

BERLIN

NON—
FINANCIAL
REPORT

2020

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1 INTRODUCTION

As an entity registered in Luxembourg, Grand City Properties has prepared this report in accordance with the Law of 23 July 2016 on the Publication of Non-financial Information and Information on Diversity. The Law transposes into Luxembourg legislation EU Directive 2014/95/EU that obliges qualifying companies to provide a non-financial statement containing information relating to material environmental, employee and social, respect for human rights and anti-corruption and bribery matters.

This report is designed to complement our annual **Consolidated Financial Statements** for the year ending December 31 2020, our detailed **Sustainability Insights** (which provide a full account of our management approach and performance for our main sustainability impacts), and our summary **Sustainability: In Focus** report.

The contents of this report and selected key performance indicators (marked as "Reviewed" on page 7-10), have been reviewed with a limited assurance according to the International Standard on Assurance Engagements (ISAE) 3000 (Revised), and a statement from the auditors can be found on page 29.

It is intended primarily for regulatory and investor stakeholders to provide a description of how we manage the material environmental, social and governance matters that are necessary for an understanding of our development, performance and position; and secondly to provide an understanding of our impact on these matters.

Our detailed **Sustainability Insights** provide a more comprehensive account of our management approach and performance in relation to the topics identified in this report, as well as additional issues that are considered important by our stakeholders, and the main investor-orientated benchmarks that we participate in. These are available to download from the sustainability section of our [website](#). The website also includes our response to the EPRA Sustainability Best Practices Recommendations and our GRI content index¹.

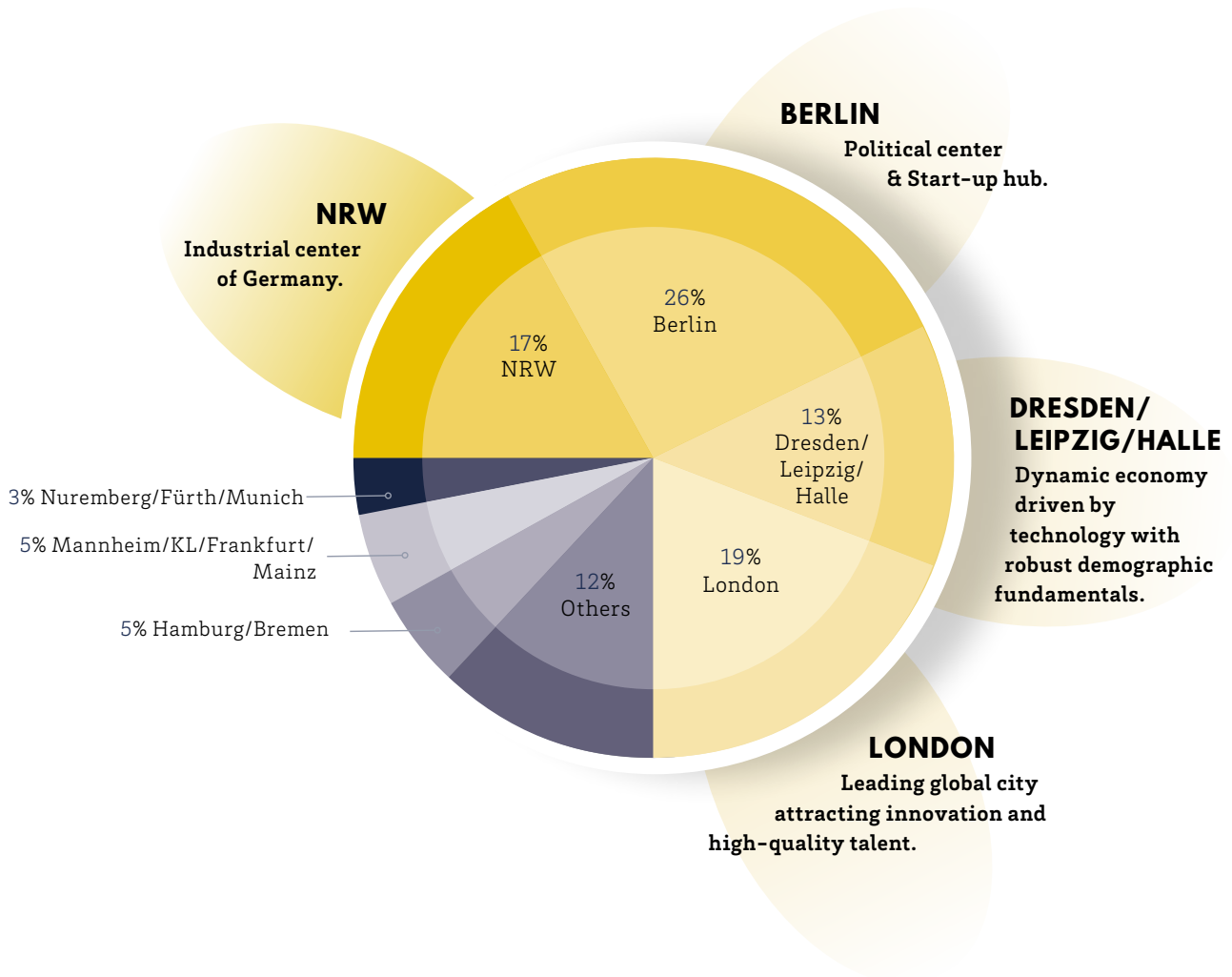
Our summary **Sustainability: In Focus** report provides an overview of our sustainability activities and is intended for use by our wider stakeholders, including our tenants, employees and the communities in which our assets are located.

¹The EPRA Sustainability Best Practice Recommendations report and the GRI content index are outside the scope of assurance that is described on page 29.

2 ABOUT US

Grand City Properties S.A. (the "Company"), together with its investees ("GCP" or the "Group") is a specialist in residential real estate, investing in value-add opportunities in densely populated areas predominantly in Germany. Our portfolio is spread over North Rhine-Westphalia, Germany's most populous federal state; Berlin, GCP's single largest city in the portfolio; the fast-growing metropolitan regions of Dresden, Leipzig and Halle; northern Germany's largest cities, Hamburg and Bremen, and other major urban centres such as Nuremberg, Munich, Mannheim, Frankfurt and London.

As of 31 December 2020, the portfolio, excluding assets held-for-sale and properties under development, comprised €8 billion of investment properties, consisting of approx. 64,000 units; with a significant part located in North Rhine-Westphalia (17%) and Berlin (26%).



2.1 OUR BUSINESS MODEL

Our business model is focused on buying, optimising and repositioning previously under-managed and under-rented residential assets in locations with strong fundamentals that will support stable profit and growth opportunities in the foreseeable future.

GCP repositions assets through our tenant care and repositioning efforts, underpinned by ecologically sensitive asset management and enhancement of tenant well-being. We aim for a long-term increase in the value of our real estate portfolio, while striking a balance between sustainable financial value creation and responsibility to our stakeholders.

A decisive factor in GCP's ability to successfully create value through our business model is our commitment to responsible business practices. Our Company vision is founded on the core values of integrity, respect, performance, accountability, and sustainability. We have formulated these values into five guiding principles, which we use to shape our daily operations and strategic decisions.

Across all stages of the business strategy, GCP recognises the importance of all the talented and diverse people who make up our staff. We support staff to develop specialist skills and expertise and aim to provide a work environment that reinforces high levels of motivation, fosters diversity and promotes health and wellbeing.



KEY PERFORMANCE INDICATORS

	2018	2019	2020	TREND
Investment property value (€bn)	7.2	8	8	↗
Net rental income (€m)	364	383	372	→
Adjusted EBITDA (€m)	276	298	300	↗
FFO	198	212	215	↗
EPRA Vacancy (%)	7.1	6.7	6.2	↑
Employee retention (%)	77.9	78.8	76	→
Community investment through GCP Foundation (€000)	n/a	100	128	↗
Energy efficiency (kWh/m ² /year)	135.69	138.97	134.88	→
GHG emissions intensity (kgCO ₂ e/m ² /year)	28.96	25.18	25.41	↗
No. of identified compliance breaches	0	0	0	→

2.1.1 Deal sourcing

We source suitable assets through a network of specialists which we have cultivated since 2004.

2.1.2 Due diligence & negotiation of best possible deal terms

Properties are evaluated through a due diligence process that enables us to identify all relevant risks, opportunities and challenges.

In addition to a deep analysis of the property and its alignment with our strategy and portfolio, our acquisition criteria includes a review of the environmental characteristics and biodiversity profile of the asset, and a life-cycle assessment that analyses the energy and carbon impact of the building in relation to its economic profile. A community needs assessment is carried out, involving the evaluation of tenant composition; demographic data from the city in question including immigration and emigration, as well as engagement with tenants on the service experience they wish to receive. The findings are subsequently aligned to GCP's investment approach and target measures toward improving community risk profiles and enhancing tenants' satisfaction and wellbeing.

