

GRAND CITY

Properties S.A.

Corporate Responsibility Report 2018



About this Report

[GRI 102-48, 102-49, 102-50, 102-51, 102-52, 102-56]

In line with the Luxembourg “Loi du 23 juillet 2016 concernant la publication d’informations non financières et d’informations relatives à la diversité par certaines grandes entreprises ...” Grand City Properties S.A. (the “Company”) and its investees (“GCP” or the “Group”) have produced a separate, consolidated non-financial report for the financial year 2018 (January 1, 2018 to December 31, 2018) and will be publishing an updated report on a yearly basis. We have made the report publicly available from April 30, 2019 under the following web address as a PDF document: www.grandcityproperties.com/sustainability; it will remain publicly available for ten years. The non-financial report has not been externally audited, but has been scrutinized by the Company’s Board of Directors (the “Board”). A third-party assurance of the environmental data has been carried out by GUT Zertifizierungsgesellschaft für Managementsysteme mbH according to Assurance Standard AA1000, limited assurance.

This is the second Sustainability Report of GCP and its purpose is to demonstrate our ongoing commitment to sustainability as well as provide information on the progress we have made and measures we have implemented over the course of 2018. The report is aimed at business partners, investors, tenants, employees, and other interested stakeholders of the broader public and presents our activities and achievements from a sustainability perspective.

Content and Structure of the Report

[GRI 102-46]

This report lays the basis for our Corporate Responsibility Strategy and also provides the structure, processes, and principles for future sustainability reports.

Thematically, we have focused the report on the following topics: corporate governance, including data protection; tenants; employees; environment; and society.

In addition to the online version of the Sustainability Report, we will distribute printed copies among key stakeholders.

Alignment with GRI Standards and EPRA Guidelines

[GRI 102-54]

We have compiled this report using the guidelines developed by the Global Reporting Initiative (GRI) on GRI Standards as a reference. In particular when developing the concepts and compiling KPIs, we have oriented ourselves on the GRI Standards. In addition to this cross-sector initiative, we have also followed the EPRA (European Public Real Estate Association) Best Practice Recommendations on Sustainability Reporting.

Key figures have been collected by relevant departments and our dedicated CR Team has centrally collated these figures for our Sustainability Report.

Stakeholder Focus and Materiality

[GRI 102-46]

In view of providing internal and external stakeholders with transparency, we have carried out a dialogue-based assessment to identify GCP’s material topics. This process includes a peer group analysis and survey of stakeholders for their assessment of various topics’ relevance. The quantitative and qualitative input from stakeholders was further combined with an assessment of impact significance to indicate the topics with greatest overlap and thus highest materiality. The resulting matrix served to sharpen our focus on those topics where our impact will achieve greatest effectiveness and to provide transparent information on our activities accordingly. The assessment will be reviewed at regular intervals.

Editorial Notes

[GRI 102-55]

With the aim of creating a user-friendly document we have included indexes listing the references to GRI and EPRA within the Facts and Figures chapter of this report. In addition, we have added references to specific GRI standards and EPRA recommendations at the beginning of each subchapter under the subheadings and where applicable.

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Megi Cenaj (ESG Coordinator), Christian Windfuhr (CEO)

Letter from the Management

[GRI 102-14]

Dear readers,

What we do today will have a lasting impact on the world of our future. It is a simple idea at first glance, but one with far-reaching and important consequences for society. Global megatrends are changing our world, and the challenges for the real estate industry are more crucial than ever before. Ensuring that the path we take will result in shared benefit for all is a goal that can only be achieved if everyone shoulders their part of our joint responsibility for the future.

The challenges facing society are highly complex. To succeed, companies must use the principles of value-oriented business to guide their pursuit of innovative solutions. These hurdles are hurdles we are all confronting in one way or another. They consequently also form the focus of the United Nations' 2030 Agenda for Sustainable Development. As a leading real estate company, we, too, have recognized the need to strategically prepare our business for successful growth that is aligned with coming transformations. Navigating these challenges is an ongoing task and must be pursued with flexibility and a willingness to evolve. **Over the coming years, the UN's Sustainable Development Goals will increasingly provide the larger framework guiding our endeavors and will be integrated into our reporting step by step as we strive to do justice to this very complex and very important topic.**

Grand City Properties S.A. is specialized in sustainable value creation on the residential property market. We are committed to a vision of long-term asset repositioning based on careful property selection combined with targeted investment. Sound economic profiles, balanced demographics, and a conservative financial policy lay the groundwork – and a dedication to sustainability-oriented investment drives performance.

We aspire to generate long-term yields for our shareholders through responsible property development that brings clear benefits for local communities and tenants. To achieve this goal, we identify and invest in properties with significant upside potential. Our philosophy is rooted in the understanding that firmly embedding environmental, social, and governance (ESG) criteria in our structures and business approach is fundamental to our success.

Monitoring, assessing, and guiding impact is an ongoing process. Defined areas for action and materiality assessments ensure effective CR management. Step by step, we implement measures that will lift our assets' value as well as

their contribution to communities. For instance, we prioritize investment in refurbishment measures that will improve buildings' energy efficiency. Such enhancements carry both environmental as well as operational benefit in the form of lower utilities costs.

As building operator, our primary task is safeguarding our tenants' well-being. Our employees, too, deserve an equally safe, respectful, supportive environment. Their commitment to our quality of service goes hand in hand with our promise of quality of life for our tenants. Strong, diverse communities are the best foundation for long-term stability. Going beyond physical well-being, we have also incorporated an explicit commitment to stringent data protection throughout our processes. We are committed to protecting these values and providing our tenants and shareholders with top-level performance.

Our ongoing efforts in the field of corporate responsibility are evidenced among others in the high score received from Sustainalytics in February 2019, again ranking us as an "Outperformer" (top 10%) among over 300 peers worldwide, and by our recent EPRA Gold award.

We are now pleased to present to you GCP's second corporate responsibility report. Through this report we would like to inform you about measures we have implemented and the successes we have achieved as well as where there is still work to be done.

We hope that you will join us on this journey and invite you to take the opportunity to engage with us.

Yours sincerely,



Christian Windfuhr
CEO



Megi Cenaj
ESG Coordinator

Company Profile

Expert Property Development

[GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10]

Grand City Properties S.A. is a specialist in residential real estate, investing in value-add opportunities in densely populated areas. We are a leading specialist in buying, optimizing, and repositioning previously under-managed and under-rented residential assets in locations with strong fundamentals predominantly in Germany. Registered in Luxembourg, our asset repositioning and property management operations focus solely on income-generating assets. Thanks to the expertise of our dedicated team of specialists, we have been able to take advantage of positive developments in the German residential real estate market and create significant shareholder value.

As of December 31, 2018, our portfolio totaled € 7.2 billion (2017: € 6.4 billion), consisting of 83,671 owned units (2017: 86,780) located in densely populated urban areas. Assets in North Rhine-Westphalia currently account for the largest share of portfolio value (27%), followed by Berlin (24%), and the metropolitan areas of Dresden, Leipzig, and Halle (together 14%). Overall, GCP's portfolio boasts very good asset and tenant diversity and yields stable or increasing cash flows.

Grand City Properties is listed in the Prime Standard of the Frankfurt Stock Exchange and is a member of the MDAX¹ index of Deutsche Börse and other key indexes, which include the MSCI, STOXX, and FTSE/EPRA index families.

For more details on our company profile as well as our past and current economic performance, please see our latest company presentation and the financial statements for 2018 on our website: <http://www.grandcityproperties.com/>.

Strategic Repositioning Generates Value

The Grand City Properties vision is to ensure attractive real estate development and long-term growth in investment value. With presently almost 1,000 employees, we successfully turn under-rented objects into portfolios that generate sustainable profits. The GCP asset repositioning strategy is underpinned by the key tenets of ecologically sensitive development and enhancement of tenant well-being. 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. Our aspiration is to achieve optimal balance between profitable and sustainable value creation and our responsibility to our tenants and other stakeholders.

“We are an exceptional team of experts on a mission to create accretive shareholder value and deliver best-in-class tenant service.”

GCP Vision Statement

GCP's repositioning strategy pursues a fundamentally long-term orientation. Suitable assets are sourced via a network of sourcing specialists cultivated over 15 years. These properties are subsequently evaluated through an extensive due diligence process to identify all opportunities, risks, and challenges for sustainable and responsible development. Sound economic profiles, balanced demographics, and a conservative financial policy form the basis of the acquisition selection process. 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 residential assets into sustainable shareholder value.

¹ The MDAX includes the 50 Prime Standard shares from sectors, excluding technology, which rank immediately below the companies included in the DAX index.

Strong Governance for Responsible Success

[GRI 102-16, 102-18, 102-20, 102-22, 102-23, 102-24, 102-26, 102-27]

A decisive factor in GCP's ability to achieve the success to which it aspires and deliver on its value creation promise is its 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:

- **Integrity:**
We embrace loyalty and integrity.
- **Respect:**
We foster openness, trust, teamwork, diversity, and treat each other with respect.
- **Performance:**
We encourage innovation, focus on priorities, and win by improving our performance constantly.
- **Accountability:**
We accept responsibility, keep our promises, and maintain control of our business processes, systems, and procedures.
- **Sustainability:**
We act in an environmentally and socially responsible manner and maintain superior health and safety standards.

Grand City Properties is guided by the strategic leadership of the Board of Directors and operational oversight from the CEO, Mr. Christian Windfuhr. To ensure optimal consideration for the Company's philosophy of value-oriented business, environmental, social, and governance (ESG) criteria have been integrated both structurally and in strategic functions. The Company's management is fully committed to maintaining high ESG standards and improving on ESG performance wherever possible. The CEO has assumed direct responsibility for ESG topics, with relevant team members tasked with individualized implementation. These team members provide regular reports on their progress.

GCP places strong emphasis on robust corporate governance and high levels of transparency. The majority of directors on the Board of Directors are independent directors. All directors are appointed by the General Meeting and guide the Company free of any conflicts of interest. The Company's directors and senior executives are specialists in their field with vast experience and skills that aid GCP in maintaining the high level of trust it has received from its shareholders, bondholders, tenants, and other stakeholders.

Achievements Recognized

GCP's extensive experience in the market and value-oriented management philosophy have resulted in a proven track record of success in repositioning under-managed and under-rented properties. In addition to investing in refurbishment, GCP prides itself on its tenant management capabilities and exemplary tenant service. GCP's communication efforts with respect to sustainability were honored for the second time with a Gold EPRA sBPR award. This award recognized companies in the real estate sector for outstanding performance in the area of transparency and reporting standards.

01

Corporate Governance





Management and Operations

Transparent Structures for Considered Governance

[GRI 102-22, 102-24, 102-32 / EPRA Gov-Board, Gov-Selec]

GCP's value creation promise is founded on strong corporate governance with a commitment to high transparency. The Company's oversight is administered by the Board of Directors, which is currently comprised of one dependent director and two independent directors. The members of the Board of Directors are elected by the General Meeting and have a term per appointment of no longer than six years. The Directors can be dismissed at any time at the discretion of the General Meeting, with or without cause. The CEO is appointed by the Board of Directors and carries responsibility for operational activities. The Board of Directors views a clear commitment to sustainability and maintaining high ESG standards as a core component of its transparency responsibility. ESG is thus firmly anchored throughout GCP's governance structure.

We pursue a vision of generating for our shareholders and other stakeholders long-term opportunities for attractive returns. To balance operational value creation with our responsibility to society as a whole, GCP's corporate mission is derived from five essential values: integrity, respect, performance, accountability, and sustainability. We have systematically aligned our property development strategy with sustainable value performance. Comprehensive compliance is a core tenet in our risk reduction philosophy.

Clearly Defined CR Responsibilities

[GRI 102-19, 102-33]

GCP's commitment to ESG issues and the wider subject of sustainable business practice are consolidated in the CR Steering Committee, which is chaired by the CEO. GCP CEO Mr. Christian Windfuhr has assumed the responsibility for personally stewarding development of these topics within the Company's operations. The CR Steering Committee also comprises the heads of all relevant departments. The Committee is charged with overseeing strategic guidance for CR topics and discusses developments in regular committee meetings. The CR Steering Committee is also the first point of contact for the CR Department, providing them with strategic orientation for their activities.

The CR Department bears responsibility for concrete realization and operational implementation of GCP's CR strategy. The CR Department is led by the ESG Coordinator and reports directly to the CEO. These streamlined structures ensure that GCP's commitment to sustainability receive due consideration in strategic oversight as well as operational management at highest level.

CR Responsibilities at GCP



The CR Department is tasked first and foremost with the job of creating a cross-departmental, interdisciplinary interface for all CR-related activities. The department liaises with all other departments and coordinates efforts throughout the Company. It oversees implementation of both internally and externally oriented CR topics. The CR Department is furthermore charged with preparing GCP's CR reporting and carrying out the materiality analyses on which the reporting is based. Within the public relations component of its work, the department also fields inquiries from investors related to ESG topics and coordinates with Investor Relations to ensure ratings agencies have all ESG-related information needed for preparing accurate assessments.

Highest Standards of Ethical Business

[GRI 102-25, 205-2 / EPRA Gov-Col]

The confidence our shareholders and investors have placed in our business promise is one of GCP's most valued assets. We thus set great store by working to uphold and maintain this high level of trust. We believe that ethical, value-oriented stewardship of our company combined with ongoing strong returns are the foundation for this support. Thus, GCP has implemented a comprehensive

set of policies and guidelines outlining our commitment to transparency and ethical business. These form a binding framework and all GCP employees and business partners are required to act accordingly.

The GCP Code of Conduct for Employees and the Code of Conduct for Business Partners make up the heart of this framework and are a mandatory component of all employee contracts as well as of all contracts with business partners. They clearly lay out GCP's standards of behavior and expected practices throughout its business interactions. The Code of Conduct is comprised of several significant guidelines for our employees. We actively engage with our employees on topics about anti-corruption measures, avoiding conflicts of interest, preventing bribery, and anti-discrimination practices. Organizational oversight is provided by the Board of Directors, supported by the work of the Risk Committee, the Audit Committee, the Nomination Committee, and the Remuneration Committee.

A whistle-blowing system has also been implemented to ensure that any potential violations of GCP's standards become known and are correspondingly investigated. Together, all GCP employees and executives operate within a system carefully designed by our Compliance Department to ensure conscientious, rightful behavior throughout their dealings on behalf of the Company.

Risk Management Safeguards Value Creation

[GRI 102-11, 102-30, 102-31, 205-1]

GCP's ability to identify attractive assets and create long-term value growth is dependent on recognizing and mitigating the various risks our business faces. There are both internal and external risks that have the potential to negatively impact GCP's operations. Risk management at GCP is overseen by the Risk Committee, which is responsible for carrying out regular analyses of the Company's risk position. With regard to internal risks, GCP is subject to risks resulting from human negligence, unethical behavior, or inadequate structural frameworks. External risks relate to interest rate volatility, liquidity, ability to attract credit, regulatory and legal factors, market behavior, and collection and tenant deficiencies.

