

Local Communities & Neighbourhood Development

Understanding the Topic

We seek to align our commercial interests with the creation of long-term, socio-economic benefit in the communities where we operate. From the very beginning of our asset repositioning process, we aim to understand the specific needs of local stakeholders, and identify opportunities to integrate these into our long-term plans for each asset. By contributing to the wellbeing and economic growth of the communities surrounding our assets, we can help build prosperous communities from which our assets can benefit in turn, allowing us to deliver superior performance for our company and our tenants.

Community involvement and development is an integral part of all our activities, from construction to refurbishment and operation. As one of the leading residential real estate companies in Europe, we have a unique opportunity to enhance the quality of life in our communities. Our approach is based on the collaboration of our people to respond quickly to concerns and maximize the benefits to our tenants and local stakeholders. Whether through the GCP Foundation, community events at our shopping centres or our corporate volunteering days, we want to bring people together through a sense of belonging, promote good relations between neighbours and establish our assets as focal points within their communities.

Managing the Topic

Our approach is underpinned by our Community Involvement and Development Policy, which sets out our commitment to make a positive impact in the local communities where we operate and improve the wellbeing of our tenants and stakeholders. The Policy outlines our requirements for reporting, responsibility, and planning for active community relationship management. In addition, the policy highlights the importance of key activities for addressing local communities' needs including the Grand City Properties Foundation,

and engagement and consultation with external stakeholders.

In line with these key activities, we take a proactive approach to social engagement to help build vibrant and friendly communities in and around our residential assets. There are three main elements to this approach: supporting local organisations through charitable projects; providing community events in the shared spaces in and around our assets; and encouraging our employees to get involved in the community through paid volunteering days.

Support for Charitable Organisations

Our support for charitable projects is delivered through the Grand City Properties Foundations. The Foundation is run by a Committee of GCP managers, and overseen by an independent Board of Trustees. Typical projects involve investments in infrastructure, such as library rooms, playgrounds and sports pitches, and the funding of initiatives such as educational support programs, sports clubs and social network groups.

In 2022, the Foundation donated €218,360 to charitable causes. For instance, it supported a local day-care centre in Kaiserslautern, Kita Mobile, in providing plants and seeds for their vegetable academy project, giving children the opportunity to learn in the fresh air and grow their own vegetables. We also donated to fund a new computer-based football skills training system for the youth teams of Talentsportverein Mainz e.V., and a programme of dance lessons culminating in a competition for the 300 pupils of Grundschule West am See in Neubrandenburg.

We also provide in-kind support for social and charitable purposes. GCP currently lets 9 units rent-free and a further 5 at reduced rent. This is equivalent to a donation of €81,733 in rental income. One example of this is our cooperation with local non-profits provi-

ding childcare and educational assistance in our properties; we offer rent-free access to housing units or commercial space, as well as furniture, equipment and funds to cover operational costs.



Talentsportverein Mainz



Stadt-Kaiserslautern



GS West am See

Community Events

Overseen by our central team, our local property managers run community events in and around our assets to bring neighbours together and enable us to develop personal relationships with our tenants. Activities this year have included sponsoring a charity run, parties for tenants at various sites, and a youth café being sponsored in Lünen, North Rhine-Westphalia. We also invest in improvement of social areas and green spaces, including four playgrounds at various East German assets and a new wildflower area in Dortmund with a bee hotel.

We seek to engage with local governments and officials, to coordinate our activities with the needs of our local communities. This can range from government entities to tenants' associations and church organisations. In an important example of this cooperation, GCP apartments across Germany were rented to local municipalities to provide accommodation for refugees from Ukraine after the outbreak of the war. After 6 months, these refugees were able to move out and rent their own apartments, some within the GCP portfolio.

Volunteering and Outreach

We also encourage our employees to take part in volunteering activities, through organising our annual Social Days. Following the pause of this event during the Coronavirus pandemic, it could finally be offered again to our employees located in Berlin. As in the past it was organized together with the non-profit association, Lebenshilfe e.V., which sees itself as a self-help and support association for people with intellectual disabilities and their families in particular. Lebenshilfe helps people with disabilities to participate in society on an equal footing.

GCP employees at our Berlin headquarters could volunteer to participate in a range of projects taking place between May and September 2022. They included helping out at a summer party for Ukrainian refugees, assisting Lebenshilfe clients in a wheelchair during a visit to the Berlin Zoo, as well as the renovation of common and individual rooms at several of Lebenshilfe's residential homes.