Many of our projects relate to previously neglected properties where we can significantly improve the residential environment, reduce ecological impact through refurbishment, and thereby create both attractive residences and shareholder value. A customised plan is developed for each asset, with the aim of increasing rent, occupancy and cost efficiency, improving environmental performance and delivering social benefit to tenants.

2.1.3 Acquisition

We pursue acquisitions of assets located in densely populated areas or major cities that are high cash flow generating and/or offer vacancy reduction potential. Assets are typically below market level (under-rented), demonstrating upside potential and low downside risk, with a purchase price below replacement costs and/or below market values, and potential to reduce the operating cost per square metre.

2.1.4 Repositioning and CAPEX

Upon takeover of the property, asset development commences. Targeted capital expenditure can achieve increases in rent and occupancy rates, decreases in operating costs and non-recoverable costs, and improve tenant satisfaction. Taken together, GCP's strategic repositioning measures successfully turn under-managed and under-rented properties into profitable assets with

sustainable shareholder value.

Tenant satisfaction is key to our success, and investments are made in targeted measures to enhance tenants' quality of living, such as the provision of shared facilities and support to local charitable associations. We engage with local authorities to improve existing community infrastructure, helping to make the neighbourhoods where we invest become more desirable. As tenants often choose to stay longer if they enjoy the quality of housing and community offered by the assets, GCP benefits in turn through longer average lease terms.

Improving assets' environmental performance is an important part of repositioning. Embedding continual improvement is at the heart of our asset management strategy. Replacing inefficient heating systems and enhancing biodiversity by investing in green spaces, among other initiatives, increases the quality and comfort of our assets, with benefits for both tenants and GCP as the landlord.

Throughout this stage and beyond, our SAP-based enterprise resource planning framework – which is being progressively rolled out across the company – enables us to track and respond to market rent trends; manage re-letting risks and respond rapidly to tenant needs on a daily basis.

2.1.5 Yield & value increase

After the initial business plan is realised, we continue to regularly assess the merits of ongoing improvements to properties to further enhance the yield on our portfolio by increasing the quality and appearance of the properties, which lead to higher rents and increasing occupancy. We also apply significant scrutiny to costs, systematically reviewing ways to increase efficiency and thus increase cash flows.

Our strategic aim is to retain residents by actively fostering tenant loyalty and reducing turnover rates, which in turn benefit our properties' communities. Thus, we orient our development efforts on creating supportive, affordable communities where people enjoy living and staying.

We maintain an ongoing focus on tenant health, safety and wellbeing, and customer service excellence, supported by the 24/7 GCP Service Centre. In accordance with our Environmental Policy, we continually seek opportunities to reduce our assets' energy, water, waste and emissions impact.

2.1.6 Focus on long-term hold

We maintain a long-term hold on most of the assets in our portfolio. Disposals of non-strategic assets, and occasionally assets that have reached full maturity following our repositioning activities, are made on an opportunistic basis at high capital gains and channelled into additional high potential properties.

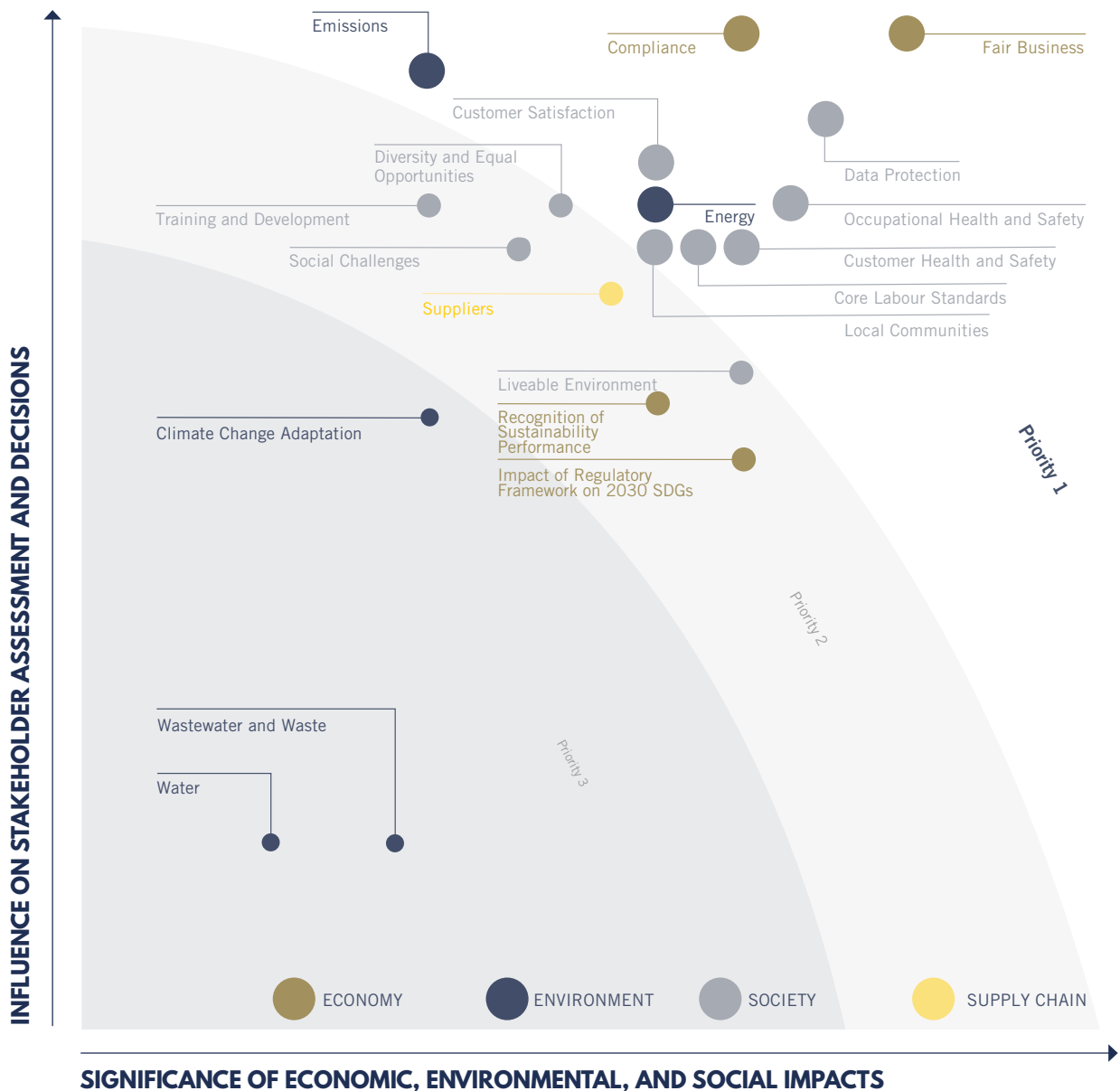
3 MATERIAL ENVIRONMENTAL, EMPLOYEE SOCIAL AND ANTI-CORRUPTION MATTERS

We apply the principle of materiality to identify significant matters, risks and opportunities within the context of our business model. We have conducted a full materiality review in 2018 to gain a more detailed picture of how external stakeholders and internal experts assessed the various sustainability issues facing our business. Given the dramatic changes that have occurred since, most obviously the impact of the COVID-19 pandemic, but also the emergence of new legislation such as the EU's Taxonomy regulations which include specific environmental objectives, we will update this review in 2021 as part of a comprehensive sustainability risk assessment under the direction of the CR Department.

The 2018 materiality review involved identifying issues both in terms of their impact on stakeholder decision-making, and their significance in relation to our economic, environmental and social footprint. Stake-

holders' opinions were selected based on their expertise and are representative of GCP's sphere of activity and influence. The significance of each issue's economic, environmental and social impact was assessed by GCP department managers and executive management in terms of the likelihood and severity of various impacts from our operations. In this context, "impact" is defined as referring to all positive/negative, intentional/unintentional, actual/potential, direct/indirect and short-/long-term effects.

The outcomes from both assessments were combined to create our materiality matrix (below) which was subsequently validated by the CR Steering Committee and the Board of Directors. This included a review with respect to the Luxembourg Law of 23 July 2016 to ensure that no topics needed for understanding our impacts, business results, or position had been omitted.



The ten issues placed above the highest priority materiality rating dictate the focus of this report. Allocated against the five topics required under the Law of the 23 July 2016, our material risks include:

Environmental

1. Energy & emissions

Employee and social issues (including human rights)

2. Customer satisfaction
3. Customer health and safety
4. Core labour standards
5. Occupational health and safety
6. Local communities
7. Data protection

Anti-Corruption

8. Fair business & compliance

These material issues form the basis of our responsible business strategy which groups issues according to five core focus areas: Tenants, Employees, Environment, Society and Governance. We have developed strategies to maintain our performance and/or target improvements in all these areas, split between long-term goals and short-term targets.

