Berlin

NON-FINANCIAL REPORT

For the year ended 31 December

GCP

Contents

Introduction

Grand City Properties S.A. is an entity incorporated in Luxembourg. We have therefore prepared this report in accordance with the Law of 23 July 2016 on the Publication of Non-financial Information and Information on Diversity. The Law transposes into Luxembourg legislation EU Directive 2014/95/EU that obliges qualifying companies to provide a non-financial statement containing information relating to material environmental, employee and social, human rights and anti-corruption, as well as bribery matters. This report also includes information published in compliance with the EU Taxonomy, Regulation (EU) 2020/852 of the European Parliament.

This report complements the Consolidated Annual Report for the year ending 31 December 2022, as well as our detailed Sustainability Insights which provide additional information on sustainability topics.

The contents of this report and selected key performance indicators (marked as "reviewed" on pages 10-13), have been reviewed with a limited assurance according to the International Standard on Assurance Engagements (ISAE) 3000 (Revised) and a statement from the auditors can be found on page 63.

The primary audience for this report is regulatory and investor stakeholders, who require information on how we manage our material environmental, social and governance matters in order to understand our development, performance and position; and our impact on these matters.

A more detailed account of our management approach and performance in relation to the topics covered in this report can be found in our Sustainability Insights, available to download from the sustainability section of our website. Please also refer to GCP's Consolidated Annual Report for the year ending 31 December 2022 for additional information about the financial performance of the company. These also cover additional aspects that are considered important by our stakeholders and the main investor-orientated benchmarks in which we participate, as well as case-studies and performance summaries aimed at our wider stakeholders, including our tenants, employees and the communities in which our assets are located. The website includes our response to the EPRA Sustainability Best Practices Recommendations, SASB mapping and GRI content index.

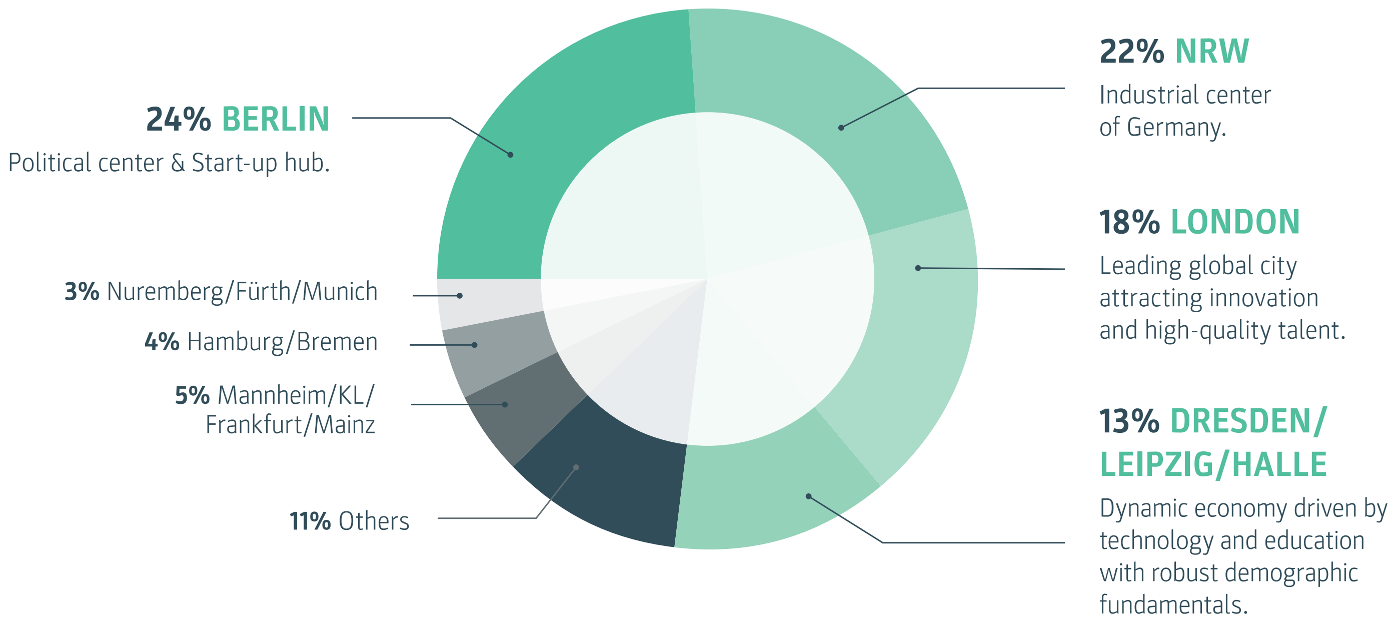
1. The EPRA Sustainability Best Practice Recommendations report, SASB mapping and the GRI content index are outside the scope of assurance that is described on page 63.

About Us

Grand City Properties S.A. and its investees („GCP“ or the “Company”) specializes in residential real estate, investing in value-add opportunities in densely populated areas, predominantly in Germany, as well as in London.

Our portfolio is spread across Berlin, GCP’s single largest city in the portfolio; North Rhine-Westphalia (NRW), Germany’s most populous federal state; the fast-growing metropolitan regions of Dresden, Leipzig and Halle; northern Germany’s largest cities, Hamburg and Bremen; and other major urban centres such as Nuremberg, Munich, Mannheim, Frankfurt and other densely populated areas, such as London.

As of 31 December 2022, the portfolio, excluding assets held-for-sale, comprised €8.7 billion of investment properties The portfolio consists of approximately 64 thousand units with a significant part located in Berlin (24%) and NRW (22%), London (18%) and Dresden/Leipzig/Halle (13%).



Chairman’s Statement

At GCP, sustainability is firmly embedded in the organization’s structure and business strategy.

Our major contribution to sustainability lies within our business model in that we refurbish and transform under-performing, existing properties to meet demand for comfortable homes, complemented by additional amenities and a best-in-class customer service in cities with growing populations. Catering to different segments of the market, with a strong focus on providing affordable accommodation to tenants. We aim to improve the energetic performance of our portfolio through targeted measures. This approach combines environmental sustainability goals by steering investment into the improvement of the existing building stock and delivers social benefits by increasing the supply of quality housing and community facilities.

With Environmental, Social and Governance (ESG) topics been driven further into mainstream consideration through the pandemic and the energy crisis this year, GCP continues to develop its ability to manage the ESG risks and opportunities that are most material to GCP’s business and adapting our strategy in accordance with evolving non-financial trends. The new materiality assessment which was concluded in early 2022 and forms the basis of this report, demonstrates the changing landscape of these risks. This strengthens our belief that a long-term view and proactive sustainability strategy is vital to safeguard our performance against unpredictable global events.

We have established regular forums for interdepartmental dialogue to tackle ESG challenges and identify potential solutions. We have allocated additional resources to topics that are rising up the agenda such as the need to assess and mitigate physical climate change risks; improve the environmental performance and energy efficiency of buildings; and respond to corporate reporting requirements and standards including the EU Taxonomy and the Task Force on Climate-related Financial Disclosures (TCFD).

Furthermore, in our actions, we consider how we can contribute to the achievement of the United Nations Sustainable Development Goals (SDGs). It was with this intent that we also joined the UN Global Compact last year and have been engaging with the organisation to accelerate our SDG alignment.

As we recognize and respond to environmental and social trends, we remain confident in the resilience of our business model. Our investments in energy efficiency and expansion of on-site renewable energy systems should enable us to advance on new regulatory requirements, leverage government incentives to support CO_2 reduction, and reduce operational costs and sustain asset values in the long-term.