The Risk Committee undertakes regular risk assessments in which the Company's organizational structures are analyzed with a view to risk and potential weaknesses. The Risk Committee also evaluates the Company's infrastructure, resources, and systems to ensure these are adequate for its operations. Our risk management processes provide the Company with sufficient scope to adjust to market changes as they happen and improve organizational dynamics. The Risk Committee provides reports to the full Board of Directors on a regular basis.

To further augment and guarantee our high standards of integrity in staff and executive behavior, GCP has instituted a variety of internal controls. In operational areas, GCP has implemented physical controls, compliance checks, and verifications such as cross-departmental checks. GCP strongly emphasizes a separation of duties with dual approvals from two different parties needed, for instance for approval of payments and costs. On execution, payments are cross-checked with budgeting and relevant contracts. Additional approval is required from the head of the department for payments exceeding a certain threshold. Moreover, GCP monitors all payment operations and spot checks unusual entries. A detailed comparison of actual vs. budget figures is carried out monthly. These effective and sustainable control systems demonstrably reduce the probability of error or unethical dealings and successfully mitigate risk.

Berlin



Sustainability Strategy and Stakeholders

Engaging with Our Stakeholders

[GRI 102-43]

Openness and transparency are the guides we have set ourselves for aligning our entrepreneurial objectives. We continually work to maintain the trust shareholders and stakeholders place in us and have set our standards of practice accordingly. As a company we value greatly close interaction with our stakeholders and actively seek dialogue in our communities. GCP routinely pursues round table discussions where all participants share their perspective as equals. Feedback in the form of criticism or suggestions and proposals is taken on board with circumspection and always given due consideration, either to identify areas for improvement or to take inspiration for new ways forward. Only via active and productive exchange with a broad range of stakeholders will GCP be able to fully live up to its ambition.

Communicating Our Responsibility

[GRI 102-40, 102-42, 102-44]

GCP's stakeholders comprise groups from all sections of society. Their differing backgrounds and interests translate to a correspondingly wide array of expectations of and concerns for our business operations. The major stakeholder groups for GCP are tenants, employees, investors, banks and analysts, local communities, suppliers and business partners, policy-makers and associations. To cater for their differing informational and dialogue needs, GCP uses a variety of communication channels to seek input and engage in discourse. For tenants (both existing and prospective) and local communities in particular, our TÜV-certified Service Center is a key point of first contact. The GCP Service Center takes great pride in providing a response to each and every query within 24 hours. All departments maintain long-term relationships with key contacts in these groups and interact directly with their partners to ensure an ongoing process of dialogue and feedback.

GCP does not pursue any political lobbying activities or make donations to political parties. Where approvals for our various projects are concerned, we seek open dialogue with policy-makers. We also engage with policy developments that relate to our sector through our activities in various industry associations. These associations include in particular the

German Property Federation (ZIA), the European Public Real Estate Association (EPRA), and the German Sustainable Building Council (DGNB).

GCP aligns its communication with the needs and expectations of its stakeholders through the aspect of materiality. GCP endeavors to communicate transparently and effectively by focusing on those issues which are of greatest relevance for its stakeholders.

Commitment Oriented on Materiality

[GRI 102-29]

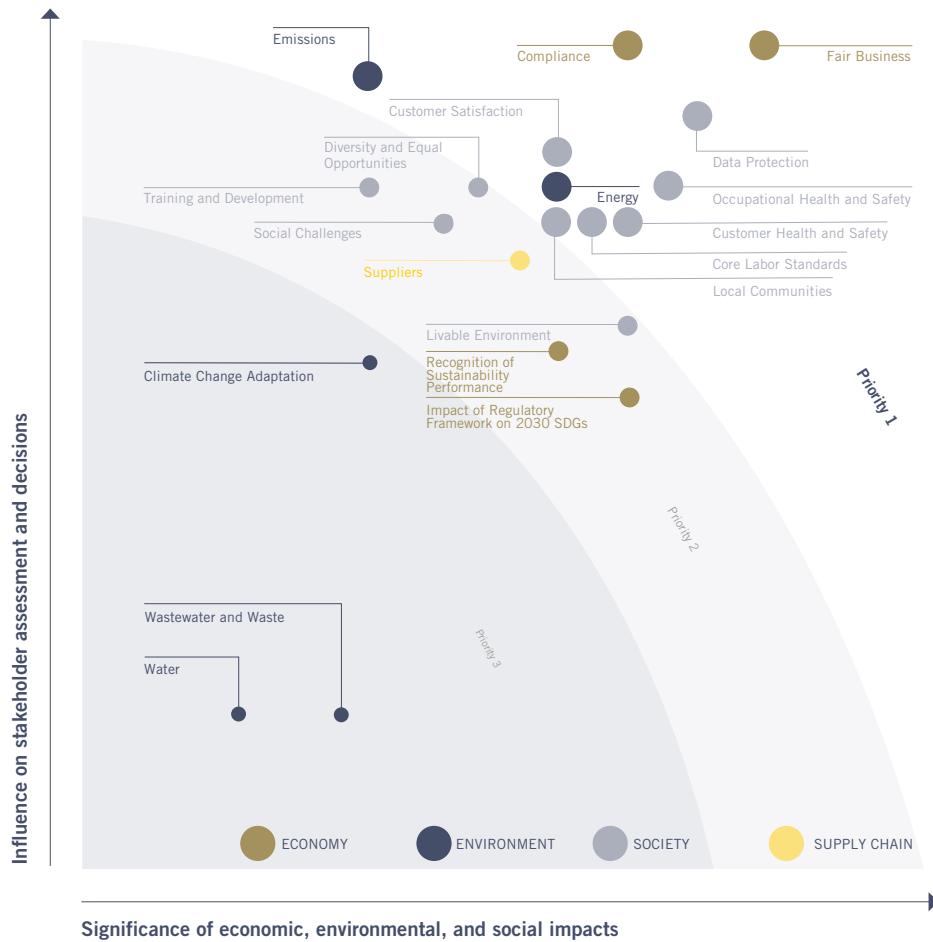
To gain a more accurate picture of stakeholders' views on our sustainability activities, GCP carried out a dialogue-oriented assessment of materiality in 2018. Our assessment examined the cross-sectional framework of two dimensions in particular: relevance of a topic for stakeholders' decision-making about our Company and significance of our environmental, economic, or social impact. The results of the assessment were then used to sharpen our sustainability management and reporting further and ensure that our strategy is aligned with areas where our impact will be most effective.

Stakeholder Survey to Assess Relevance

[GRI 102-42, 102-46, 102-47]

The materiality assessment was prepared by first compiling a list of all topics identified by the GRI Standards, the GRI Sector Disclosures, the EPRA Best Practices Recommendations on Sustainability Reporting, the GRESB Real Estate Assessment, and a peer group analysis. This list was condensed in consultation with external consultants and the relevant internal sustainability officers to eliminate topics with no relevance for GCP. Allocated to four topic areas, the 20 remaining topics were presented to stakeholders for assessment.

Stakeholders were selected to be representative of the wider scope of GCP's operations and offer in-depth expertise in their area. The stakeholders provided both quantitative assessments via a numerical rating and qualitative feedback in personal interviews. All stakeholders were given equal weighting, and full anonymity was ensured.



In the area of economy, the topics **fair business** and **compliance** were named by the stakeholders as highly relevant. GCP’s business relationship with business partners was described as positive. In the area of the environment, stakeholders gave greatest importance to the topics of **energy** and **emissions**. The stakeholders expressed an expectation that GCP address these challenges head-on and underpin its commitment with concrete goals and measures. Where society is concerned, stakeholders saw room for improvement in the area of customer satisfaction. They also named the topic of data protection as highly relevant, though they also expressed trust in GCP’s responsibility and high level of awareness here. Stakeholders would further like to see GCP enhance its transparency on how it engages suppliers, in particular how its Code of Conduct is implemented and enforced.

Internal Assessment of Impact

[GRI 102-47]

For the second dimension of the analysis, GCP department managers and executives were asked to assess the likelihood and severity of the impacts their business operations would

have on the three dimensions of sustainability (economy, environment, society). The term “impact” was defined to refer to all positive/negative, intentional/unintentional, actual/potential, direct/indirect, short-/long-term effects. These were then combined with the results of the stakeholder survey to create a matrix outlining the cross-section of the two dimensions (see graphic).

Prioritization of Results for Targeted Focus

The full results were subsequently validated by the CR Steering Committee and the Board of Directors and reviewed for completeness with respect to the German CSR Directive Implementation Act (CSR-RUG). This ensured that no topics needed for understanding GCP’s course of business, business result, or position had been omitted.

To prioritize the topics in the matrix, they were each given a rating of between 1.5 (not material) and 4 (highly material). The ten topics falling within the uppermost priority level were set as the focus topics for this report, grouped into three larger areas of action.

Compliance

Governed by Ethical Business Standards

[GRI 102-17]

GCP sets great store by living up to its ambition of leading the way as a responsible market participant. In particular, our reputation is one of the most valuable pillars of our business. Our tenants', customers', and suppliers' decision in favor of our services is predicated on our reputation for professional asset management with credibility and integrity. Each and every employee is charged with upholding this expectation and carrying our vision forward. Failure to meet these expectations and maintain the trust placed in us would have significant detrimental impact on our ability to successfully pursue our value creation promise. We thus pride ourselves on working within highest standards of ethical business, and compliance with all relevant laws and regulations is a matter of course.

Right from with its very first portfolio investments, GCP laid the foundation for a comprehensive compliance management structure that would subsequently underpin its operations. In today's environment of increasingly complex legal frameworks and rising public expectations of ethical business, these ambitions are all the more important. These systems ensure that management has full oversight and control of GCP's operations at all times. Our compliance processes and control systems also help safeguard our business against risks from potential unethical or corrupt behavior related to our dealings. Conscientious compliance throughout gives management the tools it needs to take account of changing conditions and guide the Company appropriately in challenging situations.

Comprehensive Compliance Structures

All aspects of our operations are impacted by compliance topics. Such impact can occur at all levels, be it with effect on employees and management or customers and other stakeholders. The GCP compliance and risk management system is coupled with corresponding internal audit procedures and covers all areas of our business – from acquisitions to asset management to administrative and operative functions. At operational level, the employees are strengthened in their ability to take decisions through clear guidelines and regulations. Internal development measures for managers highlight the tenets of professional leadership. GCP expects its managers to strive for exceptional performance in this area as well.

GCP's compliance management is designed throughout to guarantee the lowest possible level of compliance violations or incidents of corruption. Promoting ethical conduct in staff at all levels is central to this endeavor. Structures are designed to promote timely, complete, and fault-free disclosures of conflicts of interest and other sources of controversies. GCP intends to maintain its long-term zero tolerance of compliance violations. Carrying this notable ambition forward is a key component in continuing to attract and retain employees and investors as well as maintaining stakeholders' trust.

Munich



Clear Policies Guide Decision-Making

[GRI 206-1]

GCP communicates its compliance standards to staff through a range of guidelines, beginning with the Code of Conduct and supplemented by other topic-specific policies. All GCP guidance documents are designed so as to empower staff to act rightfully in challenging situations. The Code of Conduct for Employees is a mandatory component of all employment contracts. It was initially implemented in 2009 and since then has been updated and reviewed on a yearly basis. The Code of Conduct has been signed retroactively by all employees already on staff. It lays out clear standards of behavior and is augmented by a framework of topical policies on key issues. These policies include: Anti-corruption Policy, Anti-discrimination Policy, Whistle-blowing Policy, Data Protection Declaration, User Policy for dealing with digital content and devices, and the Green Procurement Policy. In 2018, GCP expanded its staff education on compliance awareness to include yearly training on the Code of Conduct via an e-learning tool. The training is mandatory for all employees.

GCP further applies its compliance expectations to its upstream and downstream operations in the value chain. All GCP business partners are required to sign the GCP Code of Conduct for Business Partners in its most recent, updated form. For more information on supplier compliance, please see the Suppliers section, p. 16.

Embedding Responsibility

Responsibility for compliance management lies with the Compliance Management Team. The Compliance Management Team is made up of five persons: the Chief Compliance Officer and four Compliance Analysts. The Chief Compliance Officer reports directly to the CEO. The Compliance Management Team dovetails its work with input from the Legal Department and the HR Department as well as all other Departments under the guidance of the CEO and the Risk Committee.

The Company conducts a yearly review of the risk situation. This review is used as the basis for a critical evaluation and corresponding adjustment of all compliance policies and structures. The risk analysis is carried out at departmental level. The compliance management

system is updated regularly to conform with EU regulations on sustainability reporting. This comprehensive analysis ensures that GCP has effective due diligence structures in place to manage all market, technical, environmental, legal, and community-related risks. As part of this review, existing governance policies were also updated to harmonize all Company guidelines with the latest market and legal requirements as well as the evolving Company mission.

Reporting Parameters Implemented

Should an instance of (potential) unethical conduct occur, a whistle-blowing system is in place to enable actors of all kinds to report incidents. This service is operated via an external service provider, thus ensuring even greater independence of interests. It is primarily aimed at persons reporting external to the Company, but can also be used by employees.

As a rule, GCP's compliance structures are fundamentally aimed at preventing misconduct outright. Should misconduct nonetheless occur, the Whistle-blowing Policy is designed to ensure that employees feel empowered to register their concerns. Such empowerment is crucial for enabling investigations to be initiated and appropriate measures taken. Violations relate to violations of the law, Company policies, or contracts of all kinds. Material misconduct is defined as being any behavior which could result in material (significant) damages to the Company or its employees without qualifying as a violation of the terms of the policy as such.

Systematic Empowerment

GCP encourages its employees to address any concerns they might have about violations of the law, the Code of Conduct, or internal policies in person. However, they may also do so in fully anonymous form. The decision for or against anonymity lies solely with the informer. GCP clearly communicates in the Whistle-blowing Policy that an informer will not be subject to disciplinary or other sanctions as a result of their reporting another person's misconduct. A company-internal route for registering concerns with a superior is outlined in the GCP Code of Conduct. Multiple paths are named so as to account for instances in which the concern in question relates to an individual in the usual chain of reporting. Employees can

discuss compliance concerns in confidence with the Chief Compliance Officer at any time.

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. Reporting persons and witnesses are updated by the Compliance Department as needed. Disciplinary sanctions are taken should the preconditions for such measures be met.

Ongoing Review and Adaptation

[GRI 102-31]

GCP considers its internal control systems to be thorough and highly effective. They are carefully designed to provide the Board of Directors and the CEO with extensive oversight of all the Company's activities and dealings. As our structures go well beyond legal requirements and market expectations, GCP is a forerunner in its segment in this regard.