No materials risks were identified with respect to non-compliance with human rights laws in our operations or supply chain. We nonetheless provide an account of our policies, processes and key performance indicators for the management of each issue below.



ESG risks are also evaluated as part of our regular risk assessments. Risk planning and financial budgets have been adjusted to account for material ESG risks in the form of reserves for potential financial liabilities and the inclusion of ESG expenditures in our budgets. More information on our risk management framework is available in our Annual Consolidated Financial Statements for the year ending December 31 2020.



A summary of the material issues, principal risks, management approach and key performance indicators is presented below.

Material Issue	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
ENERGY & EMISSIONS	Enhancing energy efficiency; investing in renewable energy systems & procuring renewable energy through the grid	<ul style="list-style-type: none"> • Compliance • Energy cost • GHG emissions • Long-term asset values 	<ul style="list-style-type: none"> • Environmental Policy and Energy Performance Strategy • Life-cycle assessment • Asset enhancement to deliver higher environmental performance • Energy cost reduction focus within investment strategy and investment activity • Systematic roll out of advanced heating systems • Regular technical audits for continuous improvement • Switch to power purchase agreements for certified renewable electricity supply and 'green' gas • Ongoing performance data monitoring and benchmarking 	<ul style="list-style-type: none"> • % of assets supplied by renewable energy • Building energy intensity • Total GHG emissions (like-for-like) • GHG emissions intensity from building energy

Material Issue	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
CUSTOMER SATISFACTION	Maintaining high levels of tenant satisfaction by ensuring anticipation of and response to latest interests & needs	<ul style="list-style-type: none"> • Tenant attraction & retention • Long-term income generation & attractive yields • Occupancy rates • Reputation • Additional costs & revenue instability if there are suboptimal fluctuation rates 	<ul style="list-style-type: none"> • Tenant Satisfaction Policy • Tenant needs assessment • Community Relations teams • GCP Service Centre (TÜV-certified proven Service Quality and DIN EN ISO 9001:2015) • SAP ERP IT and software systems for tenant care and management • Alignment between investment and tenant satisfaction • Ongoing enhancement of housing quality • Regular tenant events • Ongoing training for employees and monitoring of tenant satisfaction • Tenant loyalty programme 	<p>Tenant rating of Service Centre friendliness</p> <p>Tenant rating of resolution time</p> <p>EPRA Vacancy rate</p>

Material Issue	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
CUSTOMER HEALTH & SAFETY	Provision of infrastructural health & safety and management of day-to-day health & safety risk	<ul style="list-style-type: none"> • Compliance • Sanctions & fines • Reputation & trust • Tenant satisfaction 	<ul style="list-style-type: none"> • Tenant Health & Safety Policy • Initial risk assessments and reducing maintenance backlog following acquisition • Regular, strong on-site presence • Ongoing health and safety assessment which feeds into investment planning • External fire safety checks and immediate corrective action • Investigation of all incidents 	<p>Investments in fire, life and safety</p> <p>% of properties undergoing regular health and safety inspections</p>

Material Issue	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
CORE LABOUR STANDARDS	Conditions of employment for employees, rights of co-determination, salary structures, employee satisfaction, corporate culture and ethics	<ul style="list-style-type: none"> • Reputation • High turnover resulting in loss of expertise and intellectual capital • Inability to attract talent 	<ul style="list-style-type: none"> • Code of Conduct and Anti-Discrimination policies • Whistle-blowing mechanism • Remuneration and benefits package • E-learning management system and in-house training academy • Employee satisfaction survey 	<p>Incidents of discrimination</p> <p>Hours of employee training </p> <p>Gender pay gap</p> <p>Employee retention rate </p>

Material Issue	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
OCCUPATIONAL HEALTH & SAFETY	Promoting health, safety & wellbeing in the work environment	<ul style="list-style-type: none"> • Compliance • Sanctions & fines • Recruitment & retention • Staff productivity 	<ul style="list-style-type: none"> • Occupational Health and Safety Policy and procedures, including incident reporting, monitoring and corrective actions • Employee representation on management committee for operational safety • Mandatory annual health and safety training for all employees • First Aid Officers throughout the company, and company physician • Initiatives to encourage healthy lifestyles 	Work-related incidents 
LOCAL COMMUNITIES	Being a responsible & active contributor to building strong communities	<ul style="list-style-type: none"> • Tenant attraction & retention • Operational performance of assets • Reputation • Relationships with Local Authorities 	<ul style="list-style-type: none"> • Community Involvement and Development Policy • Community needs assessment • Community Relations Officers • Creation of high-quality shared spaces • Grand City Properties Foundation • Sponsorship of sports and educational initiatives • Community events and employee volunteering 	Investments through the Community Foundation  Employee hours spent at corporate volunteering days Community events held at GCP properties
DATA PROTECTION	Protection of individual privacy through adequate data security provisions	<ul style="list-style-type: none"> • Compliance with GDPR • Reputation & trust • Sanctions & fines • Stakeholders' personal concerns & expectations 	<ul style="list-style-type: none"> • ISO 27001 certified Information Security management system • Corporate policies and training within all departments • Regular review and development of IT systems • Standard Operating Procedures (SOPs) to protect all personal data from manipulation and misuse • Mandatory reporting and incident investigation • Stakeholder communication 	Number of instances of data protection breaches

Material Issue	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
FAIR BUSINESS AND COMPLIANCE	<p>Maintaining ethical behavior practices; labour standards and human rights; fair treatment of staff and suppliers</p> <p>Compliance with all applicable laws and regulations as a pre-requisite for exceptional performance</p>	<ul style="list-style-type: none"> • Compliance • Sanctions and fines • Reputation and trust • Staff attraction and retention • Ability to attract and retain shareholders and bondholders, tenants and customers 	<ul style="list-style-type: none"> • Code of Conduct and mandatory training for employees • Compliance framework covering all aspect of the business • Compensation strategy • Extensive internal audit and reporting procedures • Corporate policies supported by clear communications • Whistle-blowing mechanism • Supplier Code of Conduct • On-site inspections and 'spot checks' on suppliers 	<ul style="list-style-type: none"> • Number of compliance violations • Human rights violations



3.1 GOVERNANCE OF ENVIRONMENTAL, SOCIAL AND EMPLOYEE ISSUES

We are guided by the strategic leadership of the Board of Directors and operational oversight from the Chairman of the Board of Directors, Mr. Christian Windfuhr.

The Board of Directors represents the shareholders as a whole and makes decisions solely on the Company's best interest and independently of any conflict of interest. The Board of Directors and senior management regularly evaluate the effective fulfilment of their remit and compliance with corporate governance rules. Five committees consisting mostly of independent directors provide comprehensive oversight: The Audit; Risk; Remuneration; Nomination and ESG Committees. For further information about the Board of Directors and Governance Committees, please see our Annual Consolidated Financial Statements for the year ended December 31, 2020.

The Chairman of the Board of Directors has assumed direct responsibility for ESG topics and chairs GCP's CR Steering Committee, the members of which include all relevant heads of department. The Committee meets between one and two times a year and is charged with overseeing strategic guidance for corporate responsibility (CR) topics and providing direction to the CR Department.

The CR Department bears responsibility for the concrete realisation and operational implementation of our responsible business strategy by liaising with all other departments in the Company. It is also charged with preparing our materiality analyses and CR reporting, and responds to investor enquiries and rating agency requirements on ESG topics. The CR Department is led by the ESG Coordinator and reports directly to the CEO and Chairman of Board of Directors. This structure means that our commitment to sustainability receives due consideration in strategic oversight at the Board level, as well as at the operational management level.

4 MATERIAL NON-FINANCIAL MATTERS - ENVIRONMENTAL

4.1 ENERGY & EMISSIONS

4.1.1 Risk factors, management policies and due diligence processes

Climate change is an important topic for GCP, and it is within the interest of all our stakeholders that we play an active role in the transition to a low carbon economy.

Across Europe, legislation is driving change at an industry level. Germany's Climate Action Plan 2050, for example, sets out ambitious carbon reduction targets for all sectors, and this includes long-term strategies for upgrading the building stock and the gradual phasing out of fossil-fuel heating systems, and a zero-energy standard for new buildings from 2021, aiming towards a carbon-neutral built environment by 2050.

On a regional level, the EU's new taxonomy regulations will require companies such as Grand City Properties to align our approach with strict criteria covering building energy performance and GHG emissions.

Heightened awareness of climate-change is also leading to demands for greater transparency from the investment community on the steps that companies are taking to build climate-resilience and mitigation strategies into their business models.

Our targets with respect to energy consumption and improving the energy efficiency of our portfolio translate into cost reductions; support investor attraction and retention and contribute to sustaining the value of our assets in the long-term.

The GCP Environmental Policy sets out our environmental commitments covering energy use and GHG emissions reductions. It is supported by an Energy Performance Strategy and Policy that sets out our management framework encompassing monitoring and review; benchmarking; energy optimisation, auditing and target setting-processes for energy, use of fossil fuels and CO₂ emissions. It covers all our assets as well as corporate offices.