From a social standpoint, our residential focus in cities with dynamic economies and a growing population is defensive and provides ongoing internal growth. Moreover, the culture of mutual trust and open dialogue which we have nurtured through our effective engagement with our tenants enables us to continue to reduce vacancies. In 2022 we continued our customer-centric approach to property management, investing in physical building improvements, offering social activities and recreational facilities, rolling out app-based communication tools and giving back to our local communities. We launched our GCP loyalty program in 2021, which allows tenants to gather points - for example, for each continued year of their contract’s duration, by paying rent in a timely fashion or through participation in various activities and programs, such as by signing a green electricity contract. Through the program we can enhance our tenant satisfaction while at the same time promoting behaviour that has a positive impact. We also maintained support to tenants who ran into problems on their rent and service charge payments, a key undertaking in the context of the financial challenges that the last year has posed to some of our tenants. We also let nine units rent-free and five units at a reduced rent for charitable purposes.

On the back of strong investor demand for sustainable investment products we are currently reviewing our options regarding establishing a framework for a sustainability-linked bond to support investment in energy efficiency projects over the coming years. Our robust reporting approach, acknowledged by our receipt of EPRA BPR and sBPR Gold Award status, caters towards investor expectations on transparency and the processes we have put in place mean that we are well-prepared to report on our EU Taxonomy-eligible and for the first time also aligned activities in 2022.

Despite challenging economic conditions, Grand City Properties has once again delivered a year of strong operational performance. Our net rental growth like-for-like was 2.9%, 2.2%

coming from in-place rent growth and 0.7% from occupancy growth. Accordingly, our net rental income as of 31 December 2022 amounted to €396 million, a 6% increase compared to €375 million in 2021, additionally supported by net acquisitions in previous periods, and vacancy dropped to 4.2%, achieving the lowest vacancy in our corporate history for another consecutive year.

We conducted a relatively small number of disposals in 2022, with a disposal value of approx. €18 million, which were completed at a premium of 17% over net book values and reflect a gain of 87% over total costs, including CapEx. Furthermore, we continued to enhance the quality of our assets, investing €71 million in repositioning CapEx works in 2022. Repositioning CapEx included measures to enhance the energy performance of our properties, increase the value proposition and the delivery of shared community spaces that resulted in enhancement of quality of life for our tenants and improve tenant satisfaction. We additionally invested €10 million in modernisation, which includes projects on a targeted basis such as adding balconies, installing elevators as well as energetic modernisation. Investments to enhance the energy performance of our properties are included in both repositioning CapEx and modernisation and are attributed to the respective categories based on the project specifics. Looking towards 2023 and beyond, we hold faith in the continued execution of our business strategy: investing in the repositioning of undermanaged assets to deliver better housing and landlord services to tenants; improving the energetic performance of the building stock; and increasing asset values. In the current financial climate, in particular the increase in energy prices and the ensuing inflationary effects stemming from the conflict between Russia and Ukraine, it is difficult to forecast the performance of these programs in the near term. Nonetheless, we are confident that our long-term vision is resilient to this market volatility.

We also aim to further reduce our vacancy rate by increasing asset quality and improving customer service in terms of quality and reduced resolution time, and to reduce our portfolio's CO_2 emissions through improvements in energy efficiency of our portfolio and the switch to on-site renewable energy systems and grid supplies. By achieving these goals, we will deliver value for our tenants, our investors, our company and the wider communities in which we operate.

Christian Windfuhr
Chairman and member of the Board of Directors

Our Business Model

We buy, optimize and reposition previously under-managed and under-rented residential assets in strong locations that will support stable profit and future growth opportunities.

Our aim is to create a long-term increase in the value of our portfolio, whilst maintaining our responsibility to our stakeholders. Sensitive asset management and enhancement of tenant wellbeing underpin GCP's repositioning of assets.

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

GCP recognizes the importance of our talented and diverse staff at every level of our business model. We therefore support our staff in developing specialist skills and expertise and try to create a motivational work environment that fosters diversity and promotes good mental and physical health and wellbeing.

Aroundtown S.A. ("Aroundtown" or "AT") is GCP's single largest shareholder, holding 59% of voting rights as of 31 December 2022 (60% excluding treasury shares). In the previous year, Aroundtown began the accounting consolidation of GCP following IFRS guidelines, creating a greater integration between the two companies. This has allowed us to streamline best practice policies and procedures, particularly with regards to the management of ESG aspects such as energy efficiency, regulatory compliance, employee satisfaction and wellbeing and community impact.

KEY PERFORMANCE INDICATORS *(in €'000 unless otherwise indicated)*	**2021**	**2022**
Investment property value	9,339,489	9,529,608
Net rental income	374,550	396,041
Adjusted EBITDA	298,589	308,100
FFO I	186,326	192,219
EPRA Vacancy (%)	5.1	4.2
Employee retention (%)	77	80
Community investment through GCP Foundation	159.8	218.4
Heat Energy Intensity (kWh/m^2/year)	144.63	130.33
Scope 1+2+3 emissions intensity (kgCO_2e/m^2/year)	43.32	40.38
Identified compliance breaches (number)	0	0

FOCUS ON EXTRACTING VALUE-ADD POTENTIAL IN ATTRACTIVE, DENSELY POPULATED REGIONS, WHILE KEEPING A CONSERVATIVE FINANCIAL POLICY AND INVESTMENT-GRADE RATING

GCP's investment focus is on the German and London residential markets that it perceives to benefit from favourable fundamentals that will support stable profit and growth opportunities for the foreseeable future. The Group's current portfolio is predominantly focused on Berlin, North Rhine-Westphalia, the metropolitan regions of Leipzig, Dresden and Halle and London, as well as other major cities and urban centres in Germany. The Company follows selective acquisition criteria and benefits from internal growth potential from the acquisitions of high cash flow generating and under-rented properties with vacancy reduction potential.

CASH FLOW IMPROVEMENTS THROUGH FOCUS ON RENTAL INCOME AND COST DISCIPLINE

GCP seeks to maximise cash flows from its portfolio through the effective management of its assets by increasing rent, occupancy, and cost efficiency. This process is initiated during the due diligence phase of each acquisition, through the development of a specific plan for each asset. Once taken over, and the initial business plan is realised, GCP regularly assesses the merits of ongoing improvements to its properties to further enhance the yield on its portfolio by increasing the quality and appearance of the properties, raising rents and further increasing occupancy. GCP also applies significant scrutiny to its costs, systematically reviewing ways to increase efficiency and thus increase cash flows.

MAXIMISE TENANT SATISFACTION

Tenant satisfaction is a key pillar of the GCP strategy and helps explain the Company's success since its foundation. GCP primarily meets customer service requests in two different ways. Firstly, through the GCP service center, our customer care agents individualise solutions for each tenant and provide 24/7 support in several different languages. Tenants are ensured prompt responses to queries and can expect to hear back within a maximum timeframe of 24 hours. Furthermore, urgent requests are taken care of within a time frame of under an hour. As a result of this quick and personalised customer support system, the service center has been validated independently and well rated. Focus Money rated the GCP service center's customer service as "fairest customer service" once again. The second major point of contact is through the Company developed GCP tenant App which further digitalises, quickens, and improves processes, thereby positively impacting tenant satisfaction. Through the GCP App, prospective and existing tenants can access tools such as apartment search as well as service and maintenance requests. The App allows tenants to view the status and receive updates on these requests, thus increasing the transparency of the process. These efforts have been well received by tenants as more requests happen digitally with the rate of tenants contacting the Company via GCP App, Chat or E-Mail increasing to 29% in 2022 from 21% in 2021.

OPERATIONS SUPPORTED BY CENTRALISED IT/SOFTWARE

The Group's integrated centralised IT/software plays a significant role in enabling GCP to achieve its efficiency objectives. The key to this system is the detailed information that it provides not only on the portfolio but also on existing and prospective tenants, which staff can access on and off the road. This all-encompassing data processing enables the Group to track and respond to market rent trends, spot opportunities for rent increases, and manage re-letting risks on a daily basis. Implementation of digital processes for letting activities allow for paperless signing of leases, improving the speed and efficiency of the letting process for GCP and tenants while integrated service request through GCP's tenancy app improve the efficiency and transparency of maintenance and service requests for tenants. GCP's IT/software provides management with the detailed information necessary to monitor everything from costs to staff performance.