The market is constantly evolving, however, and GCP recognizes the need for ongoing evaluation of its processes and structures to ensure the Company keeps pace with its environment. GCP strives to continually enhance its processes to ensure optimal alignment with company and market developments. Control systems are thus reviewed and adapted on a regular basis. They reflect in particular GCP's rapid and ongoing growth dynamic and changes to our risk environment. Maintaining comprehensive control of all of our operations is a key component of our continued success.

GCP conducts a review of internal and external compliance risks on a yearly basis. Compliance risks can relate to environmental issues, workplace health and safety topics, or potential for corruption in the form of bribery or fraud. It is GCP's philosophy that organizations bear responsibility for the actions of their employees and other agents and have a concrete duty to implement adequate policies and educate accordingly. GCP intends to sustain its pleasing record of zero compliance incidents to date going forward.

Cologne



Data Protection

Commitment to Data Privacy Intensified

The topic of data protection has long been a priority at GCP. We have oriented our corporate processes on the core aims of providing transparency, self-determination, and assured privacy of personal data. A wide range of internal regulations and guidance codes firmly embed this topic throughout our operations.

The results of our 2018 stakeholder survey as well as the newly enacted EU General Data Protection Regulation (GDPR), which came into effect on May 25, 2018, have indicated that this commitment is well placed. In addition to compliance with the regulation being mandated by law, the broad media visibility of the changed legal situation resulted in increased uncertainty among our stakeholders and staff. In recognition of its high materiality, GCP took this opportunity to thoroughly review its relevant processes and inform stakeholders in detail of our commitment to consistent, transparent data privacy assurance.

Review and Update of Systems and Training

For our review of data protection at GCP, we focused in particular on the processes and systems involved, methods for assessing consequences of breaches, tools for ensuring stakeholders retain possibilities for self-determination, and providing transparent information about the processing of data. Advice from legal experts was sought in particular with respect to all relevant areas. All departments were asked to request expert advice in cases of uncertainty or where adjustments were required in order to comply with GDPR. These consultations as well as internal discussions were applied to adapting our systems and internal guidelines accordingly.

GCP's goal is always to ensure the best-possible protection of personal data from manipulation or abuse. Modern IT systems that offer high standards of data privacy are a key technical aspect of protection and are a matter of course for GCP. We review their suitability regularly and assess them for advancement potential.

These technical systems are supported by comprehensive process analysis at all levels of day-to-day operations. Staff are sensitized to the topic of data protection and the associated rights through individual video training units, and staff in management positions receive further-going input in seminars with legal experts. Intensive reviews of all data processing took place. Training was updated where necessary for compliance with the GDPR.

Though not stipulated by law, GCP requires of all personnel that they sign a company statement of their explicit commitment to data protection. Moreover, a variety of clearly communicated Standard Operating Procedures (SOPs) make expected courses of action clear to all parties for a wide range of daily operations, from saving and storing data to handling requests for information.

Clear Communication and Clear Structures

In the course of these activities, we also provided our tenants and business partners with an update of our Privacy Policy and information on our review and our efforts to ensure their data is well protected. The informational letter included details of our data processing systems, the purposes for which their data is used, and of their related rights. Where appropriate, on-site notifications have been installed, for instance where video security systems are installed. Tenants can access our full Data Privacy Policy via the website; the Data Privacy Policy also forms a component of all offers to prospective tenants.

Responsibility for data protection at GCP lies with the Chief Compliance Officer, the Data Protection Officer, and the Chief Information Security Officer in order to cover all aspects of GDPR with excellent knowledge. An external Data Protection Officer has also been engaged for data protection at GCP. Reporting of all deficits is obligatory. In the case of a possible breach, a committee is formed to immediately investigate the matter further. GCP's executive management has also initiated a dialogue process with departmental heads to intensify engagement with the topic further. We take our stakeholders' justifiably high expectations in this area very seriously. We recognize that in addition to the potential legal consequences and harm to GCP's reputation, this topic also concerns the very personal matters of our stakeholders as individuals.

Suppliers

Ethical Partnerships throughout the Supply Chain

[GRI 308-1, 414-1]

A firm component of our commitment to responsible and ethical standards of business is the understanding that these expectations must also be applied to our partners in the supply chain. GCP carefully selects business partners with whom it has shared values of sustainable business and value creation. We are conscious of our partners' business practices, obtain corresponding commitments to sustainability standards, and foster comprehensive transparency in our supply chain. GCP clearly communicates these expectations in its invitations for bids and selects contractors accordingly.

GCP expects the same high standards of ethical, environmental, legal, and professional business

of all business partners as it expects of itself. **Human rights violations of any kind are not tolerated and all suppliers must commit to providing decent standards of work. Child labor and forced labor are explicitly renounced.** GCP

equally expects all suppliers to foster workplaces free of discrimination and harassment. Suppliers are expected to mitigate negative environmental impact wherever possible and orient their operations toward the environmental norm ISO 14001.

Binding Commitment to High Standards

[GRI 308-1, 308-2, 414-1, 414-2]

Implementing in the value chain these ambitious standards of ethical business depends on close cooperation between partners. GCP thus orients its activities toward long-term relationships with trusted business partners who have a proven track record of operating to the same high ethical standards as GCP itself. We work together with our suppliers to regularly assess various aspects of sustainability and discuss where improvements can be made.

Open dialogue about ongoing commitment to sustainability plays an especially important role when beginning a relationship with a new supplier. All relationships with suppliers and business partners are founded on an explicit commitment to upholding the GCP Code of Conduct for Business Partners. This Code was implemented in 2015 and applies for all existing

and new contracts with suppliers. It details GCP's expectations regarding issues of ethical business, including bribery and corruption, legal compliance, conflicts of interest, environmental impact, and workplace health and safety, among other topics.

As a **mandatory** component of the relationship, the Code makes GCP's sustainability and ethical standards contractually binding. Should a business partner violate stipulations of the Code, GCP is entitled to terminate the relationship with immediate effect. GCP also reserves the right to subsequently exclude the contractor concerned from the awarding of future contracts.

Supplier Operations Strictly Regulated

[GRI 102-9]

The suppliers engaged by GCP all operate within central Europe. Like GCP itself, they are thus subject to the EU's comprehensive legal framework. Where significant risks have been identified, such as in materials handling, suppliers are required to provide evidence of corresponding certifications and permits. In addition, GCP performs spot checks during site visits.

To safeguard careful, considered selection of business partners, GCP has implemented a Green Procurement Policy. This policy defines the basis on which contracting decisions should be made and is communicated to all employees with purchasing responsibility. GCP educates its staff accordingly to enhance awareness of how purchasing decisions affect environmental impact and other sustainability issues in the supply chain.

In 2015

the GCP Code of Conduct for Business Partners was implemented

Human Rights

Inviolable Commitment to Human Rights

[GRI 412-1, 412-3]

GCP views upholding recognized standards of decent work and respect for human rights to be non-negotiable components of its business premise. As GCP operates mainly within central Europe, its operations are governed throughout by the strict regulations and legal framework of the European Union. These laws provide extensive human rights protection at local level, meaning concrete human rights violations are not a substantial risk in GCP's operations.

A key element of GCP's 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 direct oversight by GCP. There is also a risk of human rights violations occurring in relation to the migrant workers employed by large construction firms. As of the date of this report, no human rights violations had been identified in GCP's direct operations or in the supply chain.

Ensuring Supplier Commitment

[GRI 412-1, 412-3]

GCP undertakes to avoid all possibility of human rights violations in the supply chain. Effective controls of business partner selection have been implemented, and the Company engages primarily local medium-sized enterprises. **All business partners are further required to sign GCP's Code of Conduct for Business Partners, which details a firm commitment to human rights.** In the case of construction activities, each undertaking is managed by a dedicated GCP project manager, who deals directly with the on-site contractors. Regular project manager site visits during acceptance of partial deliveries of services or within the scope of inspections evaluate contractors' compliance with the Code. **In 2018, 100% of our sites were inspected for compliance.**

GCP also conducts spot checks of supplier compliance through the relevant departments. The Compliance Department follows up with these departments to ensure that the spot checks are being undertaken. GCP aims to maintain its current standard of zero human rights violations occurring in its supply chain or otherwise connected to its business operations.

Berlin



02

Tenants





New Housing and Residential Concepts

Satisfaction Secures Performance

Our tenants' well-being and safety are vital to GCP's successful long-term performance. GCP takes its responsibility to continually enhance the quality of its residential units and their surroundings very seriously. We aim to create a high standard of living at our properties through safe, attractive buildings, active community building, and a clear pledge to engaged customer service. Our ability to cultivate high levels of tenant satisfaction is a key component in our value creation promise. GCP invests in tenants' quality of life via construction measures as well as community involvement. We believe that ongoing property enhancement with a focus on community cohesion is essential to achieving our corporate goals.

In its role as asset owner and property manager, GCP has a prime responsibility for the residential conditions it offers its tenants. Our investment targeting and service commitment crucially shape their living environment. GCP management has strategically aligned its asset repositioning approach with the aim of developing and improving residential concepts, in particular to create family-friendly environments. GCP's overall goal is to continually increase its tenants' living standards via three-pronged investment in building modernization, a strong service commitment, and active community involvement.

Investing in Tenants' Needs

[GRI 413-2]

Where structural components are concerned, GCP invests in a wide range of refurbishments that enhance the extrinsic and intrinsic value of its assets. Such refurbishments can be aesthetic measures on a building's facade, improvement of the building's energetic profile, or construction of tenant facilities. In addition to their positive environmental impact, energetic enhancements such as improved insulation, more efficient heating systems, and precise metering technology reduce utility costs for tenants (see the section Energy and Emissions, pp. 38, for details of energy strategy). Structural enhancements also relate to accessibility measures for tenants with special needs, like ramps and stair lifts as well as bathrooms for the disabled.

GCP pursues a portfolio strategy that is oriented on the acquisition and value-enhancing development of suitable assets. This value creation process translates into clear quality of life benefits for tenants as well. Planning for improvement of the assets' housing quality begins immediately following a property's addition to the GCP portfolio. Extensive assessments of the building's structural characteristics provide the basis for targeted investment in refurbishment activities. Long-term relationships with local authorities and policy-makers aid GCP in harmonizing its decisions with the needs of the community it is expanding.

Strong Communities Foster Tenant Stability

[GRI 203-2, 413-1 / EPRA Comty-Eng]

GCP actively fosters dialogue with policy-makers and authorities and engages with local initiatives with the aim of positively impacting its portfolio's communities. For example, GCP cooperates with local non-profit organizations that are dedicated to homework and educational assistance as well as general care for children living in our properties. As part of these cooperations, GCP provides rent-free access to a housing unit or commercial space and supports the organization with furniture, equipment, and operational costs. Measures like free communal areas and accessibility enhancements improve inclusion and prevent segregation in disadvantaged neighborhoods. Improvements that provide gains for local infrastructure or bring other community benefits are a key pillar of GCP's repositioning investment. The Company also actively pursues an extensive Community Involvement and Development Program aimed at strengthening inclusive communities and promoting GCP's community-building activities.

Community facilities like indoor and outdoor playgrounds, fitness trails, and BBQ areas create spaces where people can congregate and build relationships. GCP also helps to cultivate tenant cultural opportunities and infrastructure, such as by operating and providing books to the tenant library in Leipzig. Improvements that foster a feeling of community unity and togetherness benefit the well-being of all tenants in a property. 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. More information on GCP's neighborhood and community activities can be found in Chapter 05 Society, pp. 46.

Active Assistance to Lessen Tenants' Burden

[GRI 413-2]

Structural community aspects are taken into account early on in assessments of a property's tenant composition, geographic age profile, and other urban development factors like immigration and emigration. These due diligence assessments are used to align GCP's investment approach and target measures toward improving community risk profiles. Where factors are identified that indicate tenants are facing community challenges, GCP deploys additional on-site employees (Community Relations Officers) who actively support the tenants by offering a set of additional services such as assistance with local authorities or mediation in cases of dispute.

GCP has Community Relations teams in place who help tenants resolve their individual personal challenges. Their assistance fosters the creation of stable communities and aids in minimizing the risk of crime and property damage or high rental debt rates. Among other things, GCP on-site employees assist in communication with schools and authorities and overcoming language barriers. In general, GCP strives to tailor its response as far as possible to respond to local or regional needs and in doing so develop individual residential solutions. Enhancing local infrastructure is the foundation for creating attractive communal areas.

Monitoring Tenant Care

Property acquisition is governed by concrete rules stipulated and approved by the Board of Directors. Acquisitions are typically initiated by the development team and approved by executive management within clear guidelines or the Board of Directors. Executive management and the respective regional directors are also responsible for developing and overseeing GCP's overall housing and residential strategy. Initial residential strategy for a property is based on due diligence and risk assessments on acquisition and then developed further on the basis of tenant satisfaction metrics. GCP has implemented IT and software systems that provide advanced tenant care management tools for its entire portfolio. These tools offer immediate support for new assets and can be used, for instance, to identify areas of tenant fluctuation.

As tenant satisfaction is a core responsibility of its operations, this area of action spans all departments at GCP. The effective use of cross-departmental synergies ensures a great customer experience. On a local level, tenant satisfaction is the responsibility of a Property Manager for each building and a Community Relations Officer. These teams are supervised by regional directors, who report in turn to the COO. Tenant satisfaction data is reviewed and controlled in quarterly meetings with the COO and CEO and subsequently analyzed for relevant input on strategy formulation.



London

Long-term Risk Reduction

High tenant satisfaction translates to greater tenant loyalty and lower tenant turnover. High tenant living standards are thus beneficial for preserving low vacancy rates as well.

Social tensions at our properties carry the risk of increased rates of crime and of property damage, both of which reduce quality of life for tenants. GCP stands for strong commitment through careful maintenance of its properties.

Communication and Transparency

Dialogue for Effective Development

[GRI 102-43, 417-1]

In its management of tenant concerns, GCP aspires to clearly evidencing ongoing commitment to offering and improving high-quality care. As tenant satisfaction is the focus of our efforts, direct interaction with tenants is of crucial importance for identifying needs and assessing topics for elevation. Only if areas of lower performance are communicated and discussed can appropriate corrective measures be implemented. For structural investments in particular, GCP liaises closely with tenants' associations to tailor its commitment to actual tenant needs. Building strong communities must be the result of productive collaboration between property manager and tenants.

Tenants are substantially reliant on receiving effective information, advice, and assistance from GCP as their building operator. Communication of our activities and transparent processes are crucial to creating attractive living spaces. To better manage tenant concerns and ensure timely, targeted support, GCP has set up a dedicated service team. GCP employees address tenants' concerns through direct interaction as well as via the GCP Service Center. Our extraordinary service orientation is a core aspect of training for new employees on our Welcome Day, and upcoming executives are further sensitized to the subject in the GCP Leadership Program. A commitment to utmost professionalism in service is deeply embedded in our management philosophy at the highest levels.