The strategy is applied from acquisition to sale. As part of the due diligence that takes place during the acquisition phase, structural interventions to improve a building's energy performance characteristics and lower its CO₂ emissions profile are identified and assessed, along with upgrades to energy-consuming systems and equipment. These include measures such as thermal insulation and modernisation of heating systems, which are then factored into the capital expenditure budget that forms part of our asset repositioning process.

LONG-TERM TARGETS

- Achieve a 40% reduction in CO₂ emissions by 2030 against a 2018 baseline.
- Continue the implementation of efficient heating systems
- Increase the amount of assets with onsite energy systems such as PV and Combined Heat and Power (CHP/CCHP).
- Expansion of the charging station infrastructure for electromobility and further inclusion of electric vehicles in our fleet.
- Achieve electricity supply from renewables and climate-neutral gas supply for 100% of our assets where we have operational influence.

2021 MILESTONES

- Increase the scope of energy data to cover all GCP assets
- Conduct Net Zero Energy Building, Heating System and Lighting System Optimisation pilot studies.

Through the operations phase, regular performance benchmarking, site inspections and technical energy audits based on external certification standards such as EN16247 are carried out to identify both capex and operational management improvements on an ongoing basis. Outdated or inefficient equipment (more than 20 years old) is replaced wherever technically and economically feasible, and replacement systems are selected for technological advancement and efficiency benefit.

We are also working in partnership with an external energy development company to analyse the feasibility of installing technologies for renewable or climate friendly energy. In the first instance, this involves projects that will supply residential units with solar photovoltaic (PV) energy. Going forwards, we aim to increase the amount of assets with onsite energy systems such as PV and combined heat and power (CHP). This would enable us to generate and supply decentralised electricity and heat to

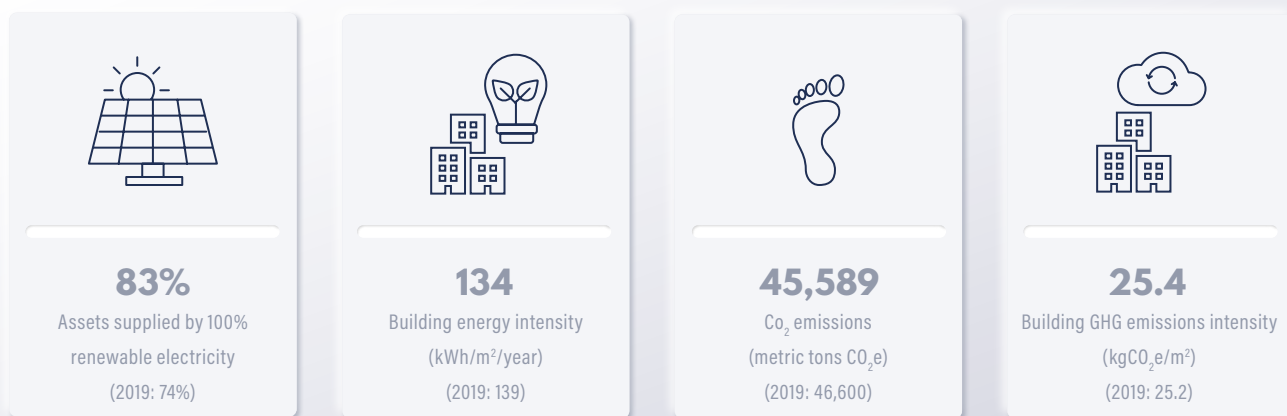
tenants. Feasibility studies are currently underway for approximately 55 such projects over the portfolio.

Finally, we are progressively switching all common areas electricity supply from Guarantee of Origin certificates to PPA certified renewable electricity generated from wind, hydroelectric and solar PV sources by 2027.

Although we do not control tenants' energy consumption, and electricity contracts at the individual unit level are agreed by the respective tenants, we strive to provide tenants with consistent and relevant information about

their energy consumption. The progressive installation of sub-metering systems enables each tenant to be charged according to real consumption rather than average consumption over a group of units. Tenants therefore have a greater incentive to reduce energy use, as this translates directly into a cost benefit for them. We have also developed a variety of materials promoting energy saving behaviour among tenants, emphasising the links between resource efficiency, cost savings and environmental benefits.

4.1.2 Key performance indicators ²



Energy performance and greenhouse gas emissions are monitored and assessed based on total consumption (absolute and like-for-like) and intensity metrics. Aggregated data covering the GCP portfolio is reviewed and reported in line with regulatory standards and the EPRA Sustainability Best Practice Recommendations (EPRA sBPR). The data is used to assess our baseline performance and evaluate progress against our carbon reduction target.

In 2020, GCP-obtained electricity across our portfolio totalled 11,831,269 kWh (2019: 11,128,812 kWh).

Landlord-obtained heat and fuels totalled 137,064,989 kWh (2019: 137,418,258 kWh) and 93,072,477 kWh (2019: 97,264,744 kWh) respectively. This translated into an average building energy intensity of 134 kWh/m²/year (2019: 139).

For more information on our approach and performance, please see the Energy & Emissions Sustainability Insight that is available to download from the sustainability section of our [website](#).

² Environmental data covers 31,337 units, which represents approximately 41% of our portfolio.

5 MATERIAL NON-FINANCIAL MATTERS - EMPLOYEE AND SOCIAL ISSUES

5.1 CUSTOMER SATISFACTION

5.1.1 Risk factors, management policies and due diligence processes

Tenants' satisfaction is essential to the long-term successes of our business. Satisfied tenants translate into high occupancy rates, contributing to strong long-term returns. As such, tenant satisfaction is a primary focus (along with health and safety) for the Company, and we aim to continually enhance the quality of our residential units and their surroundings to deliver a high standard of living.

The GCP Tenant Satisfaction Policy emphasises the importance placed on tenant satisfaction at every stage of the tenant lifecycle, regardless of whether a contract is in place. Integral to the management of tenant satisfaction, the policy also details how GCP measures the satisfaction of tenants to understand performance, address any issues that may arise, and ensure the continuous improvement of our approach.

Our efforts to enhance tenant satisfaction and offer outstanding customer service are contingent on our ability to communicate effectively with current and prospective tenants. Throughout the management of our assets, tenants rely on receiving effective information, advice, and assistance from GCP as their building operator.

We address tenants' concerns, either directly through our Community Relations teams and property managers, or via the GCP Service Centre, which offers support in a variety of languages, 24 hours a day, seven days a week, every day of the year. Property managers and the GCP Service Centre use a ticketing system developed by GCP that enables all tenant concerns to be documented and addressed consistently. The Service Centre targets minimum waiting times, and our goal is to answer 95% of calls in under 20 seconds.

Our service centre boasts TÜV certifications for Proven Service Quality, certified by the TÜV Nord in March 2021, and Quality Management (DIN EN ISO 9001:2015). The quality management certification, confirmed by the independent auditor TÜV Profi Cert Hessen in March 2020 (and re-confirmed February 2021), provides assurance that the Service Centre is being managed on a very rigorous basis with regards to stakeholder engagement; risk management and continual improvement.

The successful running of the GCP Service Centre and other tenant engagement channels is heavily contingent on the ability of our staff to listen and respond effectively, and to cultivate open communication and trust. Customer service excellence is therefore a core aspect of staff training.

LONG-TERM TARGETS

- Create a high standard of living at our properties through safe, attractive buildings, active community building and engaged customer service.
- Retain residents by actively fostering tenant loyalty by creating supportive, affordable communities where people enjoy living and staying.
- Continually enhance tenant satisfaction levels with regard to all assessment areas.

2021 MILESTONES

- Launch our tenant loyalty programme, with a focus on promotions and services that encourage tenants to adopt more sustainability lifestyles.
- Set KPIs to track participation in tenant loyalty programmed.
- Increase our tenant offer to provide additional support in response to COVID-19.