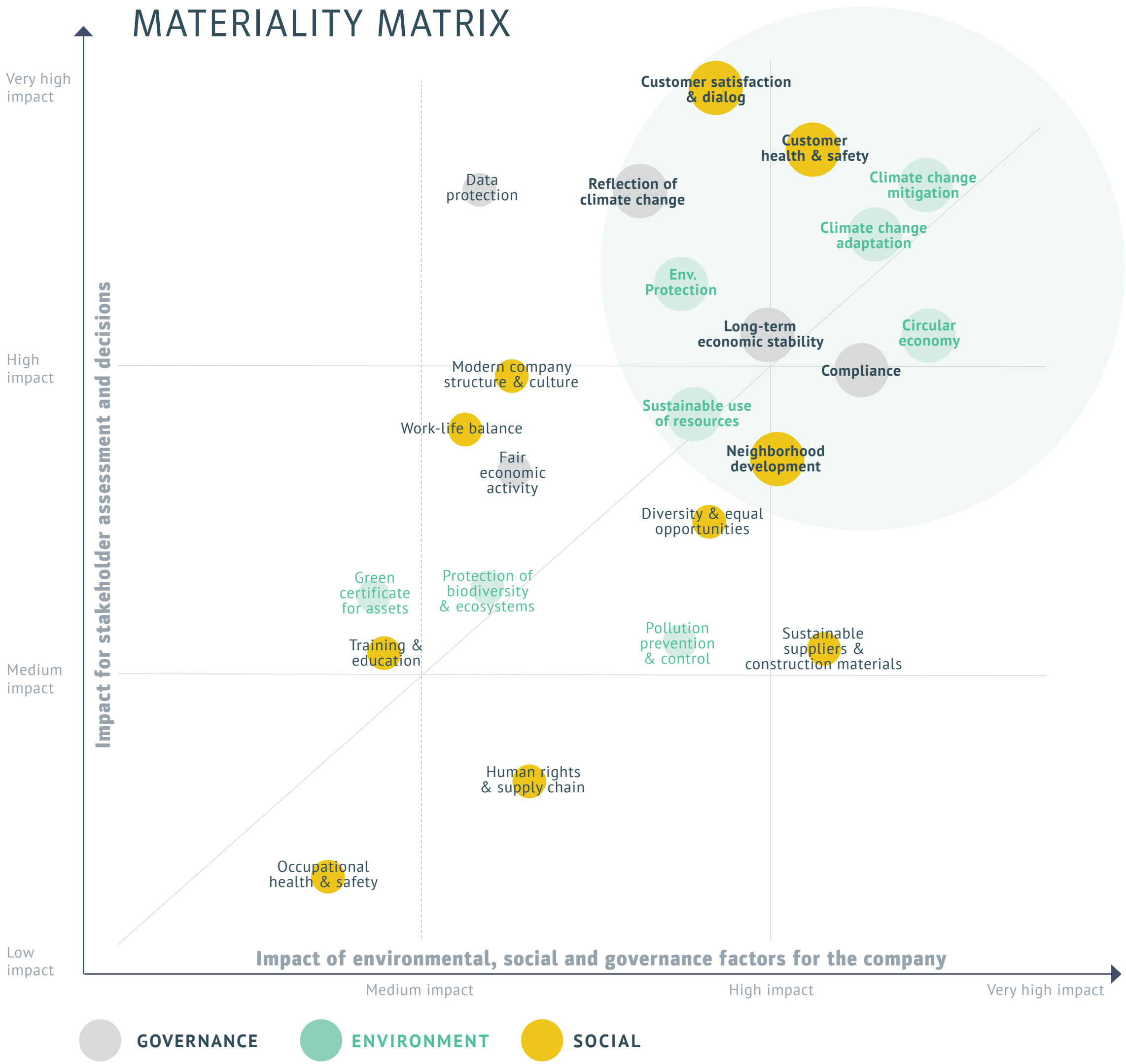
Materiality

We apply the principle of materiality as a guide to help us identify the ESG risks, opportunities and significant issues presented by our business model. We evaluate ESG risks as part of our regular risk assessments and risk planning. Financial budgets are adjusted to account for material ESG risks.

In late 2021 and early 2022, we undertook a review of our material topics, with the support of a third-party consultancy. This was done to update our previous materiality assessment conducted in 2018, as part of a comprehensive sustainability risk assessment under the direction of the Sustainability Department. There were substantial changes to the market and regulatory landscapes between these assessments, and many of these trends have become even more significant in the time since our last report. In 2021, the most notable change was the impact of the COVID-19 pandemic, high on the agenda in that particular year (although the risk rating has reduced since). There has also been a continuous wave of new sustainability legislation both nationally and from the EU, the growing visibility of physical climate risks and the economic shock from the war precipitated by Russia's invasion of Ukraine. These developments have emphasised the importance of a materiality approach which considers both financial and non-financial impacts.

Our materiality assessment involved the input of a large number of employees from fifteen departments across the GCP, with six workshops to raise awareness about sustainability risks and brainstorm potential solutions. Following the workshops, we performed a gap analysis and assessed the potential impact of these gaps on our business. From this, we developed a consolidated materiality matrix encompassing GCP and its parent company Aroundtown.

MATERIALITY MATRIX



The topics identified as highest priority by this assessment have determined the focus of our sustainability strategy for this year, and have shaped the topics included in these report. These include some new subjects whose materiality has increased in this assessment, such as climate change adaptation, local communities, and the circular economy. The inclusion of climate change mitigation reflects the broader context to the issues of energy efficiency and emissions reduction which has developed since our last assessment. Retaining their high priority since our 2018 assessment are the issues of customer satisfaction, customer health and safety, compliance and data protection.

We have addressed the three related topics of environmental protection, circular economy and sustainable use of resources in one section of this report, title 'Environmental Protection'. Reflection of climate change is addressed by the sections Climate Change Mitigation, as well as Climate Change Adaptation. On the subject of long-term economic stability, please refer to our financial reports.

In addition, the subjects of our employees' wellbeing, and of ensuring human rights protections throughout our supply chain, are vital to our business practice, and so are also reported on below. Nonetheless, we consider them important to understanding the non-financial operations of the organisation. We have summarised all these key topics which will be addressed in the report below.

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
LABOUR STANDARDS & EMPLOYEE TOPICS	Conditions of employment, rights of co-determination, salary structures, employee satisfaction, corporate culture and ethics	• Reputation • High employee turnover, resulting in loss of expertise and intellectual capital • Inability to attract talent	• Code of Conduct and Anti-Discrimination policies • Whistle-blowing mechanism • Remuneration and benefits package • E-learning management system and in-house training academy • Employee satisfaction survey	Retention rate ✓ Incidents of discrimination Women in management Average training hours per FTE ✓ Investment in training per FTE LTIFR

✓ Reviewed by auditor

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
CLIMATE CHANGE MITIGATION	Reducing our greenhouse gas emissions by enhancing energy efficiency, procuring renewable energy and investing in renewable energy generation	• Compliance • Energy & carbon costs • Long-term asset values • Tenant attraction & retention, through low service costs & carbon impact	• Environmental Policy and Energy Performance Strategy • Life-cycle assessment • Asset enhancement to deliver higher energetic performance • Systematic roll-out of advanced heating systems • Switch to power purchase agreements for certified renewable electricity supply and 'green' gas	Total energy consumption (like-for-like) ✓ Heating Energy intensity ✓ Scope 1+2 emissions (like-for-like) ✓ Scope 1+2 emissions intensity ✓