Berlin



Operations with Service Mentality

Clear standards of professionalism shape GCP's service promise to its tenants. Since 2011, the GCP Service Center has operated 24 hours a day, seven days a week, 365 days a year. It possesses TÜV certifications (DIN EN 15838 and in service quality) and offers services in a variety of languages. The service team's work is further aided by extensive data collection and issue-tracking tools. The Service Center's overarching aim is to effectively manage tenant satisfaction by eliminating sources of dissatisfaction and fostering heightened living standards. Open communication of concerns is crucial to cultivating a productive relationship between a responsible property manager and its tenants.

Tenants at all GCP's properties must feel confident that their concerns and requests for service will be taken seriously throughout. GCP affirms its responsibility as property manager to laying the foundation for their trust in its management. In addition to offering around-the-clock availability, the Service Center is committed to maintaining a 24-hour response time in all cases. The Service Center is reachable via toll-free numbers and email as well as via the GCP app, the GCP Portal, and various chat possibilities to keep pace with technological advancement.

GCP has additionally developed an in-house ticketing system that enables all tenant concerns to be documented and addressed consistently. To ensure that every request is fulfilled to the utmost satisfaction of the tenant, tickets are not closed until a follow-up call with the tenant has been performed regarding their perception of satisfactory handling. Tickets are additionally allocated a status and categorized, thus building up a substantial data set on actual service performance. This data is a valuable tool for complaints handling and aligning strategic improvements. The service process is overseen by the Service Man-

TÜV

Our Service Center has been TÜV-certified since 2016

agement Team, which reports directly to the CEO and collaborates closely with service providers and all departments.

Continual Evaluation of Service Quality

GCP aims to continually maintain a high standard of care and performance and enhance its provision of services as tenants' needs dictate. Strict adherence to the GCP standard of a 24-hour response time has been achieved. Delivering on this service promise is vital to upholding tenants' trust. GCP continuously tracks and monitors customer satisfaction rates in order to identify potential for improvement and optimize existing processes to maximize customer satisfaction.

The ticket system is augmented by satisfaction surveys that enable GCP to evaluate and analyze the success of its tenant relations activities. Issues raised in tickets are included in daily reports to management as well as progress reports on outstanding issues. Monthly quantitative reporting includes the total number of issues logged per month and per category, processing time and rate of reopening issues. For more information on tenant satisfaction and feedback surveys, please see pp. 24.

Communication Fosters Trust

Communication has a direct impact on tenant satisfaction. GCP's risk in this area relates to the quality of its tenant communication. Lower service quality and inadequate communication are detrimental to achieving the high levels of tenant satisfaction and trust that safeguard GCP's corporate goals. Unsatisfied tenants correlate with a potential risk of high fluctuation and concurrent vacancies. GCP's capacity to generate long-term yields and strong value performance are hence closely linked to tenant satisfaction. The overriding goal of all tenant communication activities is thus to increase tenant satisfaction.

Tenant Satisfaction

Continued Monitoring of Satisfaction

Throughout its operations, GCP consistently places its responsibility to its tenants as its guide and benchmark. It is GCP's duty to ensure their safety, well-being, and communal needs are safeguarded throughout its operations. Tenant satisfaction is the prime indicator for how effectively GCP is putting this commitment into action. Higher tenant satisfaction bears direct rewards for GCP as well, as it is the primary factor in ensuring attractive occupancy rates and strong returns long term.

Tenant satisfaction levels directly impact all aspects of GCP's value creation process. Lower satisfaction will negatively affect the larger residential environment at the properties and have follow-on effects throughout our business. To ensure the Company keeps abreast of tenant needs and corresponding feedback, GCP actively monitors and evaluates satisfaction. In-depth analysis of status quo comparisons with needs' profiles as reflected by tenant satisfaction feedback allows GCP to better tailor its infrastructure investments and other measures so as to achieve continual improvements in satisfaction.

4.74

Friendliness and reachability
of Service Center (out of 5)

Tenant Safety Has Highest Priority

[GRI 416-1]

Across the board, GCP's asset improvement activities pursue a strategy oriented on achieving optimal safety and well-being. For instance, when a property is added to GCP's portfolio, one of our first focus areas is to substantially reduce any existing maintenance backlog. Safety factors and fire protection are included in initial risk assessments to ensure outstanding issues are addressed quickly. Fire safety is a particular focus as it not only protects human lives, but also enhances assets' value and prevents property damage. GCP commissions expert opinions from external fire safety specialists and subsequently aligns its investments with their recommendations. If deficits are identified, these are documented and reported to the construction department for remedy. The construction department 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. Over the course of GCP's ongoing management of a property, a regular and strong on-site presence through property visits, tenant office hours, unit acceptances, etc. enables the Company to keep a close eye on safety aspects and identify necessary enhancements swiftly. Site visits also play a key role in preparing budget decisions.

Further investments in infrastructure are designed to help cultivate the sense of community at properties through the provision of engaging and pleasant communal areas. Such investments are further augmented by support for direct involvement in community activities. In Bochum, for instance, GCP provides space free of charge for utilization by a local dance association, and in Solingen, GCP has provided facilities for a community-oriented grocery store. Enabling such initiatives to take place in GCP properties helps make the residences as unique as the people that live in them.

Strong communities with clear own involvement in shaping their living environment are vital to maintaining tenants' trust and loyalty.

Dedicated to High-quality Service

[GRI 102-43]

Established in 2011, the TÜV-certified Service Center is proof of GCP's authentic commitment to tenant satisfaction. As the Service Center is often the first point of contact for tenants, the quality and reliability of tenant services is of crucial importance. GCP strives to respond promptly and efficiently to all feedback it receives.

A ticket tracking system at the Service Center ensures all inquiries receive full and timely responses. GCP additionally uses data from the tracking system to assess tenants' needs and concerns as well as their overall satisfaction. GCP supplements this passive data with targeted active calling as part of tenant satisfaction surveys.

After a service request has been closed, the tenant is provided with a feedback mechanism in the form of a survey. These surveys are col-

lectively analyzed on a semiannual basis. In them, tenants are asked to assess GCP's performance in the areas of Service Center friendliness, business partner friendliness, reachability, quality of work conducted, and time to resolution. GCP takes a long-term view of tenant satisfaction and monitors its performance accordingly. In 2018, GCP again conducted surveys of tenant satisfaction in a variety of key areas relating to GCP's service performance. In the reporting year, GCP achieved an average satisfaction value of 4.74 (out of 5) (2017: 4.67) or 94.8% (2017: 93.4%) in reachability and 4.51 (out of 5) (2017: 4.38) or 90.2% (2017: 87.6%) for time until resolution.¹ GCP's perceived effectiveness in addressing tenant concerns thus continues to gain at an already high level.

A further highlight in 2018 was the external assessment of GCP's customer service offering effectiveness by the German Institute for Service Quality (DISQ). The Institute conducted an independent evaluation of all major property companies in Germany and returned both pleasing and constructive results for GCP. Where customer service by telephone was concerned, GCP received the best rating among the 11 companies tested. With regard to the area of email service response, the results of the study were critical of most of the companies tested. Nonetheless, GCP values highly such independent, external input and has taken this occasion to initiate a program to critically review the quality of our email response. We aim to produce tangible improvements here over the course of 2019.

In February 2019 the Service Center successfully completed ISO 9001 certification, confirmed by the independent auditor TÜV Profi Cert Hessen; this certification is in addition to its existing service quality certificate.

The Service Center is thus now operating to a much more comprehensive quality management system. This system is recognized worldwide and has the following focus:

- Relationships and interactions with interested parties
- Risk-based thinking: Determining risks and opportunities, related measures, and checking their effectiveness

- Context of the organization, focusing on internal and external issues related to all Service Center activities
- Sustainable success as part of continual improvement processes

Intrinsic Corporate Service Philosophy

Our strategic aim is to retain residents by actively fostering tenant loyalty. Thus, we orient our development efforts on **creating supportive, affordable communities where people enjoy living and staying**. Low turnover rates benefit our properties' communities as well as GCP's operational results. Tenant satisfaction metrics are included in GCP's due diligence process through systematic analysis of complaints, claims, and other grievances. Responsibility for tenant satisfaction management lies with both the operational teams and the Service Center. Regular reporting to the CEO and executive management team ensure tenant care issues are given ongoing consideration in strategic alignment.

Tenant care and satisfaction management is an obligatory component of training for all new staff. This begins during staff onboarding at Welcome Day and is intensified for all employees involved with the Service Center. For candidates with particular management potential, GCP's commitment to service is a key component of training on holistic and strategic thinking in GCP's Leadership Program.

Rewards of Long-term Tenant Stability

Tenant satisfaction has a direct correlation with occupancy rates. Satisfaction and the concurrent reputational effects for GCP are thus an important component of the Company's risk profile. Suboptimal fluctuation rates can result in costs for the Company as well as instability in revenues. GCP strives to minimize these risks by closely monitoring developments in tenant satisfaction and taking targeted measures to address specific concerns. To this end GCP will be introducing a tenant loyalty program in 2019. Overall, GCP aims to continually enhance satisfaction levels with regard to all assessment areas.

¹ The figures for the previous year have been amended to account for satisfaction data collected subsequent to the publishing of the 2017 report.

03

Employees





Company Culture

The Backbone of Our Value Promise

[GRI 102-8, 401-1]

Like any enterprise, GCP is defined by the talented and diverse people who make up its staff. As a leading company in the German real estate sector, our business success and value creation for stakeholders is a direct result of the quality and competence of the Company's workforce. With nearly 1,000 employees (2017: approx. 900), corporate culture at GCP is defined by the people who live it. We at GCP are dedicated to working together with mutual respect and a dedication to personal growth as our foundation.

EMPLOYEES – OVERVIEW	2018	2017	2016
Total number of employees	979	872	773
female	509	463	445
male	470	409	328
Total number of permanent employees	548	427	209
female	303	227	114
male	245	200	95
Total number of temporary employees	431	445	564
female	206	236	331
male	225	209	233
Total number of full-time employees	884	795	681
female	436	398	395
male	448	397	286
Total number of part-time employees	95	77	92
female	73	65	50
male	22	12	42

We are committed to attracting top professionals. The combined professional skill and diversity of viewpoints of an outstanding workforce are a key advantage on the market we seek to leverage. GCP has thus set itself the goal of being a preferred employer and benchmark leader in the real estate sector. **By the year 2030, we aim to be among the top ten most attractive employers in the residential real estate sector in Germany (as named by the Immobilien Zeitung index).**¹

NEW EMPLOYEES	2018	2017	2016
Total number of new employee hires	343	191	431
female	188	94	246
male	155	97	185

To achieve this ambition, we prioritize creating an environment that inspires skilled specialists to lance their unique talents for the benefit of the Company. Further, we invest in offering them opportunities to develop their talents further. GCP is proud to be able to offer its staff flexible working hours, open communication and flat hierarchies, varied training and development options, employee networks, support groups, and mentoring programs. We strive to help our employees achieve maximum performance, but also view it as our duty as an employer to support them in achieving maximum growth as well.

Living and Working in a Diverse World

A corporate culture founded on teamwork, openness, trust, and commitment to diversity is both essential and non-negotiable for GCP. We value enormously the breadth of experience and viewpoints our diverse team provides and consider them a key component in our ability to achieve business success. GCP thus actively promotes diversity within our workforce – mirroring the diversity of our tenants – and is committed to ensuring an inclusive work environment. Discrimination or harassment in any form are not tolerated. We value and respect the many individual differences represented by our employees, tenants, business partners, suppliers, and shareholders. At a day-to-day level, GCP considers willingness to help, reliability, and a consideration for others' needs a core factor in living up to our business promise to tenants and stakeholders.

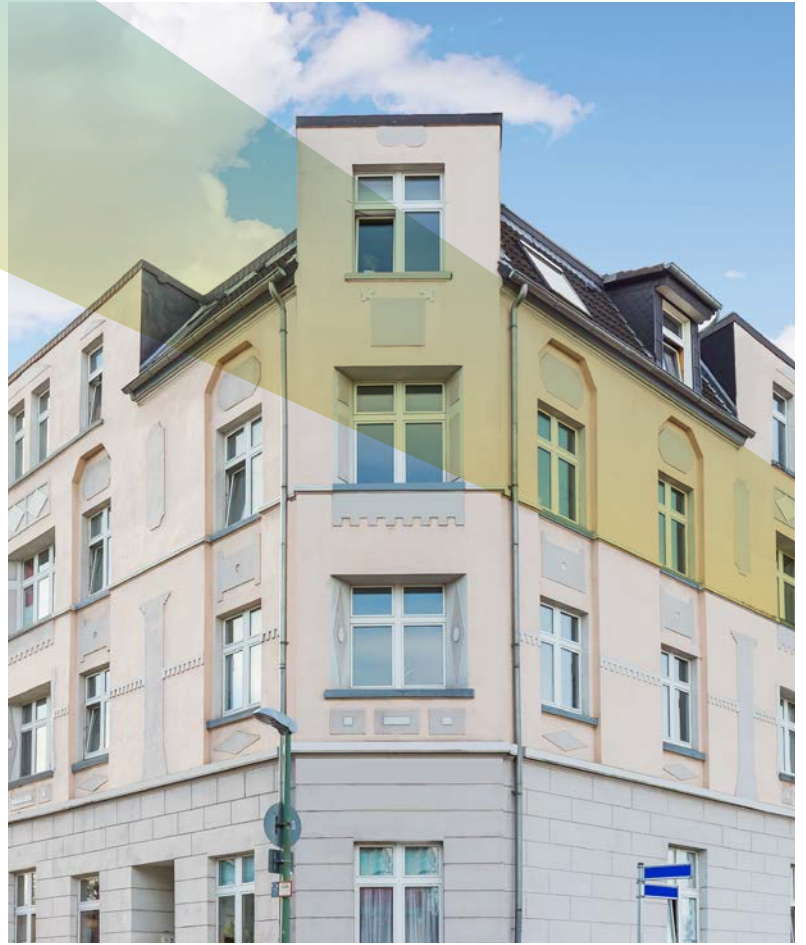
The GCP Code of Conduct lays out the values behind our culture and the expectations GCP has of all its employees. These are supplemented by our Diversity Policy and Anti-discrimination Policy respectively. Equal opportunities for all and impartial, qualifications-based treatment are core pillars of GCP's entrepreneurial success. GCP requires that all employees abide by these Company standards of ethical business.

¹ This ranking from the trade journal Immobilien Zeitung is carried out annually on the basis of a survey of approximately 700 students as part of an effort to align communication between the industry's employers and its young professionals. Among other things, students are asked to name their top three employers in the industry. Replies are unprompted and allocated points according to a ranked scoring system; combined scoring consolidates results to highlight a top ten of some 200 companies named overall. Participants must evidence current student registration, and the results undergo validation. Previous years' results are not taken into consideration.

Developing Staff for Ongoing Success

[GRI 404-2]

GCP sees potential – both in its portfolio and its employees. We pride ourselves in fostering this potential and facilitating ongoing development. Investing in our human capital is a core foundation of GCP's value promise. We foster our staff's skills so that they can succeed and consciously prefer to develop new leadership from within our team. As the challenges for the real estate industry are ever-changing, continuous learning is a crucial factor in entrepreneurial success, GCP offers an in-house academy that helps staff develop further in core competences and specifically trains its upcoming leaders for the new and complex challenges they will face.