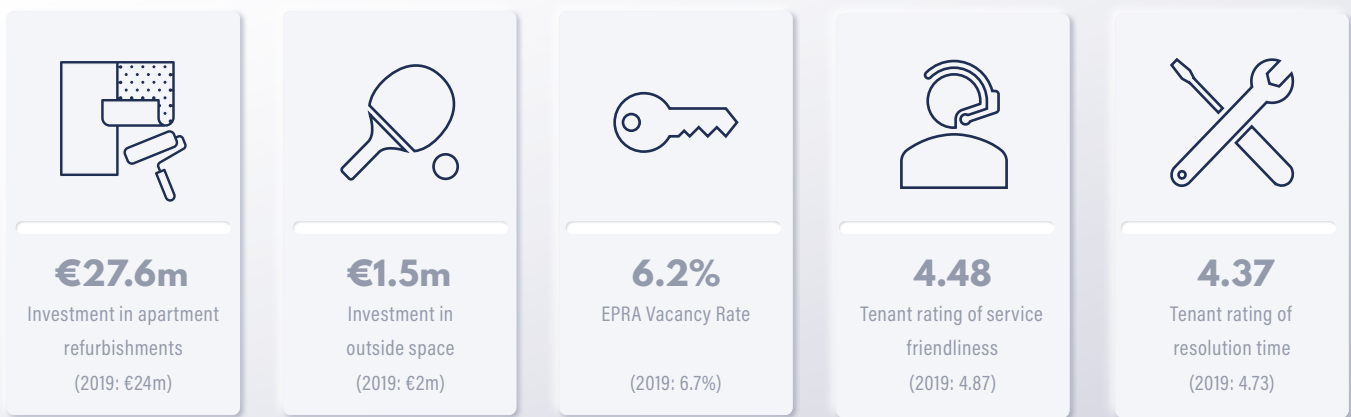
customer service excellence is therefore a core aspect of staff training. All new employees in the GCP Service Centre receive one month's training in-house, and continuous training is a core requirement for all staff. Customer service is also an integral part of GCP's Leadership Program, reinforcing our visible management commitment to utmost professionalism in service.

The Centre is open for prospective tenants to respond to requests for information and arrange property viewings. Thereafter it continues to be available to signed tenants for all types of day-to-day issues that require landlord assistance, throughout the duration of their occupancy. If tenants have personal challenges, they can also count on the support of GCP's Community Relations teams and on-site staff to assist in matters such as communication with schools and local authorities and overcoming language barriers.

Through the course of their tenancy, tenants benefit from the roll out of structural improvements within their building and communal areas, and the ability to co-create and participate in social activities for their residential community. These are communicated through our tenant teams and website which also provides tenants

with exclusive benefits. Our app-based tenant loyalty programme for example, which will be formally launched in 2021, provides shopping discounts for new tenants and loyal points for existing tenants who can exchange them for vouchers.

5.1.2 Key performance indicators



We track and review quantitative indicators of satisfaction on a continual basis, covering the tenant life cycle from their first interaction with GCP as a prospective tenant, through to departing tenants when they leave one of our properties. Our tenant retention rate remained strong, with the EPRA vacancy rate decreasing by a further 0.5% over the past year which indicates more of our tenants are choosing to stay longer in our properties.

After each request received by the GCP Service Centre has been closed, a survey is issued to the tenant who is asked to assess GCP's performance in terms of friendliness; reachability; quality of work conducted and time to resolution. In addition to the KPIs above, in 2020 GCP was rated 4.45 (out of 5) for reachability and 4.38 (out of

5) for quality of work. Our target is to improve our score across all areas year-on-year, aiming for a minimum performance of 4.5, and to answer 95% of calls within 20 seconds.

Despite our ratings falling slightly lower than those reported for 2019, our performance should be assessed against the challenges brought on by the coronavirus pandemic as staff transitioned to remote working, as well as higher than usual levels of stress for our tenants.

For more information on our approach and performance, please see the Tenant Satisfaction Sustainability Insight that is available to download from the sustainability section of our [website](#).

5.2 CUSTOMER HEALTH AND SAFETY

5.2.1 Risk factors, management policies and due diligence processes

Providing a safe environment within our buildings is a prerequisite to tenant satisfaction. Health and safety are a primary focus of our asset management approach, and we aim to continually enhance the quality and safety of our residential units and their surroundings.

Comprehensive compliance with all statutory norms and safety requirements is a self-evident minimum standard for the Company, and any deviation could have serious repercussions in terms of our reputation and result in legal sanctions and fines.

The GCP Health and Safety Policy sets out our commitment to protecting the health and safety of our tenants, and the procedures we employ throughout the asset lifecycle including hazard assessment, training, communication and reporting. The policy covers all aspects of health and safety including drinking water quality, fire safety, equipment specification, site maintenance and air quality.

When a new property is bought into the portfolio, GCP's comprehensive due diligence risk assessment enables us to identify risks and implement preventive maintenance solutions to eliminate problems before they occur. Assessments of the building's structural characteristics are carried out, providing the basis for targeted investment in refurbishment activities.

Investments to improve safety risk prevention are pursued as a priority, with diligent attention paid to fire safety. Where necessary, we commission expert advice opinion from external fire safety specialists and subsequently align our investments with their recommendations. For example, if deficits are identified, these are documented and reported to the construction department who is responsible for executing the necessary remedies and reports on a regular basis to the regional directors. Follow-up processes verify that the work has been carried out and the deficit corrected satisfactorily.

Aesthetic works to enhance the building's exterior; increase its energy efficiency; create new facilities for residents and make the property more accessible to tenants with special mobility needs are all considered at the acquisition stage. Measures are implemented which benefit tenants' wellbeing through improved temperature control and indoor environmental quality; lower utilities costs; easier movement in and around the building and additional communal space and services.

LONG-TERM TARGETS

- Create a high standard of living at our properties through safe, attractive buildings, active community building and engaged customer service

2021 MILESTONES

- Continue with the rollout of our enterprise resource planning software to improve the effective identification, tracking and measuring of safety standards and requests.

During the operational phase, we take our responsibility to continually enhance the quality of our residential units and their surroundings very seriously. Onsite property management teams ensure we maintain a presence to monitor, report and remedy any health and safety defects within the specified time frames set out in our policy. They are supported by regular site inspections and technical assessments as required by national legislation covering general technical assessments (i.e. water quality, elevators), fire protection systems and other organisational measures (i.e. assigning fire protection officers, provision of a fire protection order, internal and external fire protection audits). Regular site visits also play a key role in preparing budget decisions for each property.

Our commitment to health and safety meant we were well placed to address the challenges brought on by the COVID-19 pandemic. Although our existing operating procedures provided guidance for activities such as regular safety inspections, we updated these to incorporate new practices to ensure apartment visits were COVID-secure and tenant consultations could be conducted remotely, and when employees were required to make site visits they were provided with masks, hand sanitiser and gloves to limit the spread of potential infection.

From the outset and throughout the year, we kept tenants informed of every action they needed to take to protect themselves and their fellow residents, including the latest regulations which are available on our [website](#). Signage was put up around the properties to remind tenants to behave in a COVID-secure way, and we introduced limits on the number of people who could travel in an elevator at any one time. Our efforts

extended to GCP Service Centre staff who were able to answer tenants' questions and log any health and safety issues. Employees were also trained on what to do in a situation where tenants need professional support such as counselling services in response to mental stress and loneliness brought about by extended isolation.

5.2.2 Key performance indicators



€2.3m

Investment in fire,
life and safety
(2019: €2m)



100%

Property health and safety
inspections
(2019: 100%)

All our properties are subject to an annual health and safety assessment as part of our due diligence activities. In addition, we continued to prioritise investments in fire, life and safety across our assets, with our total spend increasing by 15% throughout the year.

For more information on our approach and performance, please see the Tenant Health & Safety Sustainability Insight that is available to download from the sustainability section of our [website](#).



5.3 CORE LABOUR STANDARDS

5.3.1 Risk factors, management policies and due diligence processes

As one of the largest listed residential property companies in Germany, with approximately 64,000 units, GCP is committed to attracting talented people who share our commitment to customer service. Investing in our people's knowledge, skills and wellbeing supports their personal growth whilst contributing positively to our productivity and operational performance.

At GCP we want our people to know that they are an integral part of the company and partake in our shared success. The GCP Code of Conduct lays out the values behind our culture and the expectations we have of all our employees. At a day-to-day level, we consider willingness to help, reliability, and a consideration for others' needs the core attributes for living up to our business promise to tenants and stakeholders, and we expect all staff to exemplify these qualities.

The Code is supported by accompanying policies including our Anti-Discrimination Policy, which provide staff with clear definitions of discrimination and harassment and sets out their responsibilities for upholding GCP's behavioural standards and reporting any incidents or suspected incidents that take place.

We are dedicated to personal growth as our foundation, and we prioritise creating an environment that encourages people to develop their competencies and pursue their career. During 2020, we began the transition to a more strategic approach to the management of training and development across the whole Company. This topic has become a top priority for both the organisation and the Board, who view this as a unique opportunity to strengthen collaboration across the Group and deliver an enhanced offering to employees. A new organisational unit is responsible for implementing the strategy, led by a recently appointed Head of Strategic Human Capital Development.

Staff at all levels and throughout all parts of the Company receive support in developing their skills. Annual performance evaluations were made for 17% of staff in 2020 (2019: 22%), and individuals work together with their line managers to identify targets and a development plan for the coming year.

Together with our modular e-learning tool, GCP's in-house training academy offers tailored training on a wide range of topics. Seminars are coordinated internally drawing on support from external experts where appropriate, and they promote continuous learning in the context of the residential real estate industry.

LONG-TERM TARGETS

- Be among the top ten most attractive employers in the German residential real estate sector by 2030

2021 MILESTONES

- Launch of a new digital performance management scheme to enable a customised training plan for each employee and access to online performance reviews.
- Achieve a turnover rate below 10%.
- Improve our Kununu score (an external ranking of employee satisfaction) from 3.4 to 3.6.

