Pradera aspires to minimise the risk of asset obsolescence, maintain value and avoid 'brown discount'[1].

We focus on identifying and understanding climate change risks and opportunities and have assessed materiality of transition and physical risks of our assets over the short, medium and long-term horizons i.e. up to 5, 15 and 15+ years. The climate scenario analysis shows that our assets are likely to be more vulnerable in the short-term to transition risks rather than physical ones. This is largely due to the fact that our assets are located in the EU, which is governed by strict enforcement of legislations and regulations. With the latest revision of the Energy Performance of Buildings Directive (EPBD), which is part of the EU's Green Deal underpinned by the EU's ambition to fully decarbonise stock by 2050, there will be much pressure put on asset owners to renovate the worst performing buildings.

Short-term

We have seen a greater shift in terms of legislation with the Sustainable Finance Disclosure Regulation (SFDR) for our funds and proposed Minimum Energy Efficiency Standards changes for Energy Performance Certificates in continental Europe as part of ratified revision of the EU Energy Performance of Buildings Directive (EPBD) and in the UK. They are all linked to the acceleration of decarbonisation efforts to meet the Paris Climate Accords agenda by 2050.

Investor and tenant demand continues to drive requirement for assets with robust sustainability credentials, which are energy efficient and cost effective. Pressures caused by evolving consumer preferences can also have a material impact on reputation of our tenants to whom our properties have been leased or require such tenants to make material changes to their operations, each of whom may impact their ability to satisfy rental payments and obligations.

Pradera's climate scenario analysis showed that meeting strict EU regulations, increasing cost of transition to lower emissions technology and shifts in consumer preferences/customer behaviour presenting themselves as key risks. By managing these risks, Pradera believes the following opportunities could include:

- Energy efficient buildings with better or compliant EPCs could be let quickly and could potentially command higher rent and enjoy lower tenant turnover;
- Roll-out of EV charging station across our assets could attract more customers and increase footfall;
- Buildings with green certification such as BREEAM In-Use and LEED certification could improve operating performance, maintain and/or enhance asset value and attract green finance;
- Investing in the energy efficiency of assets reduces maintenance costs and protects assets against obsolescence and early write-off;
- Tenant Engagement programme helps to actively engage with tenants to manage building efficiency, share best practice ideas and success stories as well as strengthens landlord/tenant relationship.

[1]Buildings that do not conform to being 'green' could suffer from a reduced value.

Strategy

Medium-term

We have identified the same issues as those that occur in the short-term and we recognise that we must invest in our new or existing assets to meet regulatory standards, customer preferences and levels of energy efficiency to ensure they are compliant, maintain or enhance value, operate effectively and attract tenant and customer demand. This period of 5-15 years will cover our pathway to Net Zero Carbon and will help us to minimise the amount of carbon to be offset.

Long-term

We need to invest in our existing assets to ensure they are climate resilient, occupied and attractive to our stakeholders. It is possible that climate change may impact some of our assets which in turn could have a financial impact on our business e.g. increased insurance premiums or loss of rental income. Our scenario analysis run for assets with MSCI showed that the physical risks are the most material in the long-term and present themselves most evidently in the 3.0°C - 5.0°C scenario (aligned with REMIND, the IPCC I SSP3-7.0 and IPCC I SSP5-8.5), with extreme heat and rising mean temperatures being the most significant. Also, MSCI's financial impact (Value-at-Risk) for assets showed that any late actions, which lag behind the national decarbonisation targets would probably decrease an asset value.

By structuring Net Zero Carbon Pathway and taking regular risk assessment we believe that we are in a better position to manage these potential risks as the assets, which are able to meet these challenges, will remain attractive to tenants and investors. Investing in the overall climate resilience of our assets could enhance or at least maintain asset value, reduce maintenance costs and prevent 'brown discount'.

The impact of climate-related risks and opportunities

Climate-related issues affect the way we manage our existing assets and engage with our tenants. This in turn is driven by an ever-increasing demand from our tenants and other stakeholders wanting buildings with higher levels of sustainability credentials, as well as the regulatory landscape becoming more demanding.