Essen

Payment and Social Benefit

Commensurate Pay Honors Commitment

[GRI 405-2 / EPRA Diversity-Pay]

Appropriate compensation of employees' contributions is a non-negotiable component of achieving outstanding performance. GCP considers adequate pay a self-evident aspect of its responsibility as an employer. From an entrepreneurial perspective, appropriate compensation is not simply a matter of bottom-line costs. Paying our staff attractive remuneration is directly linked to our ability as a company to draw highly qualified new personnel. For existing staff, receiving satisfying compensation in return for their contribution to the Company's success is an important source of motivation. Ensuring that our employees are motivated and inspired to perform enhances employee retention rates as well as the Company's overall results.

Equal opportunity employment and advancement for all staff is a top priority for GCP. Explicitly cultivating a culture of competence-based career development is a core component of our corporate value system. Remuneration as well is determined solely based on the skills of the individual, the tasks and responsibilities associated with the position, and their personal success in their role. For 2018, the gender pay gap for women to men was 16% among the whole workforce and 14% at management level. For the whole workforce, this represents a slight widening of four percentage points over the previous year (2017: 12%). This was due to the high ratio of female new hires in the reporting year, in particular in entry-level positions. Where management level is concerned, the figures show a considerable improvement of 17 percentage points over the previous year (2017: 31%). There is still work to be done; however, our numbers clearly show a positive trend and are in some areas substantially more favorable than national averages.²

² National average of 0.78:1 (22%) as of 2014 for employees across all categories.

Education and Training

A Workforce Trained for Success

GCP is committed to investing in and cultivating the long-term potential of its human capital. Our employees' competences and skills are the tools with which we achieve our business success. They are also the tools with which we will pursue sustainable business, as we depend on our staff to implement sustainability policies and to give life to our strategy. We are counting on their skills in order to identify opportunities for improvement and to constantly find ways to outperform our own vision.

As a responsible employer, GCP has made an implicit promise to its team that it will provide them with the scope to develop their potential and help them to acquire the skills they need for the new and complex challenges they encounter. Global megatrends like digitalization and demographic change will require that all members of the workforce proactively commit to lifelong learning and personal development. The primary risk for GCP is that of not having sufficiently qualified personnel to perform our business operations. Thus, investing in our employees' personal and professional development is essential in mitigating this risk.

EDUCATION AND TRAINING	2018	2017	2016
Average hours of training per year per employee (in hours/year)			
female	11.18	6.30	12.30
male	9.50	6.75	9.37
employees	8.46	4.81	7.29
upcoming leaders	144.0	112.66	168.00
Percentage of employees receiving regular performance and career development reviews (in %)			
female	41	98	90
male	33	98	90

Staff at all levels and throughout all units of the organization receive our full support in developing their skills. Professional development enhances employee motivation as well as satisfaction. It plays a key role in our reputation as an employer of choice and thus our ability to attract new employees. Further, developing talent already in our organization for new challenges enables us to promote largely from within the Company, further boosting motivation and saving the Company recruitment costs.

Cultivating Potential throughout the Company

[GRI 404-2]

GCP views the potential of the individual as the factor that most reliably ensures future performance. We actively train candidates for specific positions based on their talents, not necessarily their preexisting qualifications. Staff with training related to a different professional field or without a university degree are gladly developed if they are deemed a good fit for the role in question. GCP wants its employees to succeed and is committed to providing them with the tools to do so.

In 2014, GCP founded a company-internal skills academy. Since then, the GCP Academy has offered own training seminars on a wide range of development topics. The Academy is structured to provide appropriate offerings for employees at all levels of the Company. GCP views individualized content to be more effective than generalized training for all staff with limited impact and thus prioritizes training tailored to skill sets, both professional and personal. The Academy seminars are coordinated internally or with the help of external experts where appropriate, in particular for specialist topics such as soft skills development.

GCP has further implemented a company program aimed at cultivating future leaders from within the team's existing talent pool. The GCP Leadership Program is a 12-month program specifically designed to give talented employees the opportunity to build up their competences within a managerial position. Being able to see and communicate connections and thereby tap synergies are crucial skills for managers to leverage when tackling complex challenges. GCP also fosters similar development for talented young graduates.

Via close collaboration with the Chamber of Industry and Commerce within the framework of the German dual-education system, GCP can additionally offer traineeships with closely dovetailed, skills-oriented training. In this format, trainees combine classroom theoretical units with hands-on job experience units in the company.

Investing in Effective Development

[GRI 404-1 / EPRA Emp-Training]

The Academy's activities are managed and overseen by the Training and Development Department. Managerial responsibility for training and development decisions lies with the Head of Human Resources with direct oversight by the CEO. In order to guide efficient use of time and resources, development measures are catalogued in an e-Learning Management System (LMS). Among other things, the system provides an overview of needs' analyses for specific employees or roles, so necessary training areas can be identified. All employees have access to the LMS and can use it to participate in online training directly from their work stations.

To ensure that our measures are both effectively implemented and consistent with achieving the impact desired, we monitor feedback from participants and managers closely. This regular

assessment of the benefit created then guides future offerings. In 2018, employees received an average of 10.34 hours each (2017: 6.53). On top of soft skills training and specialist skill development in a traditional classroom setting, e-learning units have also been implemented for key training areas to ensure 100% of staff are covered. Average training hours by gender break down as 11.18 hours for women and 9.50 hours for men. On average, 144.00 hours (2017: 112.66) of training were invested in upcoming leaders (non-leaders 8.46; 2017: 4.81). The Leadership Program comprised a total of 14 staff in 2018 (6 women, 8 men; 2017: 7 women, 6 men). Yearly performance reviews have also been implemented. Though as of 2018 reviews cover nearly the entire workforce, this is not shown in the figures for the reporting year. Due to extensive restructuring, the timing of the reviews themselves has in part been postponed and will fall in 2019. Reviews carried out in 2018 came to 37% of the workforce (2017: 98%).

Diversity and Anti-discrimination

Diversity as Tool for Success

Our ability to develop effective and innovative solutions to the challenges of our business is rooted in the diversity of our team's viewpoints. GCP is firmly committed to diversity in all its forms – from culture to age – and considers this a key component in its power of innovation and success. We specifically strive to employ people from a variety of nationalities so that their diversity will enhance the quality of our work. Individual specific strengths also help us reflect the range of experiences and cultures represented by our tenants.

Protecting this diversity is a non-negotiable priority for GCP and discrimination in any form is not tolerated. GCP is a proud signatory of the German Diversity Charter, a corporate initiative to promote diversity in companies and institutions. Not only is discrimination a violation of inalienable human rights, it puts the Company's business success at risk as well.

Actively Cultivating a Culture of Openness

Our unwavering dedication to offering equal opportunities and impartial treatment of all persons in line with their professional qualifications applies to all aspects of the employment relationship. These are the values that guide hiring, the agreement of working conditions, and access to further occupational training. As GCP bases its hiring and advancement primarily on qualifications, however, this can sometimes be in conflict with our aim of increasing diversity.

Differences in viewpoint, ideology, and value system are a source of innovative insight; differences in professional and personal experience are a competitive advantage. GCP strives to leverage the full range of benefits diversity offers and forge synergetic power by actively building and supporting diversity within its workforce. Diversity management at GCP works to cultivate among staff awareness for how differences are a source of creativity and make our company more flexible, productive, and competitive. Staff thus receive diversity training to enhance diversity management skills.

DIVERSITY AT GCP (in %)	2018	2017	2016
Diversity of governance bodies			
female	33	33	33
male	67	67	67
Diversity of employees			
female	52	53	58
male	48	47	42

Zero Tolerance for Discrimination

Diversity has many aspects. It may relate to race, ethnic background, gender, religion, age, sexual orientation, mental or physical capabilities, or nationality and carries relevance for GCP staff, in all departments and at all organizational levels. Discriminatory behavior and a lack of openness in interactions within the work environment are demotivating for employees and a detriment to performance. Dignified and respectful treatment of others is a core value defining all interactions at GCP, be they with colleagues, management, or stakeholders. In this regard, GCP holds its executives in particular responsibility, as they should set a positive example for the staff.

Discrimination is defined by GCP as any instance in which a person receives less favorable treatment, either directly or indirectly, than another in a comparable situation based on one of the factors named above. GCP also considers harassment a form of discrimination and it is considered to be any practice capable of violating a person's dignity on the basis of one of the above-named. Discrimination and harassment are highly detrimental to the working environment. At GCP we firmly reject any and all actions that would create a workplace characterized by intimidation, hostility, humiliation, or systematic insult, either through personal contact or through other means (e.g. electronic communication).

Committed to Equal Treatment

[GRI 406-1]

Our commitment to diversity is firmly embedded in the GCP mission statement and is explained in greater detail in our Diversity Policy. All GCP employees are required to sign as part of their employment contract the Company Code of Conduct, which clearly lays out the Company's rules and standards of behavior. The Code of Conduct is supplemented by the Company Anti-discrimination Policy, which

communicates to staff the definitions, as well as examples, of discrimination and harassment, the expectations placed on their own interactions, and their possibilities for reporting possible incidents. Reporting channels also include alternate routes for reporting should the incident relate to a person involved in the standard reporting procedure.

In the event of an instance of (potential) discrimination, a report is made to the Company Chief Compliance Officer via one of several possible channels. The Chief Compliance Officer is responsible for investigating reports made over whistle-blowing channels and discussing events with involved parties where appropriate. Disciplinary measures are taken as needed. Continuing a very pleasing multiyear trend, 0 discrimination-related incidents were reported in 2018 (2017: 0).

The Head of Human Resources bears managerial responsibility for diversity-related issues and is in turn subject to direct oversight by the CEO. A Diversity Committee comprised of staff from all levels of employment is the body coordinating our active commitment. The Diversity Committee is responsible for ensuring that our diversity philosophy is implemented in daily operations and that it is given due priority in strategic developments.

Integrity in Our Work and Our Workplace

Discrimination- and diversity-related issues impact working conditions and Company culture in tangible ways. As such, they carry risks for GCP and its operations, for instance if the workplace should become an unpleasant environment for specific persons due to reasons of discrimination or should specific groups of people be placed at a disadvantage. This would negatively impact our ability to retain qualified staff.

As integrity and ethical conduct are core components of GCP's business philosophy, discrimination can also result in reputational risks. Harm to the Company's reputation would affect both the general success of our business performance and, more specifically, **GCP's ability to achieve its envisioned goal of becoming a top ten most preferred employer**. It is GCP's philosophy that creating an outstanding work environment is a responsibility carried jointly between management and staff. Management takes great care to involve the staff and their concerns in strategic decision-making, but also expects its employees to support and live up to this commitment.

Occupational Health and Safety

Workplace Safety Fosters Performance

Having healthy, satisfied employees who feel safe in their workplace translates to employees who offer greater performance and contribute greater value to our company's success. Actively promoting health and safety in the working environment is key to our corporate vision of cultivating a working environment that inspires committed contributions from our employees.

Since health and safety issues impact all departments, GCP takes an ambitious approach to developing safety awareness and cultivating responsibility throughout the team. This applies to fundamentally all interactions with colleagues, management, and stakeholders. Work processes and jobs are always to be arranged in such a way as to mitigate and eliminate as far as possible physical risks. In general, there are no positions in GCP directly that involve occupational activities associated with a high incidence of or risk for a certain disease or physical harm. As some of the subcontractors we employ are in the construction industry, safety concerns in the supply chain are a possible factor.

Cultivating Joint Safety Responsibility

[GRI 403-1, 403-2, 403-3, 403-4 / EPRA H&S Emp]

Highest standards of safety and employee protection are a matter of course at all GCP workplaces. In addition to implementing all statutory EU health and safety regulations, GCP is further implementing internal policies designed to achieve highest possible workplace well-being. Overall responsibility for workplace health and safety lies with the Head of Human Resources. As per EU requirements, GCP has two designated Safety Officers. The Company trains First Aid Officers throughout the Company, with currently a total of 62 employees registered as a departmental First Aid Officer.

Health and safety in the workplace is, however, a goal that requires joint responsibility that goes beyond a company's duty of care toward its staff. GCP expects its employees to be equally committed to achieving this goal, for themselves and their colleagues. Employees are required to be aware of and comply with all Company safety policies and measures, such as fire safety and evacuation plans. Staff are also tasked with identifying and reporting any unsafe working conditions or violations of safety requirements they encounter. All employees receive mandatory

yearly health and safety training via GCP's e-Learning Management System. Employees must report all work accidents using a defined reporting process. All associated work absences are also recorded in HR software such that work accident rates can be tracked and evaluated. There are no positions at GCP that are subject to work conditions entailing a high level of risk. In 2018, there were a total of 11 work-related incidents. The significant change in this figure is a result of GCP's heightened awareness of this issue and correspondingly expanded definition of what constitutes a work-related incident.³

Providing a healthy and safe workplace is a top concern. Our offices are subjected to regular safety checks, and an Occupational Safety Officer with relevant training is available as a contact person for all related questions. The Company furthermore employs a company physician. To provide our staff with additional guidance on safety procedures and appropriate preventive behavior in the workplace, GCP has implemented a corporate Health and Safety Policy. All employees are expected to maintain the standards of occupational safety it describes and to ensure that a dedication to safety is firmly embedded in GCP's corporate culture. **GCP further aims to become a health and well-being certified office by 2025.**

Helping to Keep Our Staff Healthy

GCP's ability to efficiently carry out its business operations is crucially dependent on the contributions of healthy and active employees. At our Berlin headquarters, employees have access free of charge to a state-of-the-art fitness center with training supervision and nutritional advice from qualified trainers as needed. Specialized coaching targets, for instance, reducing back complaints associated with prolonged desk work. Going forward, GCP also aims to reduce sick days by encouraging our employees to be active and maintain a healthy lifestyle. Further mechanisms to ensure a safe and healthy working environment for our staff are being developed with HR with a particular focus on occupational integration management.

³ GCP defines work-related incidents as incidents which occur in direct relation to their employees' activities at the workplace.

04

Environment





Environmental Management

Shared Responsibility for a Shared Environment

The decisions companies make and strategies they pursue in the value creation process have a long-term impact on our planet and our society's resources. GCP takes this responsibility very seriously. First and foremost, as a company we have an ethical responsibility to future generations to leave them with the resources necessary for a high quality of life. From an economic perspective as well, however, ensuring that GCP's operations are not detrimental to the environment carries benefits for the Company in the form of optimized cost structures. Our commitment to responsible development is deeply embedded in the GCP business model. Comprehensive environmental management is thus a key priority for GCP.