Despite the fixed training programme which was in place for 2020, COVID-19 meant that classroom-based learning was no longer feasible. We have swiftly adjusted our approach by collaborating with our e-Learning department and external trainers to provide digital solutions through a virtual learning programme that provided 22 web-based sessions. We felt it was important to identify the potential topics which were of highest interest to our employees and so we launched a development survey to gather their insights and prioritise resources accordingly.

Although delayed by the COVID-19 pandemic, in 2021 we will proceed with the launch of a new digital performance management scheme which will provide the capability to log individual performance indicators, skills and competencies within one platform that is linked to the GCP training academy, therefore enabling us to quickly identify a customised training plan for each employee and access performance reviews online.

The GCP Leadership Excellence Program, which was also postponed in 2020 due to COVID-19, is a 12-month program designed to give talented employees the opportunity to build up their competences within a managerial position. It likewise focuses on equipping managers with the vital skills they need to tackle complex challenges.

Offering an attractive remuneration and benefits package is directly linked to our ability to attract and

retain highly qualified personnel. We are committed to providing fair compensation to all our staff, with salaries and bonuses determined exclusively on individuals' skills, the competencies and responsibilities required by their position and personal success in their role.

Our wider benefit package – beyond compulsory pension plans – includes performance-based bonuses; extended annual leave entitlements in line with length of service; and a selection of additional benefits (such as childcare subsidies). We are particularly proud of our web-based portal offering employee discounts and deals we have brokered with external companies. With the

gradual return to everyday office life after the national lockdown, we provided our employees in Berlin with a food and travel subsidy. For the former, employees receive a subsidy for 15 working days of every month to encourage lunch breaks and healthy food choices. Employees travelling to work on public transport can also receive €15 a month to subsidise their travel costs and promote the use of sustainable travel options.

5.3.2 Key performance indicators



We monitor a suite of key performance indicators covering discrimination, employee retention, gender pay ratios and training and development to track the effectiveness of our management approach in upholding core labour standards. In 2020, our retention rate decreased slightly to 75.9% despite a 9% decrease in our total workforce owing to the disposal of a number of non-core assets during the year.

We are proud of our strong track-record on anti-discrimination. In 2020 zero incidents were reported. Our workforce gender pay gap, which was 0.83:1³ woman to men for the whole workforce and 0.64:1 women to men at management level, reflects a higher ratio of women at entry-level positions, and compares favourably to the national average of 0.82:1 published by the German Federal Bureau of Statistics.

³ Our gender pay gap for 2019 has been restated.

5.4 OCCUPATIONAL HEALTH & SAFETY

5.4.1 Risk factors, management policies and due diligence processes

Providing a safe and healthy workplace is fundamental to building a positive corporate culture. Ensuring staff feel protected, valued and supported is a foundation for excellent staff performance, as well as a legal obligation. Failure to do so could result in significant reputational damage limiting our ability to attract and retain talent, and legal sanctions from non-compliance.

As these aspects touch all departments within our business, we cultivate a shared sense of responsibility for health, safety and wellbeing throughout our entire Company.

The Company's Occupational Health & Safety Policy sets out the standards employees are expected to uphold, such as awareness of safety procedures and responsibilities for the reporting of safety incidents and non-conformities. Safety awareness is reinforced by mandatory annual training completed by all staff.

To discuss health and safety and accident prevention measures, the Committee for Occupational Safety holds meetings on a quarterly basis and consists of the Health and Safety manager, Occupational Safety specialist, the Company's physician and representatives from the HR department. The Committee represents a communication forum where employee representatives along with health and safety specialists can deliberate on appropriate measures that may need to be implemented.

The nature of our direct operations does not expose staff to high risk factors for physical injury or diseases. All the same, beyond implementing all statutory EU health and safety (H&S) regulations, we have adopted additional internal policies covering workplace standards for health and safety.

GCP's offices are subject to regular health and safety inspections including annual risk assessments conducted by the occupational safety specialist, company physician and Health and Safety Manager. In addition, an open communication culture with Health and Safety Managers is encouraged. Employees can report any risks or hazards using their email, telephone or mobile phone to the Health and Safety Manager and Human Resources department, who keep the employee informed of any actions taken. If a work-related incident has occurred, the employee must file an accident report form. GCP's HR department is responsible for investigating the issue and initiating the appropriate corrective measures, if necessary.

Besides having two designated Safety Officers (as per the legal requirement), we have created a network of

LONG-TERM TARGETS

- Become a health & wellbeing certified office by 2025.
- Reduce sick days by encouraging our employees to be active and maintain a healthy lifestyle.

2021 MILESTONES

- Conduct a gap analysis against potential building certifications with wellbeing criteria to identify the most appropriate standard.

trained First Aid Officers throughout the Company, currently totalling 47⁴ (2018: 82) members of staff. All floors in our Berlin headquarters are equipped with automated external defibrillators, and we employ a company physician who takes responsibility for occupational medical care, performing regular occupational health checks (for example on workstation ergonomics) and offering a point of contact for all workplace health and safety questions.

There is a growing body of evidence to demonstrate how the quality of the physical workplace and promotion of healthy lifestyles through exercise and good nutrition significantly impacts on the health, wellbeing and productivity of staff. Employees at our Berlin headquarters already have free access to a fitness centre with training supervision and nutritional advice from qualified trainers as needed, as well as specialised coaching to reduce back complaints associated with prolonged desk work. Water dispensers are available in all GCP offices, encouraging staff to stay hydrated, and our staff canteen offers a wider range of healthy food choices including vegetarian and vegan diet options. In addition, our training program encompasses stress management and making sure people can 'switch off' at home.

We have set a goal to become a health and wellbeing certified office by 2025 and are reviewing the criteria of possible certification standards (including BREEAM and the WELL certification standard) with the purpose

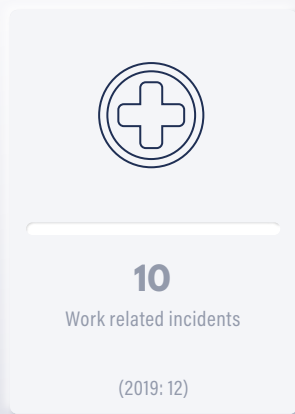
⁴ Due to COVID-19, trainings for new first aid officers or to renew existing certificates were not available resulting in a reduction in the number of First Aid Officers in 2020.

of identifying the most appropriate solution. We have decided to temporarily pause this decision given the impact of COVID-19 and the likely changes it will have on wellbeing criteria such as heightened hygiene standards, social distancing and other health and wellbeing investments that will be necessary to make properties COVID-secure.

Through our Corona-Safety Task Force, we have taken all reasonable steps to reduce the chance of infection by consulting with doctors and implementing the recommendations of the Robert Koch Institute who is responsible for setting workplace guidance regarding COVID-19

in Germany. As the threat of coronavirus spread, GCP responded quickly to keep our employees safe. All employees were provided with IT equipment and the resources to support remote working. For many employees, working full-time from home presented a significant adjustment and it was necessary to share guidelines and best practices so employees could do so effectively and in a way which was conducive to their health and wellbeing. Regular communications covered advice around maintaining a work-life balance, setting a routine, workplace design and set-up, connecting with colleagues, managing remote meetings and creating workplans and goals.

5.4.2 Key performance indicators



In 2020, GCP recorded a total of 10 work-related incidents (2019: 12). This equates to a reduction in most health and safety indicators, including an injury rate of 1.108 (2019: 1.243), a lost day rate of 0.0019 (2019: 0.0035) and an absentee rate of 5.40 (2019: 6.78). The decreases are largely attributable to an increase in homeworking due to COVID-19. There were no recorded fatalities.

For more information on our approach and performance, please see the Occupational Health & Safety Sustainability Insight that is available to download from the sustainability section of our [website](#).



5.5 LOCAL COMMUNITIES

5.5.1 Risk factors, management policies and due diligence processes

We share a strong sense of responsibility to the communities where we invest. Positive relationships with local authorities, residents and charitable partners are essential to the success of our residential assets, and are a priority throughout the life cycle of every investment we make.

Community investment is driven by a desire to support long-term vibrant and friendly communities in and around our properties, on the premise that strong communities increase residents' quality of life. Additionally, proactive community building helps us to secure building permits; find collaborative solutions to mitigate social risks; maintain a good tenant structure and enhance tenant attraction and retention.

Our social engagement strategy is deployed in three key formats. Firstly, we leverage the potential to use shared spaces in and around our residential assets to promote an extensive programme of community events which are managed by our central team and hosted by local property managers. We have learned over the years that these events have an important function in bringing neighbours together, creating a sense of pride in their shared building and its surroundings, and enabling us to develop personal relationships with our customers based on cooperation and trust.