The recognition that climate change has a material impact on our business and our stakeholders has led us to develop our Net Zero Carbon Pathway, which will ensure that we are reducing our carbon footprint and exposure to risk, examples include:

Financial planning (operating costs, capital expenditure and allocation) - We are undertaking specific reviews such as Net Zero Audits to help us understand the cost of certain transition risks. During 2025, we ran the Carbon Risk Real Estate Monitor tool (CRREM) for Pradera European Retail Park SCSp (PERP) to understand where the assets are on the decarbonisation journey and what potential adaptation cost is required in the short to medium term. The financial implications have been accounted for and will be implemented over the next 5 years.

Access to equity and finance – We believe it will be harder to access equity and good quality, affordable finance without being able to demonstrate how we address and effectively manage climate-related risks. In response. We continue working on green certification and implementing our Net Zero Carbon Pathway to clearly demonstrate our performance criteria.

Managing assets – Pradera's business model involves both investing in new developments and older properties which allows for future retrofitting potential. When managing our assets, we have a significant focus on energy use intensity and carbon reduction, ensuring adaptation plans and targets are in place and our buildings operate as efficiently as possible. Our strategy predominantly centres around the concept of continual improvement, which strives to ensure a high degree of both climate and financial resilience.

In addition, we have implemented the Environmental Management System (EMS) aligned with ISO 14001 accreditation to further strengthen our controls and identify and manage environmental risks.

Scenario Analysis

We have developed our Net Zero Carbon Pathway by 2040 aligned with Better Buildings Partnership (BBP) in which we transparently addressed the transition and physical risk and opportunities applicable to our assets.

In 2025, Pradera, with the support of MSCI, we undertook the climate Value-at-Risk scenario analysis for Transition and Physical Risks for Pradera European Retail Parks SCSp (PERP) assets. The scenarios have average temperatures of below 2.0°C for orderly transition and above 3.0°C for disorderly transition.

Physical Risk assessment was undertaken through:

- MSCI – a 1.5°C, 2°C, 3°C, 4°C and 5°C physical risk modelling for Climate Value-at-Risk aligned with REMIND, IPCC/SSP2-4.5, IPCC/SSP3-7.0 and IPCC/SSP5-8.5
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The analysis focused on the following time horizons:

- Short-term (5 years until 2030)
- Medium-term (up to 15 years until 2040)
- Long-term (above 15 years until 2050 and 2100)

The assessments included a current climate exposure and climate change implications for those exposures with potential financial implications for assets such as direct damage and average annual loss as percentage of the total asset value. Most assets showed a low physical risk in the short-term and included the following parameters:

Acute

- Flash flood
- Storm surge
- Hailstorm
- Fluvial flooding (river flood);
- Tropical Cyclone

Chronic

- Drought stress
- Fire weather stress (wildfire)
- Heat stress
- Rising mean temperatures
- Rising sea levels/Coastal flood

Scenario Analysis

Transition Risk assessment was undertaken through:

- CRREM tool – a 1.5˚c and 2˚C scenario for transition risk aligned with IPCC's RCP 4.5;
- MSCI – a 1.5˚C and 2˚C transition risk modelling scenario for Climate Value-at-Risk aligned with orderly and disorderly transition risk scenarios of CRREM and REMIND
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The analysis focused on the following time horizons:

- Short-term (5 years until 2030)
- Medium-term (up to 15 years until 2040)
- Long-term (above 15 years until 2050 and 2100)

The assessments included a current climate exposure, climate change and policy implications for those exposures with potential financial implications for assets as percentage of the total asset value. A number of assets proved to show a transition risk and included the following parameters:

Policy & Legal

- Increasing price of GHG emissions;
- Enhanced emissions reporting obligations:
- Mandates on and regulation of existing products;
- Exposure to litigation.

Technology

- Substitution of existing products and services with lower emissions options;
- Technology investment requirements to maintain competitiveness and enhance asset value.

Market

- Changing customer behaviour;
- Uncertainty in market signals;
- Increased cost of raw materials.

Reputation

- Stigmatisation of sector;
- Shift in consumer preferences;
- Increased stakeholder concern or negative stakeholder feedback.