A Strategy for Future Environmental Benefit

GCP has formalized its commitment to the environment throughout its corporate strategy and operational policies. On a strategic level, GCP structures its portfolio-building activities around improving existing building stock. It is our firm belief that renewing and revaluing rather than destroying and rebuilding makes an important contribution to tackling the societal and environmental challenges of the future. **From a policy perspective, GCP has implemented a binding Company-wide Environmental Policy covering necessary aspects of energy management and environmental responsibility.** The GCP Environmental Policy lays out the framework for our goals and standards with respect to our impact on the environment. The core tenet of the GCP Environmental Policy is to constantly strive for ongoing improvement. To this end, it stipulates monitoring and review processes with respect to energy and water consumption, waste output, use of fossil fuels and the related emissions, periodic target agreement as well as benchmarking systems and audits.

The GCP Environmental Policy focuses on implementation of measures and processes that will serve to lessen our portfolio's ecological impact. GCP considers on the one hand the environmental profile of potential acquisitions and on the other hand the resource consump-

tion and waste creation of the buildings already in its portfolio. GCP pursues a value creation strategy that underpins economic growth with ESG criteria, using life-cycle assessments as a key component in decision-making. The impacts of climate change are also included in GCP's risk management framework. GCP ensures that responsibility for this topic lies directly with the CEO and that awareness of market expectations and regulatory requirements play a key role in operational decision-making.

Life-cycle Assessment at GCP

A life-cycle assessment at GCP comprises a two-pronged due diligence perspective. Our analyses are designed to review both a building's economic profile and its energetic profile and to subsequently set these in relation to one another. On the energy side, consumption values for heat and electricity as well as the related CO₂ emissions are calculated, taking into consideration factors such as location and size of the property or type and size of heating units. From a technical perspective, the building fabric, materials used, and other considerations related to environmental performance are reviewed. Information provided for energy certifications supplements the picture. Environmental impacts arising further upstream and downstream in the value chain are not considered by GCP's life-cycle assessment, as the necessary investment would far outweigh the benefits.

Environmental Refurbishment Raises Asset Value

[GRI 102-44, 302-1]

Before a new asset is added to the GCP portfolio, due diligence assessments are made of environmental impact. From a strategic perspective, GCP strives to increase the share of green buildings in its portfolio. As the vast majority of the GCP portfolio comprises acquisitions of existing building stock, however, only very few buildings it acquires qualify for green building certification. When choosing suitable objects, environmental aspects of the repositioning process play a key role, in many cases with the intent of achieving Blue Building certification – a certification which recognizes green building standards as applied to mid-life-cycle structures.

DGNB

member since 2017

GCP is also a member of the German Sustainable Building Council (DGNB), which is an association that concerns itself with facilitating development of an environmentally friendly real estate sector. **As GCP does not undertake any greenfield development, our asset repositioning strategy prioritizes significant investment in technical improvements like energy-oriented updates. Environmental concerns related to construction – such as maintaining biodiversity – play a lesser role in our operations. Nevertheless, our tenant’s surroundings are closely linked to their well-being and satisfaction. Our tenants benefit greatly from the incorporation of green spaces, either newly built or reclaimed from previously developed area. GCP’s responsibility as building operator thus includes circumspect development and care of green spaces and careful balancing of the need for infrastructure with access to natural environment.**

Tenant involvement and awareness are also a key concern, as the largest environmental burden resulting from GCP’s operations occurs at resident level. GCP publishes a number of leaflets for tenants that educate on environmentally friendly heating behavior. Through their comic-style format, the leaflets are an awareness-enhancing measure with high accessibility. On top of this, GCP coordinates closely with other stakeholders to heighten tenant commitment and to lower environmental impact.

Over the past three years, GCP has switched 80% (2017: 70%) of its buildings to electricity from exclusively renewable sources. In addition to the associated positive environmental benefit, this generated cost savings of 30% in 2018 alone (2017: 47%). Moreover, GCP sets great store by truly living its commitment to reducing environmental impact and wherever it is not bound by previous contracts procures all electricity for Company offices from renewable energy sources or climate-neutral gas.

Focused Commitment

GCP’s deployment of resources and selection of activities is guided by the results of a materiality analysis. The materiality analysis provides clarity on which aspects of GCP’s operations carry the greatest significance for both the Company and its stakeholders and thus where our commitment can be leveraged to best possible effect. The analysis shows that the focus areas of energy and emissions, water, and waste are the topics with greatest relevance. GCP

carefully monitors consumption and output in these areas to allow for efficient assessment of operations and to identify potential for improvement.

Energy and Emissions

Enhancing buildings’ energetic profiles and technological energy management are two powerful levers for reducing energy consumption and emissions. Within contractual limits set by existing agreements GCP is switching its entire asset portfolio to electricity from 100% renewable resources. Ongoing modernization at its buildings – for instance the completed rollout of smart meters in the units – gives tenants direct control of their energy costs and creates lasting changes in energy consumption behavior. Finally, over the course of 2016 to 2018 a total of 86 heating systems across GCP’s portfolio have been modernized to allow for more efficient energy consumption.

Water

GCP is ramping up meter data collection throughout its portfolio. Installation of warm and cold water meters play a crucial role in monitoring and improving consumption patterns. Informational measures tailored to its tenants’ needs are another major instrument GCP uses to heighten awareness for water conservation.

Waste

GCP pursues strategic partnerships with waste management service providers at its locations. These partnerships have resulted in significant improvements to waste recycling and a 30% reduction in costs (2017: 30%). GCP has also taken steps to integrate tenants more strategically into waste management processes, for example by implementing chip-based waste disposal.

GCP is committed to implementing ongoing improvements to the environmental profile of its entire portfolio. Close, regular monitoring of our energy and emissions as well as water consumption and waste output are thus an essential part of our operations. We are now doing this systematically throughout our portfolio (a total of 83,671 units as of December 31, 2018). Following extensive portfolio growth in prior years, in 2018 GCP focused on improving the systems in place for collecting environmental data. We now have adequate data on one third of the portfolio, and in this CR Report we can report on the full year’s energy consumption, GHG emissions, water and waste impacts, developments, and goals for the future accordingly.



Berlin

Energy and Emissions

Sustainable Business through Energy Efficiency

GCP fully recognizes the decisive role decreasing energy consumption and reducing greenhouse gas emissions will play in safeguarding a sustainable future for our planet and our society. As a company, GCP is committed to doing its part toward achieving reduction targets and taking the energy transition forward. Lower energy consumption translates not only to benefit for the environment, but also to reductions in operating costs and service charges. GCP's ability to gradually dampen these costs heightens the attractiveness of the assets in its portfolio, not only for its tenants but from many stakeholder perspectives.

Strict Compliance with Legal Framework

[GRI 307-1]

GCP operates within the comprehensive legal framework governing emissions and energetic building improvements bounded by EU regulations as well as national-level regulations in Germany. When it comes to asset maintenance and repositioning, GCP is thus subject to some of the highest minimum standards in the world. Strictest adherence to legal requirements throughout the value chain is something GCP prides itself on and a standard to which it holds all its business partners. In addition to full compliance with all legal requirements, GCP has set own standards in the form of strategic decision-making policy and its Environmental Policy.

Energy-efficient Operation of Assets

Energy usage and the resulting greenhouse gas emissions constitute the most significant adverse effect on the environment resulting from GCP's operations. Specifically, this relates to the energy consumed by our tenants at our rental properties. Tenant consumption is influenced on the one hand by the energetic properties of the buildings themselves and on the other by the tenants' own habits and consumption behavior. GCP strives to contribute to both these levers being activated, but has by far the greater scope for direct influence where construction measures and building improvements are concerned.

GCP's commitment to reducing environmental impact is formally defined in the GCP Environmental Policy, Code of Conduct, and accompanying Green Procurement Policy. Together, these stipulate that all GCP business partners and employees act and operate in a climate-friendly manner. Compliance with these policies on the part of suppliers and subcontractors is a top priority for GCP. This expectation applies to all partners, suppliers, and subcontractors and is a prerequisite for entering into any business relationship.

The Energy Services Department and the CR Department bear responsibility for environmental compliance and for implementation of all measures. The directors of these departments in turn report directly to the CEO, meaning responsibility for environmental concerns is anchored within highest levels of Company management. Regular and consistent internal audits of both energy consumption and technical implementation have been supplemented by an external audit within the scope of preparing our EPRA sustainability Best Practices Recommendations Report as well as regular audits for obtaining energy certificates. This also ensures compliance with Company policies at internal corporate level as well as in the value chain.

Benchmarking Identifies Potential

In order to assess the consistency of our strategy and effectiveness of our measures, GCP has implemented a range of benchmarking processes in the area of energy consumption monitoring. These measures help us to continually

identify and subsequently eliminate inconsistencies or inefficiencies in our activities. It is management policy to invest in energy-efficient solutions that offer both climate and operational cost benefits. For determining prudent refurbishment and modernization potential, proper control, maintenance, and operation of our centralized building equipment play a pivotal role. We aim to fully tap technology capabilities and utilize corresponding tools with greatest possible efficiency. Outdated or inefficient equipment is replaced wherever technically and economically feasible; replacement tools are selected for highest technological advancement and efficiency benefit. Energy consumption is closely monitored and evaluated with the aim of identifying effective opportunities to reduce consumption, in particular through specific technical upgrades or in the course of general modernization. Technological advancements like enhanced metering capabilities are intended to be utilized wherever possible.

Investing in Energetic Refurbishment

Going forward, GCP will be setting itself strategic goals aimed at achieving an ongoing reduction of its carbon footprint. The first step in this process is the comprehensive environmental assessment carried out for all portfolio assets as part of the due diligence process. On the basis of these assessments, capital expenditure in the repositioning process is targeted at improving buildings' energetic profiles. Such improvements can take the form of enhancements to a building's skeleton, such as better thermal insulation, or modernization of heating systems. It is Company policy to give preference to low-emissions technology and other advancements that improve energy efficiency. For instance, replacing older heating systems with newer systems increases energy efficiency, allowing tenants to reduce their operating costs and at the same time lower greenhouse gas emissions.

GCP intends to consistently raise step by step the use of energy from renewable resources for all properties it operates. This is achieved through technical measures as well as through the appropriate selection of energy providers. Energy procurement is bundled at national level and spread over a group of strategic suppliers.

100%

electricity from renewable sources
(80% of the buildings and 100%
of our offices)

Bundling procurement in this way enables significant savings in energy packages to be achieved and incentivizes competitive pricing of green energy. Where implemented, this brings emissions of greenhouse gases to nearly zero. In buildings where heating systems use fossil fuels, potential for modernization to higher-efficiency systems is reviewed regularly. Nevertheless, energy contracts at unit level are agreed by the respective tenants, thus limiting GCP's scope for influence.

Technology Paired with Awareness

GCP prioritizes heightening tenant involvement as a means of exercising indirect influence on energy usage by residents. By creating better understanding and awareness of own consumption, GCP aims to enhance impact of this second lever for emissions reductions. At a technical level, GCP prides itself on providing

its tenants with relevant and consistent information about their consumption. We are, for instance, gradually installing metering systems at unit level, as opposed to averaging consumption by square meter over a group of units. This

gives tenants autonomous control over their costs and enhances responsibility for own consumption. Moreover, GCP works together with building managers on site to flag inefficient equipment and following technical review provide more energy-efficient solutions. GCP aims to instill in its tenants the same commitment to the environment to which it holds itself as a company.

To further expand monitoring capabilities and processes, providers of relevant IT solutions were invited to participate in GCP's tender process and submit offers in 2018. The

suitability of the respective software is currently being reviewed with respect to leveraging such tools to identify reduction potentials. At the time of writing a selection decision had not yet been made.

Improved technological monitoring capability will greatly enhance the quality and quantity of data available to GCP. This data is needed to track achievement of precisely defined quantitative goals. In addition to improving the reporting GCP can provide, this will also aid in analysis and benchmarking for identifying further energetic improvement potential in GCP properties.

Carbon-neutral Heating as a Focus

[GRI 302-1, 302-4, 302-5, 305-5]

GCP continues to work on switching its portfolio and offices over to electricity from renewable sources. To date, around 80% (2017: 70%) of our buildings and all our offices use electricity from renewable sources. This switchover will be implemented for the remaining assets when existing contracts expire as well as for new acquisitions. As compared with the previous energy contracts, the changes made in 2018 resulted in cost savings of 30%. As a result we were able to achieve a reduction in like-for-like CO₂ output of 6,537.54 tons in 2018 (2017: 12,083 tons), externally certified, in spite of the fact that overall energy consumption rose.

Around 26% (2017: 26%) of the GCP portfolio is supplied by centralized gas-powered heating systems. Of these, 33.6% (2017: 28%) have been switched to climate-neutral gas. As further pre-existing contracts expire, GCP will be concluding cost-effective new contracts with suppliers who deliver fully climate-neu-

86

heating systems have been modernized since 2017

ENERGY CONSUMPTION (like-for-like)¹

	UNIT	2018	2017	2016
Landlord-obtained electricity	kWh	12,756,916.50	10,995,170.31	8,047,882.00
Landlord-obtained heat	kWh	115,580,502.00	116,522,799.00	118,696,307.00
Landlord-obtained fuels	kWh	87,442,158.20	88,144,909.95	80,394,000.00
Building energy intensity	kWh/m ² /year	134.64	134.57	129.41

¹ Due to changes in the portfolio, the like-for-like figures for 2016 and 2017 have been amended.

The like-for-like figures for GCP's 2018 environmental performance are based on data from 26,305 residential units, covering a total of 1,600,689 m². The 2018 figures account for 33.42% of the total net lettable area as of the end of the reporting year (total portfolio: 5,350,000 m²).

tral gas. These strategic partners review their energy portfolios together with GCP on a regular basis and have committed to offsetting all corresponding greenhouse gas emissions.

Ongoing Strategy and Target Development

[GRI 305-1, 305-2, 305-4 / EPRA Cert-Tot]

GCP monitors the impact of its measures and its progress toward target achievement on an ongoing basis. We record both energy consumption and GHG intensity at our properties and benchmark these against average consumption rates for a given type of building and occupancy level. For longer-term measures, GCP uses comparisons of actual periodic data with calculated expected efficiency as a basis for assessment. On-site technical evaluations and external certifications, such as the DIN EN 16247 Energy Audit, also provide valuable input with respect to improving inefficient measures.

To further refine its strategic orientation and structure its activities efficiently, GCP held a workshop in 2018 aimed at developing and defining a comprehensive Environmental Roadmap. Though the Roadmap is still in the final phases of approval, it will cover further specific goals, additional due diligence processes, and installation of suitable control mechanisms. Among these specific goals, replacement of inefficient heating systems is a top priority, as these are a significant source of harmful emissions. With regard to emissions, GCP has set itself the **goal of achieving a 40% reduction in CO₂ emissions by 2030**. Specific performance data for 2018 with respect to energy consumption and emissions can be taken from the table below.