Secondly, we develop relationships with and provide cash and/or in-kind funding to local organisations which are well-placed to deliver additional social benefits to tenants and the wider community in each neighbourhood where we are present, taking account of real local needs. This typically involves infrastructure investments – such as the creation of library rooms, playgrounds or sports pitches – and the funding of services such as educational support programmes, sports clubs and social network groups.

The GCP Foundation aims to channel up to €500,000 per year of social investment into charitable purposes within the neighbourhoods surrounding our assets. The Foundation is managed by a Committee comprised of staff from GCP's management team, and overseen by an independent Board of Trustees. This structure, along with our recently developed Submitting an Application For The GCP Foundation SOP (which defines the selection criteria for our project partners) ensures that funding is targeted at projects that will deliver tangible social benefits for residents and wider communities.

LONG-TERM TARGETS

- Build supportive and affordable communities where people want to live and stay.
- Target investments toward the creation of high-quality shared spaces for tenants and support local community-building organisations.
- Support measures that are geared to pay into achievement of the United Nation's Sustainable Developments Goals (SDGs).
- Invest up to €500,000 p.a. in community building activities until 2030 through the GCP Foundation.

2021 MILESTONES

- Restart our community events and employee volunteering days pending the relaxation of COVID-19 restrictions and in line with government regulations.

Proposed projects are discussed by the Committee on a regular basis, and decisions are submitted to the Board of Trustees for approval before funds are directed to charitable organisations, subject to standard compliance and risk management checks.

The third format involves the promotion of community involvement on the part of GCP employees. We directly employ three full-time Community Relations Officers; trained social workers who are deployed regionally to assist tenants on a personal basis. Property managers provide a point of contact in areas where there is not a dedicated Community Relations Officer, and they make themselves personally known to tenants through participation in community events and regular site visits. Furthermore, employees are encouraged to participate in corporate volunteering activities with an allowance of one day's paid work time to do this.

5.5.2 Key performance indicators



Due to the challenges presented by COVID-19 which prohibited large gatherings and in-person contact, our community events and volunteering days were put on hold during 2020 to ensure the health and safety of both our tenants and employees. Nevertheless, we were still able to have a positive impact in our local communities through our investments using the GCP Foundation and over the last year, we increased our funding by 28%.

In the absence of physical events and knowing that these activities are something that our communities look forward to, we worked hard to host events in a way which was COVID secure. Our annual Christmas campaign, which normally consists of around 50 events which take place in various locations throughout Germany, shifted to a virtual campaign. Given the importance of this annual event to our local communities, and the ongoing hardships presented by COVID-19, it was more important than ever for us to show our support

and create positive social interactions. By switching to a virtual event, we were able to reach a much wider selection of our tenant base regardless of their location, including prospective tenants who were invited.

Our efforts to increase our community support through the GCP Foundation were likewise hindered by COVID-19 as restrictions on social interaction meant that we could not visit potential projects in person. Nevertheless, we worked hard to identify projects which could result in a positive impact, particularly for those that needed additional support due to the lock down. In 2020, €128,000 in funding was provided to 47 projects in areas such as sports and physical activity, children's education and community facilities.

For more information on our approach and performance, please see the Local Communities Sustainability Insight that is available to download from the sustainability section of our [website](#).



5.6 DATA PROTECTION

5.6.1 Risk factors, management policies and due diligence processes

The protection of individual privacy through adequate data security provisions is an area of action that is of key importance to our stakeholders. We take our commitments here very seriously, as in addition to the potential legal consequences, fines, and harm to our reputation, the topic also relates to the very personal concerns of individual stakeholders.

We have adopted an Information Security and Privacy Strategy to protect the confidentiality, integrity and availability of Grand City Properties' data across all business process, information gathering, storing and transmitting facilities and systems. As well as ensuring the continual improvement of controls, the strategy lays out our management framework relating to data safety and privacy commitments, including security threat monitoring, creating a security positive culture, adherence with legal, regulatory and audit requirements.

Our information security management framework, which was certified to ISO 27001 in April 2021, adopts a risk-based approach to the identification, assessment, management and monitoring of information security risks covering business critical IT systems, employees and partners who have access to GCP hardware and IT systems.

The framework defines the appropriate IT security tools and processes in the event of a potential system vulnerability based the NIST Risk Management Life-cycle model: risks are categorised based on business impact and severity, appropriate tools and remedial measures are identified to mitigate the risk, which are then subjected to testing prior to rollout. Ongoing monitoring is used to evaluate the residual risk factor. Compliance with the policy and related procedures falls under the responsibility of the Chief Information Security Officer and the Chief Information Officer.

Employees follow mandatory video-based training units, and staff in management positions receive further input through seminars with legal experts. Though not stipulated by law, we require all personnel to sign a company statement of their explicit commitment to data protection. The Company's Standard Operating Procedures (SOPs) make expected courses of action in day-to-day activities clear to all parties, from saving and storing data to handling requests for information.

As COVID-19 forced us to adopt an extensive homeworking policy, we found our Information Se-

LONG-TERM TARGETS

- Ensure that all personal data stored and/or processed in the course of the Group's operations is protected from manipulation and misuse.

2021 MILESTONES

- Ensure robust data loss prevention, threat reduction and recovery procedures, network access control and mobile device management policies to facilitate the roll out of our ERP software and remote working.
- Conduct technical crisis training and simulations to build our management team's capacity and preparedness.

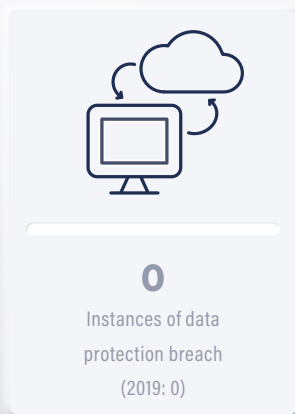
curity systems sufficiently prepared to handle the challenge. We had invested significantly in our network capability and VPN connectivity following a risk planning and preparedness assessment in 2018 which modelled various scenarios if access to our headquarters was restricted. Thanks to this exercise, we were able to ensure that employees who needed to work from home could do so safely without having to introduce significant changes to our operating procedures.

As part of our planning, we had already introduced measures including URL filtering, secure browsing and end point protection for employees working remotely. Similar measures were put in place for our suppliers and business partners; we introduced security gates and checked minimum requirements such as passwords and up-to-date antivirus software as a prerequisite to connect to our applications.

We also took the opportunity to re-issue the Group's acceptable use policy and 'bring your own device' procedures. The former governs our procedures and minimum standards for accessing and handling data, particularly information that is confidential and/or restricted. For employees who work remotely, but do not have a GCP-issued device, our 'bring your own device' procedures govern the segregation of Grand City Properties data and applications on personal devices such as laptops and phones, enabling employees without company hardware to work effectively and securely.

We treat stakeholders' high expectations in this area with due consideration. We ensure that our Data Privacy Policy is available to tenants and business partners, along with information about our data processing systems; the purposes for which their data is used; and of their related rights in compliance with the EU General Data Protection Regulation (GDPR). Where appropriate, onsite notifications have been installed, for instance where video security systems are in use. The Data Privacy Policy also forms a component of all offers to prospective tenants.

5.6.2 Key performance indicators



We monitor potential security incidents and data protection breaches (defined as the misuse, or corruption of personal data) as an indicator of the effectiveness of our operating procedures. In 2020, no such confirmed breaches resulting in a serious incident, sanction or fine were reported. In the event of any confirmed incident, a committee is formed to immediately investigate the matter and recommend remedial actions to prevent a similar occurrence.

For more information on our approach and performance, please see the Data Protection Sustainability Insight that is available to download from the sustainability section of our [website](#).



6. MATERIAL NON-FINANCIAL MATTERS – ANTI-CORRUPTION

6.1 FAIR BUSINESS AND COMPLIANCE

6.1.1 Risk factors, management policies and due diligence processes

The confidence our shareholders and investors have placed in our business is one of GCP's most valued assets. Compliance with all applicable laws and regulations is therefore a prerequisite for maintaining trust in our company, protecting our reputation and supporting our ability to attract shareholders, bondholders and retain tenants.

We pride ourselves on working within high standards of ethical business, and compliance with relevant laws and regulations is a matter of course. GCP's compliance processes and control systems help us to navigate increasingly complex legal frameworks; safeguard our business against unethical behaviour and its associated risks and uphold our reputation and commitment towards our stakeholders.

We have implemented a comprehensive set of ethical policies and guidelines outlining our commitments to transparency, fair business, and zero tolerance of non-compliance. The GCP Code of Conduct for employees and the Code of Conduct for Business Partners comprise the core of our ethical business framework and are a mandatory component within all employee contracts and contracts with business partners respectively.

The Code of Conduct for employees is augmented by a framework of sub-policies on key issues, including: Anti-corruption Policy, Anti-discrimination Policy, Human Rights Policy, Whistle-blowing Policy, Data Protection Declaration, User Policy for Dealing with Digital Content and Devices, and the Green Procurement Policy.