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
CLIMATE CHANGE ADAPTATION	Increasing the resilience of our properties and procedures to the impacts of climate change and the associated policy transition	• Property damage • Insurance costs • Tenant wellbeing & satisfaction • 'Stranded' properties	• Environmental and Energy Policy • Building Resilience Taskforce • Climate Risk and Vulnerability Assessment • Implementation of easy adaptation solutions on portfolio level before adopting specific asset-level approach • Engagement with tenants and local authorities	EPRA sBPR

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
ENVIRONMENTAL PROTECTION	Reducing waste and water consumption, encouraging reuse and regeneration of natural resources, as well as enhancing biodiversity	• Tenant attraction & retention, through low service costs & materials impact • Reputation • Improved attractiveness to buyers from inclusion of reusable/recyclable materials	• Focus on refurbishment over new construction and demolition • Waste management as part of environmental policy • Waste separation and minimization • Professional and environmentally friendly waste disposal • Future cooperation with contractors to obtain recycling data of demolition waste and increase recycling rate • Enhance biodiversity through green areas where possible	Waste recycling rate Building water intensity

✓ Reviewed by auditor

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
TENANT SATISFACTION	Maintaining high levels of tenant satisfaction by ensuring anticipation of and response to latest interests and needs	• Tenant attraction & retention • Long-term income generation & attractive yields • Occupancy rates • Reputation	• Tenant Satisfaction Policy • Tenant Satisfaction Survey • Community Relations teams • Certified Service Quality of the GCP Service Centre • SAP ERP IT and software systems for tenant care and management; tenant App • Regular tenant events • Integrated into due diligence and operation management procedures • Alignment between investment and tenant satisfaction • Ongoing employee training	Repositioning CapEx Tenant rating of Service Centre friendliness Tenant rating of resolution time EPRA vacancy rate

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
TENANT HEALTH & SAFETY	Provision of health and safety focused infrastructure and management of day-to-day health and safety risks	• Compliance • Sanctions & fines • Reputation & trust • Tenant satisfaction	• Tenant Health & Safety Policy • Initial risk assessments and reducing maintenance backlog following acquisition • Regular, strong on-site presence • Physical presence at properties and close collaboration with construction and facilities management • Ongoing health & safety assessment which feeds into investment planning • External fire safety checks and immediate corrective action	Investments in fire, life and safety measures Proportion of properties covered by health and safety inspections Number of safety incidents

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
LOCAL COMMUNITIES & NEIGHBOURHOOD DEVELOPMENT	Being a responsible and active contributor to building strong communities	• Tenant attraction & retention • Operational performance of assets • Reputation • Long-term asset values • Relationships with local authorities	• Community Involvement and Development Policy • Grand City Properties Foundation • Sponsorship of sports and educational initiatives • Staff volunteering programs • Community needs assessments at acquisition • Community Relations Officers • Creation of high-quality shared spaces	Total community contribution Total number of GCP foundation projects Volunteered time Modernization cost allocation waivers Cost of housing affordability/cold rent cost burden

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
FAIR BUSINESS & COMPLIANCE	Maintaining ethical practices; labour standards and human rights; fair treatment of staff and business partners Compliance with all applicable laws and regulations as a pre-requisite for exceptional performance	• Compliance • Sanctions & fines • Reputation & trust • Staff attraction and tension • Ability to attract and retain shareholders & bondholders, tenant & customers	• Code of Conduct and Anti-Discrimination policies • Whistle-blowing mechanism • Remuneration and benefits package • E-learning management system and in-house training academy	Number of confirmed compliance violations ✓

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
SUPPLY CHAIN & HUMAN RIGHTS	Ensuring the protection of labour standards and human rights; fair treatment of stakeholders throughout our supply chain	• Compliance • Sanctions & fines • Reputation & trust • Staff attraction and tension • Ability to attract and retain shareholders & bondholders, tenant & customers	• Business Partner Code of Conduct and Human Rights Policy • Whistle-blowing mechanism • Regular monitoring through site inspections by project managers and health &safety officers • E-learning management system and in-house training academy	Number of reported human rights violations

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
DATA PROTECTION	Protection of individual privacy and company data through adequate data security provisions	• Compliance with GDPR • Reputation & trust • Sanctions & fines • Stakeholders' personal concerns & expectations	• ISO-27001 certified Information Security Management System • Corporate policies and training within all departments • Regular review and development of IT systems • Standard Operating Procedures (SOPs) to protect all personal data from manipulation and misuse • 24/7 threat monitoring and identification • Mandatory reporting and incident investigation • Stakeholder communication	Number of data protection breach instances ✓ ISO 27001: major non-conformities raised ✓ ISO 27001: minor non-conformities raised ✓

✓ Reviewed by auditor

Management of Environmental, Social and Governance Topics

Our governance structure incorporates consideration of sustainability issues at both the strategic Board level and the management level.

Our Sustainable Business Strategy is set by the Board of Directors, with operational oversight from the Board's Chairman, Mr. Christian Windfuhr. The Board of Directors acts independently of any conflict of interest, representing the best interests of the Company's base of shareholders. The Board is made up of three independent directors, who are elected by the General Meeting.

The success of the Board of Directors and senior management in meeting their remit, and their compliance with corporate governance rules, are assessed annually. They are overseen by five committees, consisting mostly of independent directors: these are the Risk Committee; Audit Committee; Remuneration Committee; Nomination Committee and ESG Steering Committee.

In 2022 the Board of Directors conducted 17 meetings.

Director	Meetings attended	Percentage
Christian Windfuhr	17	100%
Simone Runge-Brandner	17	100%
Daniel Malkin	17	100%
Board Average	17	100%

The Chairman of the Board of Directors has direct responsibility for ESG topics and chairs the ESG Steering Committee, which also includes the Head of Sustainability, Head of Energy, Chief Operating Officer and Head of HR. The Committee meets at least twice a year, with additional meetings called as required and is charged with overseeing strategic guidance on ESG topics and providing direction to the Sustainability Department.

The Sustainability Department acts as a cross-departmental interface, working across the Group to implement and monitor sustainability programs and initiatives at an operational level. It is led by the Head of Sustainability and reports directly to the CEO and Chairman of the Board of Directors. The Department also prepares the Group's materiality analysis and ESG reporting, as well as responds to enquiries by investors and rating agencies on ESG topics. It collaborates closely with the Energy Department, which applies its engineering expertise to implement the technical elements of our sustainability strategy.

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ESG Governance Structure

BOARD OF DIRECTORS

Christian Windfuhr

Director, Chairman of the Board
Chairman of the ESG Committee

ESG Sponsor at Board level

ESG Steering Committee

Christian Windfuhr, Simone Runge-Brander, Daniel Malkin, Head of Sustainability, Head of Energy, Chief Operating Officer, Head of HR

- Meets at least quarterly
- Strategic guidance on ESG
- Responsible for reviewing ESG strategy

Sustainability Department

- Cross-departmental interface
- Implements and monitors sustainability programs

Energy Department

- Develops energy and carbon reduction strategy
- Implements and tracks energy projects and progress

HR Department

Compliance Department

Operations & Construction Departments

Responsible for defining, implementing and tracking departments' ESG targets

Labour Standards and Employees

It is fundamental for a responsible business that everyone should feel safe and protected, and we take significant steps to ensure that our work environment has a positive impact on the health and wellbeing of our people. Beyond this foundation, we seek to excel in factors such as career development, education, work-life balance, well-being, and diversity and inclusion, which are required to attract and retain today's top talent.

Long-term Targets

- Be among the top ten most attractive employers in the commercial real estate sector by 2030
- Maintain zero incidents of discrimination
- Offer training and development opportunities (minimum 12hrs per FTE)

2023 Goals

- Volunteering program
- 'Activate the Base' program
- 180 degree surveys.