GREENHOUSE GAS EMISSIONS (like-for-like)¹

	UNIT	2018	2017	2016
Total emissions	tons CO ₂ e	40,248.05	43,885.65	44,605.64
Direct emissions (Scope 1)	tons CO ₂ e	9,084.56	11,006.79	11,411.93
Indirect emissions (Scope 2)	tons CO ₂ e	31,163.50	32,878.86	33,193.72
GHG Scope 1 and 2 intensity from building energy	kg CO ₂ e/m ² /year	25.11	27.38	28.42

¹ Due to changes in the portfolio, the like-for-like figures for 2016 and 2017 have been amended.

The like-for-like figures for GCP's 2018 environmental performance are based on data from 26,305 residential units, covering a total of 1,600,689 m². The 2018 figures account for 33.42% of the total net lettable area as of the end of the reporting year (total portfolio: 5,350,000 m²).

Operating Risk in View

GCP's risk management activities in the area of environmental risk focus primarily on non-physical risks for our suppliers, business partners and other stakeholders. Physical risks for Germany as a result of climate change have not been significant over the last years.

Although the topic of climate-change risks was not rated as highly material by our stakeholders in the 2018 survey, GCP has nevertheless chosen to respond to certain relevant risks. Such measures can be, for instance, intensified tree care or similar activities to reduce storm-related damage. Overall, we take account of our identified risks by embedding them in management responsibility and strategic decision-making. Thorough and regular energy and technical audits provide assurance with regard to compliance as well as a sound basis for analyses of improvement potential.



Solingen

Water Management

Taking Responsibility for Consumption

Water is a basic necessity for nearly all functions of life. GCP aims to limit water consumption to only that which is necessary and eliminate wasteful usage as far as possible. Efficient consumption behavior benefits the environment in terms of lower impact as well as tenants, the Company, and shareholders through reduced utility and service charges.

Ensuring Compliance

The European Union has implemented a comprehensive legal framework that lays out water consumption standards and regulations for wastewater disposal. These are supplemented by national-level regulations in Germany. GCP's operations are thus bounded by some of the highest minimum standards in the world. Full compliance with all legal requirements throughout its operations and value chain is a non-negotiable priority for GCP, and it requires corresponding commitments from all its business partners. In some areas, GCP's own standards even go beyond the legal requirements. These are laid out in formal strategic decision-making policies and our Environmental Policy.

The Energy Services Department and the ESG Department, in coordination with highest corporate management, are tasked with formulating the Environmental Policy as well as its regular review. The directors of these units report directly to the CEO, thus ensuring executive-level support for these issues.

Refurbishment Activities and Tenants Impact Consumption

GCP's own operations do not entail significant water consumption; the most substantial impact on this resource occurs at the point where tenants enter the value chain. GCP's possibility to influence tenant behavior is somewhat limited due to the indirect nature of the relationship. However, it employs technological advancements that aid in reducing and/or informing consumption wherever possible.

The provision of accurate and consistent information is a key factor in modulating consumption. GCP has thus prioritized active promotion of consumption awareness in its tenants via educational measures and thereby inform positive changes in usage patterns. Further impact

Cologne



occurs through water consumption at GCP's offices. Here as well, GCP promotes conscious consumption throughout all levels of its operations.

Within the value chain, water withdrawal occurs as part of infrastructural work such as construction of new builds or building repairs. This consumption relates to GCP's operations insofar as the Company acquires new portfolio assets, pursues resource- and capex-intensive modernization work as part of repositioning, and oversees management and maintenance work at its properties.

Awareness Fosters Sustainable Behavior

Adequate measurement is the first step in achieving responsible treatment of water as a resource. GCP carries out random checks of general and user-specific water consumption via the meter readings it receives as part of the billing process. Consumption data is evaluated for inefficiencies and to identify improvement potential within GCP's operations and at our properties. Improvement potential can take the form of investment in modernization and technological measures to reduce consumption as well as policy- and awareness-related measures.

GCP's primary goal is to collect accurate and regular consumption data and to use this as a basis for continually reducing the portfolio's environmental impact. Equipping all tenant areas with meters for both cold and warm water is thus a fundamental prerequisite for lowering consumption and with it operating costs. **Installation of water meters throughout the entire portfolio was largely completed in 2018 (nearly 100% of holdings are covered).** GCP uses improvements to technological measuring capabilities wherever possible and is actively pursuing installation of smart meters.

When combined with adequate measurement data, tenant education and awareness-building measures are a powerful lever for influencing consumption behavior indirectly. As consumption-conscious operators of our properties, GCP provides its tenants with informative publications, handouts, and videos offering tips on improving water consumption habits. To reflect our tenants' wide variety of cultural backgrounds, GCP also takes care to provide this information in a variety of languages. Our aim is to show tenants how environmentally re-

sponsible behavior has a clear personal benefit in the form of cost and time savings, in addition to its societal benefit.

Data Is Key for Value-oriented Reporting

[GRI 303-1]

Due to GCP's rapid portfolio expansion of recent years, enhancing data collection capabilities has been a priority of recent activities. All of the Company's units have now been outfitted with digitally readable, certified water meters. Elimination of the need for manual meter reading has greatly improved efficiency and accuracy in the data collection process. The advancements have also enhanced accessibility of consumption data, meaning tenants can now be notified if their water consumption is unusually high, for instance. Specific performance data with respect to water consumption can be taken from the table below. Going forward, GCP's main focus will be on analyzing the data gathered with respect to various benchmarks and determining corresponding areas for strategically oriented investment.

WATER CONSUMPTION (like-for-like)¹

	UNIT	2018	2017	2016
Water for landlord-shared services	m ³	2,025,217.73	1,971,489.84	1,891,292.00
Building water intensity	m ³ /m ²	1.26	1.23	1.18

¹ Due to changes in the portfolio, the like-for-like figures for 2016 and 2017 have been amended.

The like-for-like figures for GCP's 2018 environmental performance are based on data from 26,305 residential units, covering a total of 1,600,689 m². The 2018 figures account for 33.42% of the total net lettable area as of the end of the reporting year (total portfolio: 5,350,000 m²).



Mönchengladbach

Waste Management

Waste Management for a Cleaner Future

Waste output and waste disposal are a significant burden for the environment. GCP is firmly committed to the reduction of waste, and of non-recyclable waste in particular, as part of its duty to the planet and to its stakeholders. In addition to lessening climate burden, GCP believes that waste reduction tangibly enhances the attractiveness of its assets. Ongoing reduction of service charges is a strong motivator for bringing about sustainable behavior as well as a benefit for the Company in terms of operating costs.

Managing Refurbishment and Residential Waste

The two most significant sources of waste resulting from GCP's operations are refurbishment and other infrastructure projects and at the point of entry of tenants into the value chain. Where construction projects are concerned, these relate extensively to asset repositioning investments and activities to improve buildings' energetic profiles. GCP has direct opportunity for influence on the waste produced by its administrative operations.

In the case of larger refurbishment projects, reviews of the type and quantity of waste are carried out as part of due diligence. Particular attention is paid to possible problematic or contaminated waste such that adequate provisions can be taken into account as early as the planning stage.

Where waste is produced by the tenants themselves, GCP can only exercise indirect influence on behavior. Our activities thus focus on provision of facilities for waste segregation and initiatives to reduce waste. To highlight the mutual benefit of economizing waste, GCP has been implementing at select locations an initiative whereby tenants use a chip-based waste disposal system. An electronic chip monitors the volume of residual waste each tenant disposes of and bills accordingly. Enhanced transparency in service charges leads to more cost-aware behavior and a subsequent reduction in waste. GCP also provides publications for its tenants in a variety of languages to educate on proper waste handling and recycling.

Compliance and Responsible Waste Planning

GCP's property management operations are governed by a framework that comprises some of the highest minimum standards in the world. This framework includes both EU-wide regulations and regulations at a national level in Germany. GCP considers full compliance with all legal requirements a matter of course and expects the same from its business partners throughout the value chain.

Our Environmental Policy lays out corporate waste management standards at GCP. External waste management providers are engaged where necessary and legally approved. Wherever possible, GCP prefers wholesale providers

without narrow geographic limits. Generally, however, water supply and waste disposal contracts are agreed at municipal level, as supplier economies in these sectors are largely localized. All suppliers are subject to regular checks that proper disposal is in line with legal requirements and that waste is being recycled appropriately. Responsibility for domestic waste lies with the Property/Asset Management Department and for waste with registered contamination with the Construction Department, the heads of which report directly to the CEO. Additional guidance is provided by the Energy/Environmental Department and the ESG Department.

Expanding Benchmarking Data

[GRI 306-2]

To guide its strategic management of waste handling, GCP relies on a combination of monitoring and benchmarking as well as due diligence assessments. Data on waste output is recorded and benchmarked to buildings of a



given type and according to occupancy rate. These comparisons allow conclusions to be drawn for possible improvement within GCP's operations. GCP's overarching goal is to reduce waste output and the disposal charges this incurs. Specific performance data with respect to waste volume can be taken from the table below.

WASTE DISPOSAL (like-for-like)¹

	UNIT	2018	2017	2016
Waste by disposal route	liters	185,736,434.00	157,900,590.96	153,048,160.09
Recycled waste	liters	73,941,674.38	62,860,225.26	60,928,472.53

¹ Due to changes in the portfolio, the like-for-like figures for 2016 and 2017 have been amended.

The like-for-like figures for GCP's 2018 environmental performance are based on data from 26,305 residential units, covering a total of 1,600,689 m². The 2018 figures account for 33.42% of the total net lettable area as of the end of the reporting year (total portfolio: 5,350,000 m²).

GCP has prioritized activities aimed at putting the necessary processes in place to allow for effective data collection and at increasing the percentage of our portfolio in which waste management systems have been implemented. Currently, 17,000 units (27%) are covered via collaboration with strategic waste management partners. This number is expected to rise significantly over the course of 2019. Implementation will also likely result in a higher proportion of recycled waste and a corresponding decline in residual waste.

On this basis, GCP is ramping up monitoring and measuring capabilities so that we will in future be able to provide more specific non-financial indicators on waste output. From a qualitative perspective, the measures GCP has implemented thus far are expected to yield positive effect in benchmarking of the 2017 figures. Waste issues and corresponding targets will be included in the Environmental Roadmap.

Physical risks in the form of contaminated or problematic waste are included in risk management processes. A further aim is to raise awareness of the non-physical risks a lack of compliance with waste policies can entail – such as reputational risks or financial consequences – among our various stakeholders and business partners.

05

Society







Summer fair, Bielefeld

foster flourishing communities in and around our shared living spaces. Strong communities translate to higher living standards. We maintain ongoing dedication to building inclusive communities in our residential properties and contributing our support to projects that enhance society's functioning.

Relationships Enhance Community Cohesion

[GRI 102-43, 413-1 / EPRA Comty-Eng]

Strong ties with our communities help us retain support for our local development projects and are thus the foundation on which we will achieve our long-term goal of decreasing vacancy rates. The role we play in our communities has a clear impact on our ability to maintain high levels of tenant satisfaction and customer retention. It is our firm belief that strong communities and social engagement are the key to customer retention and thus to our ability as a company to create value.

GCP leverages its potential for positive contributions to the communities of which its buildings are a part through the provision of shared spaces and facilities, development investment, and a range of active engagement in local community organizations. GCP structures this involvement via both actions at a corporate level, such as development investing and sponsorship, and at an individual level in that GCP employees personally participate in community events for residents. GCP proactively pursues rewarding relationships with local groups and policy-makers and initiates community involvement and development programs. GCP is firmly committed to contributing its resources towards activities that heighten inclusion at our properties. Throughout our involvement, our aim is to create for our tenants a strong sense of community and strengthen their sense of "family" in the widest sense of the word.

Social Engagement

A Dedication to Social Involvement

[GRI 203-1, 203-2]

GCP is committed to being a responsible and active contributor to building strong communities throughout our portfolio. We understand that good relationships with our tenants lead to strong operational performance of our assets and view it as our duty to offer not just a place for the people of our cities to live, but to help

Strategic Programs for Targeted Commitment

[GRI 203-1 / EPRA Comty-Eng]

GCP's tenant and community outreach activities **are aimed at the fundamental goal of building supportive and affordable living communities where people want to live and stay.** They are bundled under the umbrella of our Community Involvement and Development Program and defined in our Community Involvement and Development Policy. The program is managed at

corporate level by the Compliance Department to provide strategic direction and then implemented in more specific, tailored form at local level by regional directors.

The strategy on which the program is based is centered around implementing those activities that correspond best with tenants' actual needs. A variety of assessments are used to tailor investments to the community affected. Possible initiatives include resident events, partnerships with local associations or clubs, and relationship-building activities with local policy-makers and other stakeholders such as mayors or fire brigades.

For GCP, our tenants are our customers. This philosophy forms the backbone of our service-oriented approach to tenant relationships. In addition to our 24/7 TÜV-certified Service Center, we have local Community Relations Officers who actively assist our tenants on a personal basis. Consultations include, for instance, help with authorities, school, or even mediation in case of conflicts between tenants. The Community Relations Officers are employed directly by GCP at regional level. Over the last year, we have continuously expanded this program and are planning ongoing further development.

Where monetary donations and sponsorships are undertaken, GCP upholds highest transparency standards. It is vital that all donations are carried out on a strictly voluntary basis with no expectation of any form of consideration in return. To ensure compliance concerns are given due care during community involvement activities, sponsorships and monetary donations of all kinds are strictly governed by the rules and stipulations laid out in the GCP Code of Conduct.

Creating Spaces and Experiences to Share

[EPRA Comty-Eng]

GCP targets its investments toward the creation of high-quality shared spaces for its tenants and supporting local community-building organizations. Facility investments cover a wide range of measures and focus on spaces that will enhance inclusion and the sense of community. These spaces include event rooms, tenant libraries, playgrounds, soccer fields, and other green spaces and communal areas.

Engaged community-building measures which far exceed the needs of basic tenant supervision have long been a firm component of GCP's social strategy. In line with the United Nations' Sustainable Development Goals,¹ GCP's sponsorship activities prioritize active partnership with and support for sports clubs and educational initiatives that enhance integration and equal opportunity access. GCP also provides rent-free space for charities, such as the children's charity SOS-Kinderdorf, to use for their initiatives. Investment is geared to pay into achievement of the goals 4 Quality Education, 10 Reduced Inequalities, 11 Sustainable Cities and Communities, and 17 Partnership for the Goals in particular.

In 2018, GCP celebrated a total of 168 events (2017: 161²) together with its tenants and their families. The community offerings covered a wide range of tenant events, such as Easter celebrations hosted together with local charity organizations and summer festivals for tenants.

For concrete details of tenant satisfaction figures, please see pp. 24-25.

168

tenant events in 2018

¹ The Sustainable Development Goals (SDGs) are a framework of goals adopted in 2015 by the United Nations as part of its 2030 Agenda for Sustainable Development. These 17 goals outline what standards the global community needs to set itself in order to create a world that is sustainable, inclusive, and offers peace and prosperity for all.

² Deviations from the previous year's figure relate to changes in the basis of calculation.