Together, these form a binding framework and all employees and business partners are required to act accordingly. A management structure is in place to support these policies, covering the full scope of the Company's activities and enabling our management to have full oversight of our operations. GCP's annual risk review feeds into our regular update of all compliance-related policies and procedures, taking account of any changes to the external regulatory context. This enables us to harmonise all Company guidelines with the latest market and legal requirements relevant to our activities.

On a day-to-day basis, we promote ethical conduct among staff at all levels to ensure that our standards

LONG-TERM TARGETS

- Maintain zero compliance violations.

2021 MILESTONES

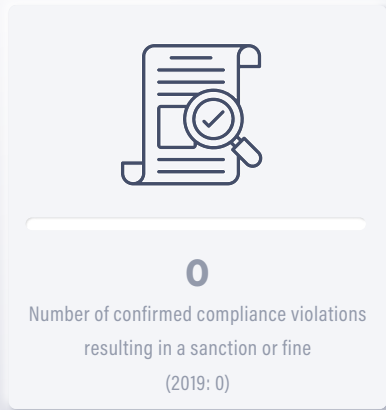
- Strengthen awareness of compliance across the business with the introduction of awareness days and compliance ambassadors.

are diligently maintained. Structures are designed to promote timely, complete, and fault-free disclosures of conflicts of interest and other sources of controversies. Employees are strengthened in their ability to take decisions through clear guidelines and internal regulations, and our development programmes for managers emphasise the tenets of professional leadership.

A whistle-blowing service, operated via an external provider, is in place to enable both external and internal stakeholders to report any suspected or verified instance of non-compliance should it occur. Our Whistle-blowing Policy is designed to ensure that employees feel empowered to register their concerns, free from fear of repercussions. Whilst we encourage employees to address any concerns they might have about violations of the law, the Code of Conduct, or internal policies in person, they may also do so anonymously through a web-based reporting application.

In the event an incident is reported, the Chief Compliance Officer is tasked with initiating an appropriate investigation of the circumstances, conducting discussions with the parties affected, and documenting a formal report. The informant and witnesses are updated by the Compliance Department as needed. Disciplinary sanctions are taken should the preconditions for such measures be met.

6.1.2 Key performance indicators



Our internal control systems have been designed to exceed legal requirements and market expectations, and as such, we consider them to be thorough and effective. Our track record supports our approach, and over the past three years we have not been made aware of, or identified any confirmed incidents of non-compliance. Furthermore, we are committed to reviewing and updating our processes on an ongoing basis to ensure optimal alignment with the evolution of our portfolio, the market and regulatory environments.

For more information on our approach and performance, please see the Fair Business & Compliance Sustainability Insight that is available to download from the sustainability section of our [website](#).

7 OTHER NON-FINANCIAL RISKS

7.1 RESPECT FOR HUMAN RIGHTS

7.1.1 Risk factors, management policies and due diligence processes

We view upholding recognised standards of decent work and respect for human rights to be non-negotiable components of our business premise. As we operate mainly in Germany and London, our operations are governed by the strict regulations and legal framework of the European Union and the United Kingdom. These laws provide extensive human rights protection at a local level, meaning concrete human rights violations are not a substantial risk in our operations.

A key element of our asset repositioning strategy involves creating long-term value through the refurbishment of formerly mismanaged residential properties. The building work required by these activities is carried out by construction companies and their subcontractors. The main area for possible human rights violations lies with subcontractors, as these are not under our direct oversight. There is also a risk of human rights violations occurring in relation to the migrant workers employed by large construction firms.

We undertake to avoid all possibility of human rights violations in the supply chain. Human rights violations of any kind are not tolerated, and all suppliers must commit to providing decent standards of work. Child labour and forced labour are explicitly renounced. We equally expect all suppliers to foster workplaces free of discrimination and harassment.

LONG-TERM TARGETS

- Maintain zero human rights violations in the supply chain

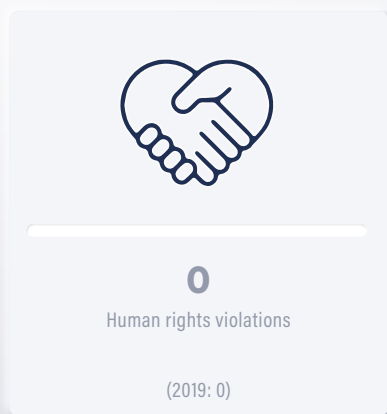
We strengthened the management of human rights within our operations and throughout our supply chain during 2020 with the creation of our Human Rights Policy. The policy details Grand City Properties' commitment to fully respect and uphold human rights in accordance with the UN Guiding Principles on Business and Human Rights and international standards, covering topics such as equality, freedom of association, a safe work environment, and education and development. In addition, it lays out the expectations of suppliers, the monitoring and control of violations and infringements, and reporting requirements.

Controls of business partner selection have been implemented. All new business partners, who are primarily local medium-sized enterprises, have been required to sign GCP's Code of Conduct for Business Partners since it was published, which details a firm commitment to human rights. In the case of construc-

tion activities, each undertaking is managed by a dedicated GCP project manager, who deals directly with the on-site contractors.

The implementation of an IT solution to track and monitor the signing of these agreements is currently being analysed and will be rolled out in 2021. The ESG standards stipulated within the Code are contractually binding, and GCP may terminate the relationship with immediate effect should any violations be identified. GCP also reserves the right to subsequently exclude the contractor concerned from the awarding of future contracts.

7.1.2 Key performance indicators



Our project managers carry out periodic on-site visits - during acceptance of partial deliveries of services or within the scope of inspections - to verify that suppliers are complying with these standards. We also conduct spot checks of supplier compliance through our relevant operational departments. In 2020, zero human rights violations were identified or reported in our supply chain, or otherwise connected to our business operations.

For more information on our approach and performance, please see the Supply Chain & Human Rights Sustainability Insight that is available to download from the sustainability section of our [website](#).



8 GLOSSARY

BREEAM:	Building Research Establishment Environmental Assessment Method.
CAPEX:	Capital expenditure
CHP:	Combined heat and power
CO₂:	Carbon dioxide
CO₂e:	CO ₂ equivalent, used to standardise the climate effects of various greenhouse gases
CR:	Corporate responsibility
EPRA:	European Public Real Estate Association
ERP:	Enterprise resource planning
ESG:	Environment, social and governance
GDPR:	EU General Data Protection Regulation
GHG:	Greenhouse gas
GRI:	Global Reporting Initiative
kWh:	Kilowatt hour, a unit of energy
NIST:	National Institute of Standards and Technology
PV:	Photovoltaic
SOPs:	Standard operating procedures
WELL:	The International WELL Building Standard.



Independent Auditor's Report on a Limited Assurance Engagement on Sustainability Information

To Grand City Properties S.A., Luxembourg

We have performed a limited assurance engagement on the disclosures in the non-financial declaration of Grand City Properties S.A., Luxembourg, (hereinafter "the Company") for the period from 1 January through 31 December 2020 (hereinafter "the Report", attached hereto as an appendix).

Responsibilities of the Executive directors

The executive directors of the Company are responsible for the preparation of the Report in consideration of the principles stated in accordance with the principles of Luxembourg Law of 23 July 2016 on the Publication of Non-financial Information and Information on Diversity.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of the Report free from material misstatement.

Independence and Quality of the audit firm

We are independent in accordance with the provisions under German commercial law and professional requirements. We have fulfilled our other ethical responsibilities in accordance with the relevant provisions within these requirements.

Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft applies the German legal requirements and professional standards, in particular the professional code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the Standard on Quality Control 1: Requirements for Quality Control in Audit Firms (IDW QS 1) issued by the Institute of public auditors in Germany [Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)], that are consistent with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board (IAASB).

Auditor's Responsibility

Our responsibility is to express a limited assurance conclusion, based on the assurance engagement we have performed. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that no matters have come to our attention that cause us to believe that the information for the period from 1 January through 31 December 2020 has not been prepared, in all material aspects, in accordance with Luxembourg Law of 23 July 2016.



In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement and, therefore, a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our limited assurance engagement, we performed amongst others, the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement of the Company
- Inquiries of personnel involved in the preparation of the non-financial declaration regarding the preparation process and the internal control system relating to this process
- Analytical evaluation of selected disclosures in the non-financial declaration
- Sample based assurance procedures on internal documentation and proof documents

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from 1 January through 31 December 2020 have not been prepared, in all material aspects, in accordance with the legal requirements of Luxembourg Law of 23 July 2016.

Limitation of Liability

We issue this auditor's report on the basis of the contract concluded with the Company. The limited assurance engagement was carried out for the purposes of the Company and is only intended to inform the Company as to the results of the limited assurance engagement.

This report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely towards the Company. We do not assume any responsibility towards third parties.

Berlin, 30 April 2021

Mazars GmbH & Co. KG
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