Risk Management

Pradera has a systematic process in place to assess materiality of physical and transition risks. The responsibility for managing our corporate risk lies with the Risk Committee. Each quarter 14 days prior to the Risk Committee meeting the Risk Secretary requests the Risk Register Owners, responsible for the various business lines, to update the previously Approved Risk Register and Legal Claim Register including ESG/climate change related risks.

The Risk Register is a dynamic document which tracks the progress of risks and the management of it. This assessment seeks to understand risk severity and likelihood as well as the optimal controls and/or mitigation actions required. This approach allows the effects of any mitigating procedures to be considered properly, recognising that risk cannot be eliminated in every circumstance. The risk is then put forward to the Risk Committee for consideration, review and ultimately adoption. Climate-related risks and opportunities are agreed by the ESG Committee and provided to the Risk Committee. These risks can include physical environmental risk and transition risk (e.g. regulatory risk, market risk and reputational risk).

To assess the materiality of climate-related risks we worked with MSCI but also used the CRREM tool to assess climate-related risks. This followed a structured identification and assessment of the physical and transition risks applicable to PERP across climate scenarios, below 2.0°C for orderly transition and above 3.0°C for disorderly transition.

We have carried out a physical risk materiality analysis as part of the scenario analysis and identified the financial materiality for each risk and potential impact on its capital value. Working through the assessment process the key physical risks and opportunities under disorderly transition of above 3°C are as follows:

PHYSICAL RISK MATERIALITY MATRIX Scenario > 3°C	Acute Hazards identified	Chronic Stressors identified
Flash Flood/Storm Surge		-
Hailstorm		-
River Flood/Fluvial Flooding		-
Tropical Cyclone		-
Drought stress	-	
Fire weather stress/Wildfires	-	
Heat stress/Extreme Temperatures	-	
Rising mean temperatures	-	
Rising Sea Levels/Coastal Flood	-	

Possible/Low risk < 25%	Probable/Medium risk 26% - 79%	Likely/High risk > 80%

Risk Management

Based on the physical risks identified under disorderly transition of above 3°C, none were likely to interrupt our business but they could increase operating costs.

PHYSICAL RISK > 3°C		Probability	Potential Financial Impact	Opportunity
ACUTE HAZARDS	Flash Flood/Storm Surge	Medium-term (probable) 5-15 years	Some of our buildings might be potentially exposed to flush flooding and are susceptible to windstorms. This risk is classified as medium but flood events could potentially damage façade, roofs and cause power outage, which could result in reduced revenues from tenants, increased maintenance costs and higher insurance premiums.	Implement the right adaptation measures to protect building fabrics façades and roofs against flash floods and storms. Ensure business continuity and disaster recovery plans are up to date to reflect the safety measures.
	Hailstorm	Medium-term (probable) 5-15 years	Many of our buildings might be potentially exposed to hailstorm especially during the winter season, however this risk is rare and classified as low. If it happened, it could potentially damage façade and roofs, and result in higher operating costs and insurance premiums.	Endeavour to review façades and glass design to enhance resilience of assets exposed. Install hail guards and impact-resistant glass where possible.
	River Flood/Fluvial Flooding	Long-term (possible) above 15 years	Heavy or prolonged rainfall events could lead to river flooding. A potential damage to building infrastructure and systems could contribute to increased capital costs, reduced revenue and higher insurance premiums. This risk is classified as low and would possibly affect only a very limited number of our assets.	Draft adaptation plans and review drainage system. Where necessary, install flood control features to ensure assets are protected against flooding.
	Tropical Cyclone	Long-term (possible) above 15 years	One of our buildings is located in the area where it might be susceptible to tropical cyclones. This risk is classified as low and very rare but could potentially make damage to the asset and result in higher operating costs and insurance premiums.	Ensure business continuity and disaster recovery plans are up to date in case of the event.