Following the positive results of the 2022 Social Day, it is the goal of GCP and Lebenshilfe to offer this engagement opportunity to employees across Germany in 2023.

To enhance these lines of communication with our local communities, we also employ three Community Relations Officers, as well as one Collector & Social Tenants Manager

who provides social advice and individual support to tenants and implements social projects. In areas where there is no dedicated Community Relations Officer, property managers provide a point of contact, and reach out to tenants personally by participation in community events.

Affordable Housing

Our tenants represent a range of social, economic and cultural backgrounds, including a high proportion of households with below-average incomes. To provide properties which serve these communities, we are committed to providing affordable housing. In order to monitor our performance in this, the Company has developed a "rental cost burden" metric modelled on Eurostat's housing cost overburden rate. This metric compares the group's median rent for residential units against the net minimum wage salary after taxes and social security contributions, which we believe is a conservative benchmark focusing on those most sensitive to rent affordability. The housing cost burden based on the median warm rent of GCP residential properties in Germany in 2022 was 38% of the net minimum wage income. The warm rent incorporates various costs of living, including energy costs, housing services et cetera, which GCP has no control over. The rental cost burden based on median cold rent for our German residential properties, excluding these factors, was 24% of the net minimum wage salary. This figure is a testament to the Company's commitment to ensuring that our high quality residential properties are priced affordably for all our tenants.

Modernization Rent Increases

GCP launched its modernization program for its residential properties in 2021. As part of our commitment to providing affordable housing, GCP works to ensure that modernization cost allocation to tenants are done in a way that keeps housing affordable.

To determine these cost allocations, the rent control and increase department analyses the current market situation and relevant regulations on cost allocations, to decide whether to enact rental increase waivers on the modernization costs. The average modernization cost allocation for German residential properties in 2022 was €0.49/sqm, which is 28% lower than the legally possible cost allocation set out in German regulations.

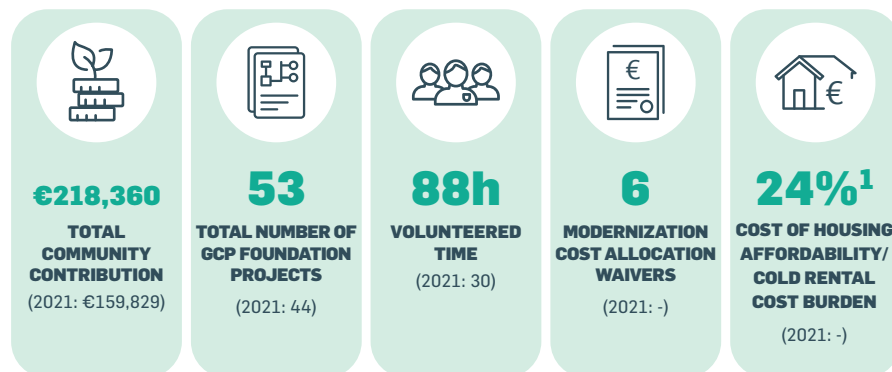
In cases of significant rent increases, tenants can object to the cost allocation, known as a financial hardship case. These can be resolved through a complete or partial waiver of the entitled rent increase for a given number of years. In 2022, 6 hardship case objections were received by GCP, out of which all 6 ended in positive decisions to waive or reduce the cost allocation. We believe this low number of hardship case applications reflects GCP's targeted approach to conducting modernization projects, and the careful consideration the Company puts into rent increases and waivers.

Performance

To guide the implementation of our sustainability strategy and track our progress, we have developed several long-term goals that we are continuing to work towards:

- 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
- Invest up to €500,000 p.a. in community building activities until 2030 via the Grand City Properties Foundation

There are several key figures which we track on a yearly basis to monitor our performance and contribute to our long-term goals:



(1) of the German net minimum wage salary

Priorities for 2023

In line with our long-term goals, we will uphold the level of our contributions to the Foundation, and continue to support relevant projects and organization in our local communities.

In 2023, we will organize our employee Social Day again at our Berlin office and expand this to across Germany, giving more employees the opportunity to volunteer for a good cause and contribute positively to communities and society.

2022 GOALS	STATUS	PROGRESS
Maintain the amount of community investment at €200,000 p.a.	Ongoing	In 2022, we provided €218,360 of funding to charitable projects aimed at creating a positive impact within our local communities.
Hold employee Social Days	Ongoing	Our employee Social Days were once again held at our Berlin offices, with employees participating in a range of volunteering projects. Following the success of this initiative, GCP aims to offer this opportunity to employees across Germany in 2023