POLICIES AND ACHIEVEMENTS

Since 2021, GCP's HR department has been consolidated with that of Aroundtown which has strengthened the team's ability to support our employees' experience and development. We were able to organise specialist HR teams focusing on aspects like employee development, and enhance our view of performance trends and progress against targets.

Employee Satisfaction

Building on this improved foundation, we have expanded our employee engagement programs in 2022. We initiated our quarterly HR roundtables in April 2022, holding 3 sessions for both employees and management across the year. These allow leaders and employees to come together and discuss upcoming HR topics, supporting better communication and engagement within our organisation.

In 2022, we conducted a survey of our employees in Germany, the results of which will guide our strategy to improve workplace satisfaction. The results were a clear indication of the engagement of our employees, with a 72% response rate from across the company.

From this, we have identified priority areas for improvement in our HR policies, and we have formulated an action plan for 2023 to act on this feedback. This will include further employee surveys to provide more opportunities for feedback and communication, and increased communication about the Company's overall strategy and vision, and the promotion path opportunities which employees can pursue within our organisation.

Employee Engagement

To ensure straightforward communication with staff across the group, we have implemented Rexx as our employee engagement tool. Through this platform, employees can manage personal data, holiday and home office requests, sick leave, and book training and participation at other company events. Our goal is for Rexx to serve as a centralised HR system across all our locations of operation, so that all our employees have easy access to the information they need.

We also conduct performance reviews digitally through Rexx. Managers receive training on using the tool to provide performance feedback and can then provide ratings and reviews digitally through Rexx. Streamlining this review process has allowed our employees to receive personal feedback more straightforwardly and regularly, helping them to improve and progress towards their own goals. In an endorsement of the success of this program, the performance review tool will be launched at GCP in 2023, which aim to deliver 80% of performance reviews with this method.

Training and Development

We place great importance on delivering a broad learning and development program to our staff, to provide them the skills required to prosper in today's business environment and further their careers. Our training is targeted to individual needs, and delivered flexibly to meet the needs of all our employees. We utilise our in-house expertise, as well as external specialists, to deliver training ranging from construction and property management to business skills and leadership training. Training is delivered in person, through online webinars, or our self-directed learning portal Contemporary Real Estate Academy (CREA). This platform enables a unified presentation of our mandatory training content and learning and development material, which is accessible to staff across our business.

Occupational Health & Safety

We take seriously our responsibility to provide a safe work environment and ensure that tasks do not pose undue health risks. Our Occupational Health and Safety Policy ensures strict compliance with all workplace health and safety regulations at national and EU level. The implementation of this policy is overseen by our dedicated internal OHS Manager. We conduct internal audits of the occupational safety standards in our workplaces, as well as external audits by state officers on an ad hoc basis. One such audit was conducted in 2022, which was successfully passed.

To support the wellbeing of our employees, we offer a flexible package of benefits and working provisions. We offer hybrid working arrangements to support home-working up to two days a week, and flexible work hours. We also support part-time working, to grant even greater flexibility for our employees to balance their work around their lives. The wider health & wellbeing benefits provided include eye examinations and health checks provided by our company physician; employees at our Berlin headquarters have access to our company gym, with courses and personalized training; and mental health appointments are available for all GCP employees in English and Hebrew.

As the KPIs below show, the retention rate increased by 3% from its 2021 level up to 80%.

Our average training hours per FTE dropped down to 16 in 2022, which was to be anticipated after our company-wide SAP trainings were completed in early 2022. We note however that our target of reaching 12 hrs per FTE was surpassed this year and will likely level off around our target in 2023. With regard to the LTIFR at GCP which was recorded at 4.8 in 2022 as opposed to 1.3 in 2021 can be explained by increased office days for our employees and therefore also more reported sick days in comparison to last year where employees worked from home more.

KEY PERFORMANCE INDICATORS

KPI	2022	2021
Retention rate	80%	77%
Incidents of discrimination	0	0
Women in management	40%	40%
Average training hours per FTE	16	29.16
Investment in training per FTE	€506	€496
LTIFR[1]	4.8	1.3

For more information on our approach and performance, please see the relevant Sustainability Insights, available to download from the sustainability section of our website.

1. LTIFR= Lost Time Injury Frequency Rate

Material Environmental Matters

Climate Change Mitigation

The Intergovernmental Panel on Climate Change (IPCC) has made clear that we must limit global warming to 1.5°C. Emissions from buildings and construction make up around 40% of annual global emissions, so as a leader in this sector we are undertaking significant efforts to drive this transition. As a subsidiary of Aroundtown, GCP follows AT's energy strategy and carbon reduction pathway. Therefore, the targets, approaches and strategies communicated in the Climate Change Mitigation, as well as the Climate Change Adaptation sections are closely linked to those of Aroundtown.

Long-term Targets

- Achieve a 40% reduction in CO_2 intensity by 2030 against the 2019 baseline, measured in CO_2-equivalent emissions intensity, CO_2e/m^2.
- Achieve a 20% reduction in energy intensity by 2030 against the 2019 baseline, measured in kWh/m^2.
- Switch all electricity to Power Purchasing Agreements (PPAs) certified renewable electricity from wind, hydro-electric and solar PV sources by 2027.

2023 Goals

- Set up a new database for environmental data, allowing semi-automated data collection through a mobile app for facility managers.
- Source 7% of our procured energy volume from PPA renewables.
- Conducting energy assessments of at least 300 properties.

POLICIES AND ACHIEVEMENTS

The rise of climate change topics to the top of the agenda in the real estate sector is one of the clearest changes reflected by our 2021 materiality assessment. There is increasing pressure from investors, from governments and regulators, and from society for urgent action to reduce the adverse impact of the built environment on climate change. Given our business model of investing in existing buildings and improving their efficiency to unlock returns, there is a substantial opportunity for us to position ourselves as a leader in the movement towards a low-carbon economy.

A key development which continues to drive change is the phased introduction of the EU Taxonomy. This legislation requires large, listed companies like GCP to align our approach with strict criteria across fundamental environmental objectives on climate change mitigation and adaptation, water, waste, pollution and biodiversity. Our first full assessment against the EU Taxonomy Key Performance Indicators, for the objectives of climate change mitigation and adaptation, can be found at the end of this report.

Carbon Reduction Strategy

Our fundamental commitment to climate change mitigation is our target of a 40% reduction in CO_2 emissions by 2030, against our 2019 baseline. In order to achieve this ambitious goal, we developed our Group-wide Environmental and Energy Policy, to establish how efficiency and renewables projects will be targeted, identified, implemented and monitored. To view some showcases of the renovations conducted under this ambitious policy, please see the Energy & Emissions Sustainability Insight, available to download from the sustainability section of our website.

Guiding our actions on this target is our Group CO_2 Pathway, which monitors our progress towards achieving this 40% reduction target, and forecasts the rate of reductions which must be made to reach it. Data on current energy performance and EPC ratings are combined with metrics on potential improvement measures to develop a model of the entire portfolio. The suite of possible measures is determined from on-site audits, desk-based energy simulations and EPC recommendations. Using this data, possible combinations of energy efficiency measures and renewable energy systems are considered, to assess how various types of stranding risk can be mitigated at each property. These insights are considered alongside broader market and regulatory factors, to develop an action plan for combined investments which aligns with the required carbon reduction.

The measures incorporated in the modelling of our CO_2 pathway include upgrades to current building fabric and systems; more sophisticated renewable energy measures such as air source heat pumps and CHP systems; and advanced technologies the department will investigate further in future, such as micro wind turbines, geothermal heat pumps, and hydrogen-based CHP systems. The potential efficiency improvement, carbon reductions and associated costs of these measures are considered.