Risk Management

PHYSICAL RISK > 3°C		Probability	Potential Financial Impact	Opportunity
CHRONIC HAZARDS	Drought Stress	Medium-term (probable) 5-15 years	Drought and hotter summers may have an impact on our assets, which may be prone to reduced revenue from lower sales due to lower customer demand. Given water usage could be potentially restricted at some assets, this risk is classified as medium and would require increased water demand.	Implement adaptation plans to conserve water through grey or rain water collection and reuse.
	Fire weather stress/Wildfires	Long-term (possible) above 15 years	Hotter summers may have some impact on our assets, which might be prone to fire risk. This, however, is classified as a low risk at Pradera's assets and would be an extreme scenario, which could have impact on capital value and might cause early retirement of an asset if heavily damaged.	Ensure fire protection plans are in place and comply with regulations. Look for an opportunity for water harvesting with the installation of water collection basins for fire security purposes.
	Heat stress/Extreme Temperatures	Medium to long-term (probable) 5-15 years and above	Whilst this is a high risk to our business in medium to long-term, we remain vigilant to any heat stress. This risk could potentially have an indirect impact on occupier overheating within a building, increased cooling demand and substantial increases in energy costs resulting from higher energy consumption.	Endeavour to install renewable energy, shade skylights and areas most exposed to the sun to be able to prevent overheating and ease cooling demand at our assets.
	Rising mean temperatures	Medium to long-term (probable) 5-15 years and above	Hotter summers (10-20 days of heatwave per annum) will impact our assets. By increasing cooling demands and thereby having an indirect impact by increasing energy consumption and maintenance costs, we consider rising temperatures as a high risk.	Install green or solar reflective paints on roofs, shade skylights and areas most exposed to the sun to ease cooling demand at our assets.
	Rising Sea Levels/Coastal Flood	Long-term (possible) above 15 years	This is a very low risk but one of our buildings is located in an area where it might be susceptible to coastal flood exacerbated by sea level.	Review water ingress routes and protection features that could minimise the exposure. Consider flood defence system and ensure business continuity and disaster recovery plans are up to date in case of the event.

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

Risk Management

We conduct an annual GHG emissions calculation and run an assurance process for our assets. As part of this process, we map them against CRREM and MSCI's Value-at-Risk to assess the stranding risk[1] of an asset and the cost of excess emissions. Those impacts could include increased operating costs and have a negative impact on an asset value.

In addition, we monitor the latest regulatory developments on carbon pricing and potential fines resulting from non-compliance. Pradera also assesses whether policy changes may have an impact on early retirement or write-off of an asset resulting from obsolescence.

Based on the transition risks identified under orderly transition of below 2°C, none were likely to interrupt our business but they could potentially increase the operating cost. The key transition risks and opportunities under orderly transition of below 2°C are as follows:

TRANSITION RISK MATERIALITY MATRIX Scenario < 2°C	Policy & Legal	Technology	Market	Reputation
Increasing price of GHG		-	-	-
Enhancing emissions-reporting obligations		-	-	-
Mandates on and regulation of existing products and services		-	-	-
Exposure to litigation		-	-	-
Substitution of existing products and services with lower emissions options	-		-	-
Costs to transition to lower emissions technology	-		-	-
Changing Customer behaviour	-	-		-
Uncertainty in market signals	-	-		-
Increased cost of raw materials	-	-		-
Stigmatisation of retail sector		-	-	
Shifts in consumer preferences		-	-	
Increased stakeholder concern or negative stakeholder feedback	-	-	-	

Possible/Low risk < 25%	Probable/Medium risk 26% - 79%	Likely/High risk > 80%

[1]A stranded asset is a building which could have seen a decrease in value because of the asset's higher GHG emissions than the decarbonisation target designed for the given asset class and location (country).