Investment that Builds Supportive and Affordable Living Conditions

[GRI 102-44, 413-1 / EPRA Comty-Eng]

GCP's overriding goal throughout its community-building activities is to heighten living standards by strengthening support networks and social cohesion. Understanding what our tenants' needs are is crucial for being able to fulfill this promise. GCP carries out regular needs' analyses for the various regions in which GCP operates. These analyses assess our regions from an urban development perspective and evaluate public information such as inhabitant structure, demographic data of the city in question, and immigration and emigration. Involving the tenants themselves in creating an optimal service experience for residents carries double benefit as it enables them to have a more active role in how measures are implemented to serve their communities and enhances tenant retention. A key tool GCP uses for orienting its community involvement effectively is tenant feedback statistics and satisfaction surveys. GCP has committed itself to making timely and efficient responses to all tenant concerns a top priority and views this promise to its tenants as an important demonstration of our responsibility as a property manager.

The program of community activities is reviewed on a quarterly basis. The results of these reviews are reported to the CEO to ensure appropriate strategic orientation. Tenant satisfaction surveys are carried out at regular intervals as part of monitoring processes as property manager. The resulting tenant satisfaction statistics are controlled for validity and evaluated at the quarterly meetings so as to provide further basis for tailoring our activities.

One project of particular note in 2018 was the ongoing investment in the community center at the 'Grohner Düne' estate. In this project, GCP worked together with various stakeholders from the community to substantially enhance the *Bremen Community Center*. Improvements focused in particular on making rent-free space available for community-building purposes. Ensuring full accessibility for the disabled and good connections to public transportation were also a top concern.

In collaboration with partners from the community, GCP now offers a variety of services and

programs from these facilities aimed at strengthening societal foundations. Among others, these include mother-baby groups, kids' and youth programs, senior citizen meeting points, and educational classes, from cooking to sewing to sports. A graffiti project is also currently in planning at the "Grohner Düne" in Bremen together with the foundation *Aktion Hilfe für Kinder* where children and youths will help graffiti artists add colorful visual impact to their own living environment, both outdoors and indoors. Realization of the graffiti project is set for 2019. Planning for 2019 additionally includes an expanded sport offerings, in particular for parents, and a soccer tournament for resident children in cooperation with *SOS-Kinderdorf* and the *Werder Bremen* soccer club.

GCP intends to extend this vision for **supportive and affordable living communities where people want to live and stay** to all its assets on the basis of this project and invest accordingly. Overall, GCP aims to maintain or expand its current level of community involvement and **has committed to investments of € 500,000 p.a. in community-building activities.**

Strong Communities for a Resilient Society

[GRI 413-2]

GCP sees its community involvement activities as a duty of care and a crucial component of its risk reduction strategy. Resilient communities lower individuals' social risks, help cultivate support networks, and mitigate personal tensions. These impacts have positive associations for society as a whole and for GCP's operations as a value-oriented enterprise. When community tensions increase, there is a risk that tenants' quality of living will decrease and that vacancy rates will rise as a result. Generally, the risk of property damage occurring is higher where such social tensions go unmitigated. GCP faces these challenges by promoting close interaction with its tenants across the board and continually striving to promote stable, long-term relationships.

As a real estate company we bear a fundamental responsibility for shaping how our communities evolve and for contributing to ongoing positive societal development. **GCP was, for instance, the winner of the first-ever EPRA Award for "Outstanding Contribution to Society" (2017) and in 2018 supported the award process as it went into its second year.**

06

Facts and Figures



GRI Content Index [GRI 102-55]

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EMPLOYEES

KEY FIGURES	UNIT	2018	2017	2016	GRI	EPRA
Number of employees						
Total number of employees (permanent and temporary)		979	872	773	GRI 102-8	
female		509	463	445	GRI 102-8	
male		470	409	328	GRI 102-8	
Total number of permanent employees		548	427	209	GRI 102-8	
female		303	227	114	GRI 102-8	
male		245	200	95	GRI 102-8	
Total number of temporary employees		431	445	564	GRI 102-8	
female		206	236	331	GRI 102-8	
male		225	209	233	GRI 102-8	
Total number of full-time employees		884	795	681	GRI 102-8	
female		436	398	395	GRI 102-8	
male		448	397	286	GRI 102-8	
Total number of part-time employees		95	77	92	GRI 102-8	
female		73	65	50	GRI 102-8	
male		22	12	42	GRI 102-8	
New employee hires and employee turnover						
Total number of new employee hires		343	191	431	GRI 401-1	Emp-Turnover
female		188	94	246	GRI 401-1	Emp-Turnover
male		155	97	185	GRI 401-1	Emp-Turnover
Rate of new employee hires						
female	%	55	49	57	GRI 401-1	Emp-Turnover
male	%	45	51	43	GRI 401-1	Emp-Turnover
age group <30		137	75	171	GRI 401-1	Emp-Turnover
age group 30–50		163	94	204	GRI 401-1	Emp-Turnover
age group >50		43	22	56	GRI 401-1	Emp-Turnover
Employee turnover						
Total number of employee turnover		116	92	108	GRI 401-1	Emp-Turnover
female		64	46	52	GRI 401-1	Emp-Turnover
male		52	46	56	GRI 401-1	Emp-Turnover
age group <30		37	27	26	GRI 401-1	Emp-Turnover
age group 30–50		68	48	68	GRI 401-1	Emp-Turnover
age group > 50		11	17	14	GRI 401-1	Emp-Turnover

EMPLOYEES

KEY FIGURES	UNIT	2018	2017	2016	GRI	EPRA
Parental leave						
Employees that were entitled to parental leave ¹		979	872	773	GRI 401-3	
female		509	463	445	GRI 401-3	
male		470	409	328	GRI 401-3	
Employees that took parental leave		49	35	27 ²	GRI 401-3	
female		38	31	24 ²	GRI 401-3	
male		11	4	3 ²	GRI 401-3	
Employees that returned to work in the reporting period after parental leave ended		25	12*	9 ²		
female		18	8 ²	6 ²	GRI 401-3	
male		7	4	3 ²	GRI 401-3	
Return to work rate of employees that took parental leave	%	51	34	33	GRI 401-3	
female	%	47	25	25	GRI 401-3	
male	%	64	100	100	GRI 401-3	
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work		8	8 ²	-	GRI 401-3	
female		5	5 ²	-	GRI 401-3	
male		3	3 ²	-	GRI 401-3	
Retention rate of employees that took parental leave	%	67	89	-	GRI 401-3	
female	%	63	83	-		
male	%	75	100	-	GRI 401-3	
Injuries, occupational diseases, and number of work-related fatalities of employees in Germany³						
Employees		11	0	0	GRI 403-2	H&S-Emp
Average hours of training per year per employee						
female	hours/year	11.18	6.30	12.30	GRI 401-1	Emp-Training
male	hours/year	9.50	6.75	9.37	GRI 401-1	Emp-Training
employees	hours/year	8.46	4.81	7.29	GRI 401-1	Emp-Training
upcoming leaders	hours/year	144.00	112.66	168.00	GRI 401-1	Emp-Training
Percentage of employees receiving regular performance and career development reviews						
female	%	41	98	90	GRI 404-3	Emp-Dev
male	%	33	98	90	GRI 404-3	Emp-Dev

¹ For data privacy reasons, we have not collected data on the exact number of individuals affected.

² Figures amended

³ GCP defines work-related fatalities as incidents which occur in direct relation to their employees' activities at the workplace.

EMPLOYEES

KEY FIGURES	UNIT	2018	2017	2016	GRI	EPRA
Diversity of governance bodies						
female	%	33	33	33	GRI 405-1	Diversity-Emp
male	%	67	67	67	GRI 405-1	Diversity-Emp
Diversity of management						
female	%	39	40	43	GRI 405-1	Diversity-Emp
age group <30	%	13	10	9	GRI 405-1	Diversity-Emp
age group 30–50	%	77	83	82	GRI 405-1	Diversity-Emp
age group >50	%	10	7	9	GRI 405-1	Diversity-Emp
male	%	61	60	57	GRI 405-1	Diversity-Emp
age group <30	%	3	2	3	GRI 405-1	Diversity-Emp
age group 30–50	%	77	86	83	GRI 405-1	Diversity-Emp
age group >50	%	20	11	14	GRI 405-1	Diversity-Emp
Diversity of employees						
female	%	52	53	58	GRI 405-1	Diversity-Emp
age group <30	%	28	33	41	GRI 405-1	Diversity-Emp
age group 30–50	%	55	52	45	GRI 405-1	Diversity-Emp
age group >50	%	17	15	14	GRI 405-1	Diversity-Emp
male	%	48	47	42	GRI 405-1	Diversity-Emp
age group <30	%	22	23	25	GRI 405-1	Diversity-Emp
age group 30–50	%	55	53	59	GRI 405-1	Diversity-Emp
age group >50	%	23	23	16	GRI 405-1	Diversity-Emp
Ratio of basic salary and remuneration of women to men						
employees	ratio	0.84:1	0.88:1	0.77:1		Diversity-Pay
management	ratio	0.86:1	0.69:1	0.69:1		Diversity-Pay

TENANTS AND SOCIETY

KEY FIGURES	UNIT	2018	2017	2016	GRI	EPRA
Operations with local community engagement, impact assessments, and development programs (in absolute measures)						
Neighborhood activities		168	161	124	GRI 413-1	Comty-Eng

ENVIRONMENT

PORTFOLIO⁴

The like-for-like figures for GCP's 2018 environmental performance are based on data from 26,305 residential units, covering a total of 1,600,689 m². The 2018 figures account for 33.42% of the total net lettable area as of the end of the reporting year (total portfolio: 5,350,000 m²).

LIKE-FOR-LIKE

KEY FIGURES	UNIT	2018	2017	2016	GRI	EPRA	CRES D
Energy							
Building energy intensity	kWh/m ²	134.64	134.57	129.41	GRI 302-3	Energy-Int	CRE1
Electricity for landlord-shared services	kWh	12,756,916.50	10,995,170.31	8,047,882.00	GRI 302-1	Elec-Abs, Elec-LfL	
Total landlord-obtained electricity	kWh	12,756,916.50	10,995,170.31	8,047,882.00	GRI 302-1	Elec-Abs, Elec-LfL	
Heat for landlord-shared services	kWh	115,580,502.00	116,522,799.00	118,696,307.00	GRI 302-1	DH & C-Abs, DH & C-LfL	
Total landlord-obtained heat	kWh	115,580,502.00	116,522,799.00	118,696,307.00	GRI 302-1	DH & C-Abs, DH & C-LfL	
Fuels for landlord-shared services	kWh	87,442,158.20	88,144,909.95	80,394,000.00	GRI 302-1	Fuels-Abs, Fuels-LfL	
Total landlord-obtained fuels	kWh	87,442,158.20	88,144,909.95	80,394,000.00	GRI 302-1	Fuels-Abs, Fuels-LfL	
Total energy	kWh	215,779,577.00	215,662,879.26	207,138,189.00			
Greenhouse gas emissions (GHG)							
GHG Scope 1 and 2 intensity from building energy	kg CO ₂ e/m ²	25.11	27.38	28.42	GRI 305-4	GHG-Int	CRE3
direct emissions (Scope 1)	tons CO ₂ e	9,084.56	11,006.79	11,411.93	GRI 305-1	GHG-Dir-Abs, GHG-Dir-LfL	
indirect emissions (Scope 2)	tons CO ₂ e	31,163.50	32,878.86	33,193.72	GRI 305-2	GHG-Dir-Abs, GHG-Dir-LfL	
Total emissions	tons CO ₂ e	40,248.05	43,885.65	44,605.64		GHG-Dir-Abs, GHG-Dir-LfL	
Water							
Building water intensity	m ³ /m ²	1.26	1.23	1.18	GRI 303-1	Water-Int	CRE2
Water for landlord-shared services	m ³	2,025,217.73	1,971,489.84	1,891,292.00	GRI 303-1	Water-Abs, Water-LfL	
Total water	m ³	2,025,217.73	1,971,489.84	1,891,292.00	GRI 303-1	Water-Abs, Water-LfL	
Waste (landlord-handled)							
Waste by disposal route	liters	185,736,434.00	157,900,590.96	153,048,160.09	GRI 306-2	Waste-Abs, Waste-LfL	
Recycled waste	liters	73,941,674.38	62,860,225.26	60,928,472.53	GRI 306-2	Waste-Abs, Waste-LfL	
Recycled waste	%	39.81	39.81	39.81	GRI 306-2		
Certified assets							
Mandatory (EPC) energy certificates ⁵	%	95	95	95			CRE8

⁴ Due to changes in the portfolio, the like-for-like figures for 2016 and 2017 have been amended.

⁵ 95% of the certifications are available. The remaining 5% relate to certifications of newly acquired buildings or buildings under historical protection.

Memberships and Awards

Memberships

[GRI 102-12, 102-13]



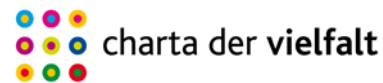
GCP is an active member of ZIA. The German Property Federation (ZIA) pursues the objective of representing the general, economic, and ideological interests of the entire German property sector and of promoting collaboration among its members. It supports and accompanies measures suitable for sustaining and improving the economic, legal, political, and fiscal framework conditions of the property sector in Germany.



GCP is an active member of EPRA. EPRA's mission is to promote, develop, and represent the European public real estate sector. EPRA achieves this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, improvement of the general operating environment, promotion of best practices and the cohesion and strengthening of the industry.



GCP is an active member of DGNB. The German Sustainable Building Council (Deutsche Gesellschaft für Nachhaltiges Bauen – DGNB e.V.) sees itself as a non-profit association with a goal of supporting sustainable construction and sustainable operation of the buildings around us. The DGNB is not driven primarily by economic goals, instead its aims are of a social nature. The organization is funded and supported by its members and it interprets sustainability as an extension of their definition of democracy and part of an obligation to future generations.



GCP is a signatory of the Diversity Charter. The Diversity Charter is a self-commitment published in Germany in 2006 and an association under the auspices of the Federal Chancellor, who is committed to an unprejudiced working environment. It aims to promote the recognition, appreciation, and integration of diversity into Germany's business culture. Organizations are to create a working environment free of prejudice. All employees should be valued – regardless of gender, nationality, ethnic origin, religion or worldview, disability, age, sexual orientation, or identity.

Awards



95th percentile,
ranking as "Outperformer",
as of February 2019

In February 2019, GCP's ESG measures were again assessed by Sustainalytics, a leading sustainability rating agency, who ranked GCP in the 95th percentile among 300 international real estate peers worldwide, noting GCP again as an "Outperformer" and additionally rating GCP as a leader in social metrics.



EPRA Awards:

At the EPRA Conference in September 2018, GCP's accomplishments were recognized and honored for the second consecutive year with the following awards:

- EPRA sBPR GOLD for sustainability reporting
- EPRA BPR GOLD for financial reporting

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[GRI 102-53]

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