Given the highly volatile energy market in 2022, with significant crises in regards to process, regulations, and security of supply, many efficiency projects, especially heating upgrades, were not economically viable during this year. The Group's focus has therefore been on making significant improvements to our process for identifying and implementing projects, which we believe will pay off in the ability to roll out such projects more efficiently in future. These improvements are specified in the new Energy Policy and Strategy published in 2022, which sets out how opportunities for energy efficiency and emissions reduction improvements will be considered across all asset types and at all stages of their lifecycle.

Dresden

Carbon Reduction Pathway

2019 Baseline
59.60 kg CO_2e/m^2/year Intensity

2022
57.01 kg CO_2e/m^2/year Intensity
4% Cumulative reduction

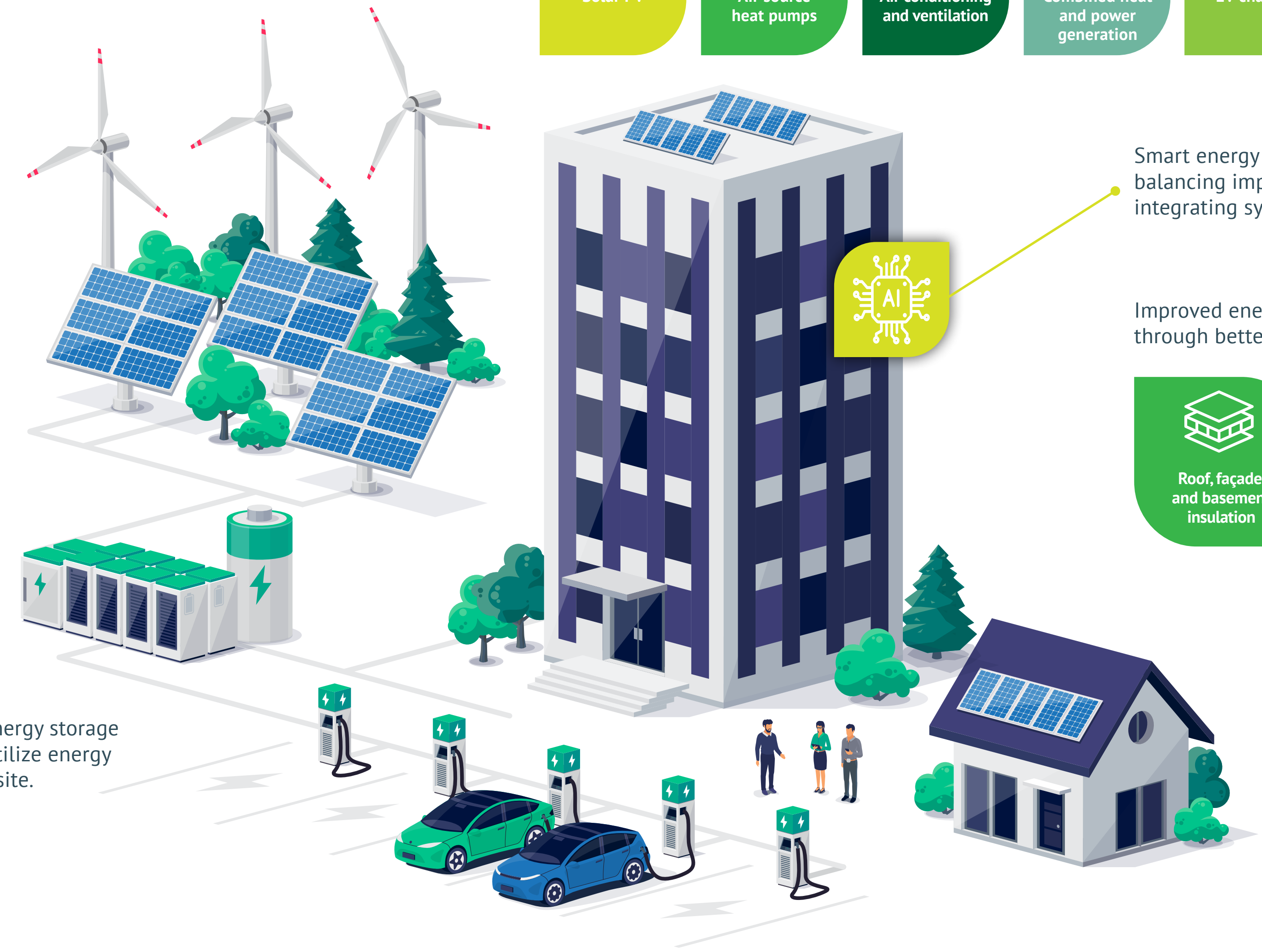
2025
49.18 kg CO_2e/m^2/year Intensity
17% Cumulative reduction

2030 Target
35.76 kg CO_2e/m^2/year Intensity
40% Cumulative Reduction

Sourcing local renewable energy through Power Purchase Agreements

Renewable energy systems and technological upgrading.

- Solar PV
- Air source heat pumps
- Air conditioning and ventilation
- Combined heat and power generation
- EV charging
- LED systems
- Smart meters



Smart energy management systems and hydraulic balancing improve operational efficiency through integrating systems and optimizing energy flows.

Improved energy efficiency through better building envelopes.

- Roof, façade, and basement insulation
- Window replacements

Increase energy storage to better utilize energy created onsite.

Our Energy Strategy focuses on:

- Comprehensive due diligence at the acquisition stage, enabling us to develop asset improvement and refurbishment plans to achieve higher energetic performance;
- Implementation of environmental management policies and procedures, including data collection, digitalization and reporting, preventative maintenance and ongoing operational improvement;
- Sustainable energy measures encompassing investment in solar and wind power systems, combined heat and power (CHP) and combined cooling heat and power (CCHP) systems; electric vehicle charging stations; smart meters and a total energy management system;
- Progressively switching all electricity from Renewable Energy Certificates to PPA certified renewable energy by 2027;
- Collaborating with tenants with whom we seek to implement green elements into lease agreements.

Due Diligence at Acquisition

At acquisition, our due diligence processes record the energy intensity and supply systems of the property, so that planning for efficiency improvements can begin as early in the asset lifecycle as possible. This includes examining the current structural fabric, technical systems, and management practices of the building. We are working to expand the energy auditing done alongside the formal due diligence process, so that projects can be implemented immediately upon acquisition.

Monitoring and Management

To maximise the improvement opportunities identified at our existing properties, we aim to complete around 300 energy audits each year. In 2022, we also began to conduct more holistic site audits which assess the condition of the shell, envelope and supply systems of the property. From these audits we aim to identify suitable efficiency and renewables projects. The energy savings, carbon reductions and investment costs of these projects are modelled and extrapolated to the full portfolio, to provide an integrated picture of our progress towards our reduction targets. In future, these assessments will be enriched by sophisticated digital modelling to simulate the effect of efficiency interventions.

Whereas our initial energy management approach was to invest in on-site renewable energy and efficient energy generating systems, such as CHPs or CCHPs (see the next section on our Energy Investment Program), we have adjusted our approach to align with the three-stage hierarchy in the World Green Building Council's Net Zero Carbon Buildings Commitment for operational carbon. This means when identifying energy interventions, we first focus on ways to reduce and optimize the energy demand of our assets; then identify opportunities to generate the required energy renewably and on-site; and finally source the remaining energy demand through off-site renewable energy.

Good data coverage and reliability is essential to ensure we prioritise these improvement plans correctly, and monitor their effect to further inform our modelling. We have a long-term goal of achieving full data coverage across our portfolio. We increased the coverage of our like-for-like energy data to 89% in 2022, from 63% in 2021. To maximise the utility of this data, we have initiated the development of a new database for environmental data. This will enable semi-automated collection of consumption data through a mobile app for facility managers.

Energy Investment Program

In 2019 we launched our Energy Investment Program, which was laid out for a three year period. The program's purpose is to ensure that our properties remain competitive during the transition to greater electrification of properties and transport, and to a more decentralized energy market focussed on renewable energy. The extreme challenges to the European energy market in 2022 have further underlined the urgency of this transition, and the foresight of our investment plan.