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

Risk Management

TRANSITION RISK < 2°C		Probability	Potential Financial Impact	Opportunity
POLICY & LEGAL	Increasing price of GHG emissions	Medium-term (probable) 5-15 years	We conduct an annual GHG emissions calculation and map them against CRREM and MSCI's Value-at-Risk to assess the cost of excess emissions and stranding risk of assets. This risk is classified as medium as excess emissions could potentially increase operating costs and have a negative impact on an asset value.	Carry out Net Zero Audits to structure an asset adaptation plans and implement decarbonisation measures to prevent exposure to abrupt policy change and increasing carbon price.
	Enhancing emissions-reporting obligations	Medium-term (probable) 5-15 years	The financial cost of compliance is classified as low but we recognise that by enhancing emissions-reporting obligations we would have to put additional resources in place.	Ensure access to resources is established in case of additional compliance obligations.
	Mandates on and regulation of existing products and services	Short to medium-term (likely) 2 to 15 years	We assess regulatory requirements and applicability of new regulatory frameworks such as more stringent Minimum Energy Efficiency Standards requirements, which come into force in 2025, 2027 and 2030 in the EU and UK, and EV charging requirements. The financial cost of compliance could lead to reduced rental income, longer void periods and additional capex and we consider this risk as high.	Review Energy Performance Certificates whether they comply with the Minimum Energy Efficiency Standards requirements and arrange assessment to achieve compliance. Continue to roll-out EV charging stations across our assets to comply with the EPBD regulation requirements.
	Exposure to Litigation	Long-term (possible) above 15 years	We monitor litigation trends within the industry and stay updated on the latest legal and regulatory developments. Although we see exposure to litigation as a negligible risk given policies, procedures and insurance we have in place, we think that we might potentially be exposed with new investments.	Ensure a Professional Indemnity and Directors & Officers liability insurance are in place. Monitor contingency plans and raise items on the risk register.

Risk Management

TRANSITION RISK < 2°C		Probability	Potential Financial Impact	Opportunity
TECHNOLOGY	Substitution of existing products and services with lower emissions options	Medium-term (probable) 0-15 years	We carry out regular external energy audits at our assets to evaluate emissions and identify energy efficiency opportunities. The financial risk of substituting existing products to lower emissions options is medium as we think that we are exposed with those assets, which have the highest emissions and require substantial Capex to transition to low carbon solutions.	Carry out Net Zero Audits to structure adaptation plans to reduce emissions and avoid the risk of obsolescence with the installation of smart metering and energy efficient equipment.
	Costs to transition to lower emissions technology	Short to medium-term (likely) 0-15 years	We monitor lower emissions technologies and engage with potential partners to carry out a cost-benefit analysis at the asset level. The financial risk is classified as high and substantial Capex is needed to transition to lower emissions technology. Also, the limited power capacity at some of our assets could potentially deter or delay the implementation of renewable energy initiatives.	Structure adaptation plans to switch to lower emissions technologies such as solar panels, photovoltaics, air powered heat pumps and EV charging stations. Investigate installation of new transformers where required to increase the power capacity at assets.
MARKET	Changing Customer behaviour	Short to medium-term (likely) 0 to 15 years	Market demand continues to shift towards low-carbon buildings. We carry out regular surveys to evaluate how attractive our centres are for tenants. Although we think that the financial risk is medium, it could result in high risk resulting from reduced revenue from those tenants, who prioritise low carbon buildings.	Endeavour to implement energy efficiency measures to reduce emissions and operational costs at assets we manage.
	Uncertainty in market signals	Short-term (likely) up to 5 years	We monitor market signals and analyse how abrupt and unexpected shits in energy costs can impact our operational costs. Based on our analysis, the financial risk is considered low to our assets given we enter into fixed term contracts for energy supply but an overall risk is medium.	Ensure the energy market is monitored and explore Power Purchase Agreements to secure low energy price for a long period of time.

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

Risk Management

TRANSITION RISK < 2°C		Probability	Potential Financial Impact	Opportunity
MARKET	Increased cost of raw materials	Medium to long-term (probable) 5 to above 15 years	Some of our buildings might be potentially exposed to increased cost of raw materials if suppliers pass onto us the impact of carbon pricing. However, the financial impact of increased cost of raw materials is considered low and seen as a medium-term exposure. It is still unclear whether the cost of low carbon materials should be born solely by customers.	Engage with suppliers to explore opportunities of using less carbon intensive materials and analyse the implication of pricing.
REPUTATION	Stigmatisation of retail sector	Medium-term (probable) 5 to 15 years	The financial cost of stigmatisation of the retail sector is low as Pradera has structured its Net Zero Carbon Pathway for assets and put green certification high on its agenda. In addition, Pradera engage with its stakeholders such as investors and banks to gauge their sustainability requirements.	Ensure that transition plans and green certification are in place to increase an asset liquidity and secure green finance.
	Shifts in consumer preferences	Short to medium-term (likely) 2 to 15 years	The financial cost of shifts in consumer preferences is considered medium as we have mitigation measures in place. However, if Pradera did not respond to consumer preferences for buildings with green credentials it could potentially reduce revenue from decreased tenant demand for space.	Engage with consumers/tenants to gauge their preferences and ensure green certification is in place to appeal to an environmentally aware consumer.
	Increased stakeholder concern or negative stakeholder feedback	Short to medium-term (likely) 0 to 15 years	We monitor a stakeholder feedback and use Investor sentiment surveys carried out by industry associations such as INREV or commercial property agents as guidelines. The financial risk of increased stakeholder concern is low as Pradera has transition plans in place. If it didn't, it could potentially struggle to attract capital and comply with requirements..	Ensure the transition plans are in place and up to date to attract investor interest and meet regulatory requirements.

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

Metrics and Targets

To enable our stakeholders to understand our climate-related impact and subsequent performance, we collect consumption metrics for energy, waste and water on an annual basis for our corporate activities and the PERP Fund as part of GRESB reporting. We group them in the following way:

- Total energy consumed in MWh, broken down by source (e.g. purchased electricity, renewable energy and total fuel consumed from coal, natural gas, oil, nuclear and renewables);
- Total greenhouse gas emissions in tonnes by Scope 1 and 2, and Scope 3 where applicable;
- Energy use intensity (kWh/sqm);
- Waste in tonnes but reflected as percentages and broken down by waste streams;
- Water consumption in m3;
- For each asset, Energy Performance Certificates and BREEAM In-Use Certification.

All the above metrics are externally assured for PERP with the scheme AA1000AS and disclosed in the data section of the GRESB benchmark report. We collect and calculate corporate data with the use of Inhabit platform. Corporate and PERP data is also disclosed in our latest ESG Report and compared against the previous year's data. The report is available on Pradera's website under the ESG Section.

We disclose for PERP assets greenhouse gas emissions of Scope 1 and 2, and Scope 3. As a significant proportion of our carbon footprint is derived from tenant-related emissions, which are classified as Scope 3, we have limited control over collection of data and setting up firm reduction targets.

Scope 1, Scope 2 and Scope 3

We are, however, engaging with our tenants through our Tenant Engagement Programme to help support their carbon reduction initiatives as part of our commitment to reduce Scope 3 emissions and include green lease clauses into a tenant lease agreement.

Indicator	Unit of Measurement	2025
Scope 1 of greenhouse gas emissions	tCO2	**2,118**
Scope 2 of greenhouse gas emissions	tCO2	**2,101**
Scope 3 of greenhouse gas emissions	tCO2	**14,089**
Scope 1 & 2 of greenhouse gas emissions	tCO2	**4,219**
Scope 1, 2 & 3 of greenhouse gas emissions	tCO2	**18,308**

Targets

We have also set interim targets to guide our journey to Net Zero Carbon:

- By 2025, Pradera aimed to achieve a 15% reduction in its Scope 1, 2 and 3 of greenhouse gas emissions compared to the 2022 starting point. We are pleased to report that Pradera achieved its first Net Zero milestone, a 15% reduction target;
- By 2030, Pradera aims to achieve Net Zero Operational Carbon of Scope 1 and 2 for corporate activities and 42% for Scope 1 and 2 emissions, and 25% for Scope 3 at fund properties compared to 2022;
- By 2035, Pradera aspires to reduce emissions by 75% for Scope 3 emissions of corporate activities and all fund emissions;
- By 2040, Net Zero Operational Carbon is to be achieved for Scope 3 of corporate emissions and all three scopes of emissions for PERP properties compared to the 2022 starting point.

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

TCFD Supporting Information

In the table below, we have identified where our responses to the TCFD's recommendations can be located.

TCFD directory	Page Number as per this report
Governance	
a) Describe the Board's oversight of climate-related risks and opportunities.	6
b) Describe management's role in assessing and managing climate-related risks and opportunities.	6
Strategy	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.	7
b) Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financing planning.	8
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	9-10
Risk Management	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	11, 14
b) Describe the organisation's processes for managing climate-related risks.	11, 14
c) Describe how processes for identifying and managing climate-related risks are integrated into the organisation's overall risk management.	6, 11-17
Metrics and Targets	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	18
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	18
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	18

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

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