The program is focused around five components:

- The installation and operation of solar PV generation systems on rooftops and parking areas;
- The installation of highly efficient energy generating systems based on CHP or CCHP;
- The implementation of electricity storage to support these solar, CHP and CCHP systems. This will enable optimal management of energy consumption and production, and provide the necessary infrastructure for fast electric vehicle charging stations to serve GCP, our tenants and their clients;
- The installation of EV charging stations. This will allow for conversion of the Group's fleet to EV, resulting in lower fleet cost and more reliable mobility as well as lower emissions;

- The implementation of smart meters combined with total energy management systems (demand/response) to optimise efficiencies in terms of resource use and cost.

Given the regulatory changes in the past year, we intend to review our Energy Investment Program in 2023, in particular with regard to the usage of gas or fuel-based systems, such as CHPs, which will be phased-out in the mid-term as in within the next 5 to 10 years.

With a partner company, we implement efficient and renewable-based on-site energy systems at our properties. Our partner also undertakes site visits to identify the number of EV charging points that can be installed at each of our properties, for private or public use. We are also pursuing a deeper investigation into the potential use of heat pumps, and the possibility of incorporating new technology that can increase the efficiency of CHP systems.

Renewable Power Purchasing Agreements

Beyond the scope of our Energy Investment Program, we have set a goal to switch all electricity from Renewable Energy Certificates (RECs) to PPA certified renewable electricity generated from wind, hydroelectric and solar PV sources by 2027. This means that where it is not viable to generate energy on site or not sufficient to meet building demand, additional sustainable energy will be sourced to minimize asset and portfolio carbon emissions. Since agreeing a new contract with a main supplier for RECs in 2021, 100% of our purchased electricity was covered by RECs in 2022.

2. These KPIs are based on like-for-like data

KEY PERFORMANCE INDICATORS

KPI Numbers[2]	2022	2021
Total Energy Consumption (GWh)	573.1	620.3
Heating Energy Intensity (kWh/m²)	130.33	144.63
Scope 1+2 emissions (t CO_2e)	29,668	32,836
Scope 1+2 emissions intensity (kg CO_2e/m^2)	9.17	10.15

In 2022, landlord-obtained electricity in our like-for-like portfolio totalled 12,264,324 kWh, down from 13,189,796 kWh in 2021. Like-for-like landlord-obtained district heating & cooling was 230,511,855 kWh, decreasing from 259,674,888 kWh in 2021, and fuels totalled 191,171,371 kWh, compared to 208,280,708.4 kWh in 2021. This translated to a 9.9% decrease in average heating energy intensity across the portfolio, from 144.63 kWh/m^2/year to 130.33 kWh/m^2/year. These improvements demonstrate the impact of our investments in energy efficiency across the board, and we will look for this trend to continue in future years.

These decreases in energy consumption corresponded to strong reductions in our emissions across all three scopes. We achieved a 9.7% decrease in our Scope 1 + 2 emissions intensity (from 10.15 kg CO_2e/m^2/year in 2021 to 9.17 kg CO_2e/m^2/year), and a 6.8% decrease in Scope 1, 2 + 3 emissions intensity (from 43.32 kg CO_2e/m^2/year in 2021 to 40.38 kg CO_2e/m^2/year in 2022). In addition to our renewable energy efforts outlined above, these reductions delivered by our energy efficiency projects put us in a strong position to meet our CO_2 reduction target. The measures implemented this year will begin to show their effect in future years' reporting.

In the below table, we present the progress of carbon and energy intensity reduction against our 2019 baseline:

Progress Against 2019 Baseline	2022 Progress	2030 Target
Carbon Intensity (Annual)	-0.2%	-40%
Carbon Intensity (Cumulative)	-16%	
Energy Intensity (Annual)	-4%	-20%
Energy Intensity (Cumulative)	-13%	

For more information on our approach and performance, please see the Energy & Climate Change Sustainability Insight, available to download from the sustainability section of our website.

Climate Change Adaptation

It is clear that climate change poses major risks across all countries and sectors. These come from both the physical impacts of climate change itself, and the potential impacts of the social transition which will be required to mitigate it. This section of our report is structured according to the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD), the leading international standard for reporting on management of climate-related risks.

Long-term Targets

- Ensure our portfolio's increasing resilience to climate-related risks through the implementation of adaptation solutions and retrofitting of our assets
- Continue building climate risk assessment capacities and data collection to allow asset specific and forward-looking planning and actions
- Follow technological developments in the real estate sector, as well as products and services offered by prop-tech start-ups to adopt cutting-edge climate change adaptation solutions

2023 Goals

- Continue to assess the Group's portfolio stranding risk using the CRREM tool
- Start implementation of climate change adaptation plans determined in 2022, as well as tracking their implementation
- Set a dedicated budget for the implementation of future climate change adaptation solutions

GOVERNANCE OF CLIMATE-RELATED RISKS

As with corporate governance, GCP's Board of Directors and management team share overall responsibility for climate related risks.

The Risk Committee oversees risk management for the Group, and the potential impacts of climate change are considered as part of this process. Assessment of physical and transitional climate risks is conducted by the Chief Risk Officer in close collaboration with the Sustainability Department, and such assessments are presented to the Committee annually at a minimum, as well as upon urgency throughout the year.

In addition, a cross-departmental taskforce on Building Resilience was formed in Autumn 2022, with contribution from the construction, operation, acquisition, energy and insurance departments. This taskforce will address climate risks across relevant business units and develop action plans and adaptation solutions as necessary.

The Management of GCP is co-responsible for assessing and managing climate-related risks. A distinction is made between climate risks affecting the Group at the corporate level, for which Management is the risk owner, and climate risks which impact our properties, which are owned by the Group's Chief Operations Officer (COO).

STRATEGY

GCP follows the common practice of distinguishing climate-related risks into physical and transition risks. In line with the requirements for a climate risk and vulnerability assessment as laid out in the EU Taxonomy[3], we further subdivide physical risks as being either chronic or acute, with regards to the time-scale of their impacts, and as being temperature-, wind-, water- or solid mass-related.

Transition Risk

In order to understand the exposure of the Group to transition risks, our Sustainability Department and Risk Committee have undertaken a comprehensive assessment of various transitional risk factors. A summary of the identified risks is provided in the following table, which also sets out the mitigation strategies being used to control these risks to our organisation. In alignment with the recommendations of the TCFD, we also describe the potential opportunities which the Group has identified in each of these factors.

The timeframes short-, medium- and long-term in this table refer to expectations in the next 1-3 years, 4-10 years, and 10+ years respectively. We note that the financial value of each risk has not yet been quantified for GCP.

3. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R2139


Risk Committee
Oversees risk management, incl. climate risks
Management
Assessment and management of climate-related risks at corporate level
Sustainability Department & Risk Officer
Assessment of physical and transitional climate risks
Chief Operating Officer
Assessment and management of climate-related risks on a property level
Governance Structure on Climate Risks
Building Resilience Taskforce
Inter-departmental platform for the discussion and collaboration on climate risks
Develop KPI's for climate risk & action plans and adaptation solutions

Risk Category	Description	Impacts and Timeframe	Mitigation Strategy	Opportunity
Policy	Climate-related regulations and laws are changing rapidly, placing stricter requirements and expectations on the energy and emissions performance. Carbon pricing schemes and energy ratings such as the EU's energy performance certificates (EPCs) are increasingly being implemented, and requirements for minimum ratings that must be met to let units to tenants are coming into force. Over time, existing regulations may become more aggressive or new policy tools may be implemented posing restrictions on letting or preventing the sale of buildings that do not comply with such minimum standards, leaving them „stranded".	Carbon pricing and enhanced emissions-reporting obligations might result in higher operating and compliance costs. Stricter EPC requirements are already in place in Netherlands and UK, similar requirements are under development in Germany, and the trend will continue in the mid to long-term. These standards may require increased CapEx to bring properties up to the required standard in order to prevent their stranding. Market and investor pressure to disclose GHG emissions, as well as a carbon reduction pathway to net-zero has increased and will stay high in the mid to long-term. (S, M, L)	The Group's Carbon Reduction Pathway forms the strategy for reducing the carbon intensity of the portfolio. The Pathway explicitly considers potential carbon taxes and energy efficiency measures and will identify inefficient assets which are high priority for action to mitigate stranding risk. The energy department has piloted the use of the science-based CRREM methodology to assess the medium-/long-term alignment of our assets to decarbonisation expectations. The Group has also already launched a broader CRREM analysis starting with a set of assets in the German portfolio.	A move to more efficient buildings may result in lower operating costs, reduce stranding risks and decrease exposure to variations in the cost and availability of natural resources. More efficient buildings may also attract higher valuations influenced by improved energy performance and will be more attractive to investors and financial institutions due to compliance with their sustainable reporting requirements.
Legal	Companies may also become subject to lawsuits alleging failure to take sufficient actions to reduce greenhouse gas emissions or to account for or disclose known climate-related risks. Climate-related litigation may also result from erroneous non-financial reporting or misleading sustainability claims, in cases of „greenwashing".	With stricter EU regulation, including the EU Taxonomy and SFDR, the real estate sector has already felt the pressure of environmental legislation. The significant gaps between current regulations and the carbon budgets of the Paris Agreement make further regulatory tightening over the mid- to long-term likely. It is also possible that the scope of these regulations expands to take in more segments of the company's value chain, increasing potential exposure and compliance costs. (M, L)	Our dedicated Sustainability Department works to ensure accurate and high-quality non-financial reporting, while constantly monitoring changes in regulations to identify gaps and facilitate compliance. This involves not only monitoring current legislative initiatives but also assessing the gaps between current policy and science-based climate targets to anticipate future changes.	
Market	Tenant preferences for low or zero-carbon properties are likely to reduce demand for inefficient properties. Likewise, shifting investor preferences for sustainable and resilient assets could see valuations favour green buildings. Market conditions may shift from „green premiums" for low- or zero-carbon assets to „brown discounts" in rent or valuation for assets with high energy or carbon intensities.	The age of German building stock, where the Group primarily operates, combined with our business model of acquiring and managing existing buildings, poses significant challenges in offering low or zero-carbon properties through the level of investment that is required. Inability to meet tenant preferences may increase vacancies and reduce revenues while inability to meet investor expectations may reduce access to capital. Shifting market demand may put downward pressure on the value of „brown" assets which are not in line with market expectations, thereby reducing the availability of capital and increasing the cost of debt. Increasing sustainable finance regulation is forcing our tenants and investors to report on their sustainable actions, which will increase these demands on the Group. (M, L)	The Group is working with tenants to reduce energy and utility consumption as part of tenant awareness campaigns. The carbon reduction pathway prioritizes the most inefficient assets in the portfolio for assessment of possible interventions to determine economic feasibility of investments that will protect or improve their value. This pathway will be subject to ongoing development to ensure alignment to market standards.	Low and zero-carbon buildings will be better positioned to reflect shifting tenant preferences, as well as investor demands, positively impacting rents and access to capital. Green assets may strengthen business resilience by increasing revenue through new products and services that meet market demands and may improve access to capital and debt. Green bond issuance or sustainability-linked loans can be used to improve the financial feasibility of making the needed investments.

Risk Category	Description	Impacts and Timeframe	Mitigation Strategy	Opportunity
Energy	GCP's operating costs are closely connected to commodity-based energy markets, which are more prone to price fluctuations driven by supply crunches or swings in energy demand. This leads to risks associated with high energy and utility consumption and over-reliance on fossil-fuel derived energy supplies.	Energy market risks associated with a dependence on fossil fuels were previously seen as being relevant in the medium-to-long term, but the Russian war in Ukraine and the ensuing rise in energy prices have brought these risks to the present day. This has caused many sectors, including the real estate sector to call for speeding up the transition to a low-carbon economy. Nonetheless, the current energy mix of most grids are still primarily reliant on fossil fuels, as renewable energy generation and energy storage capacities have not reached the required levels for decarbonization. (S, M, L)	The Company's target is to procure 100% of landlord obtained electricity through power purchase agreements (PPAs) and installation of on-site renewable energy systems contribute to reduced reliance on fossil fuels. Investments in energy efficiency through our carbon reduction pathway and Energy Investment Program will also reduce energy costs, mitigating exposure to variations in price.	Increasing procurement of energy from renewable sources and a shift to decentralised energy generation can reduce operational costs, compliance costs and exposure to volatile fossil fuel markets. Green bond issuance or sustainability-linked loans can be used to improve the financial feasibility of making the needed investments.
Technology	GCP recognises that current technologies are insufficient to achieve the grid decarbonization needed to address climate change, and this is expected to increase the pace of technological development.	Insufficient monitoring of technological developments may lead to investment in technologies that become obsolete before the end of their use life. Buildings with obsolete technology systems may experience reduced demand and require higher maintenance costs/capex requirements to meet minimum efficiency standards and modern work, leisure and residential trends. (M, L)	The energy and operational departments monitor available technologies on the market and their observed costs to maintain awareness of relevant and economical technologies that can improve the energy or carbon profiles of buildings. The energy-related procedures underlying the new environmental policy of the group prescribe prioritization of investment towards proven and cost-effective technologies.	Opportunity to engage with and invest in proptech start-ups to ensure modern, forward-thinking and appropriate technological outfits of the Group's properties.
Reputation	Companies seen as taking insufficient climate action or delaying climate action face increasing scrutiny and criticism from tenants, investors, the media, and society at large. Additionally, current and future generations of employees hold greater expectations for companies to act to address climate change.	Any deficiencies in the climate strategy of the Group could expose the company to criticism from societal actors, diminishing the company's reputation. Errors in non-financial reporting may be seen as fraudulent or „greenwashing". Reputational damage from inaction on climate change may also reduce the ability to recruit and retain talent in the medium- to long-term. (S, M, L)	The sustainability department monitors best practices and societal trends to identify and act on gaps in the company's climate strategy and bringing them to the attention of relevant internal stakeholders while working to ensure high-quality sustainability disclosures. Clear communication on the Group's sustainability, climate risk actions and carbon reduction targets will reassure employees, potential candidates and investors of the Group's continued efforts with regard to climate change mitigation and adaptation.	The sustainability department monitors best practices and societal trends to identify and act on gaps in the company's climate strategy and bringing them to the attention of relevant internal stakeholders while working to ensure high-quality sustainability disclosures. Clear communication on the Group's sustainability, climate risk actions and carbon reduction targets will reassure employees, potential candidates and investors of the Group's continued efforts with regard to climate change mitigation and adaptation.

Physical Risk Assessment

To assess the materiality of various physical risks to our assets, in 2022 we conducted a city-level physical risk assessment through S&P Global's Sustainable1 for each of our major strategic locations. This was done across eight physical risks, with modelling conducted under four warming scenarios (SSP1-2.6, SSP2-4.5, SSP3-7.0 and SSP5-8.5 from the CMIP6 consolidated climate models). From this analysis, exposure scores were produced for each decade from 2020 to 2100 in twenty cities of particular strategic focus to GCP. These scores were weighted against the GDP of the areas assessed, and the cities analysed cover around 73% of the value of our portfolio. This analysis informs the assessment of risk levels in various locations and scenarios provided below.

The following table presents the results of this risk analysis, describing the potential impacts and severity of each risk across the locations analysed and under two warming scenarios.

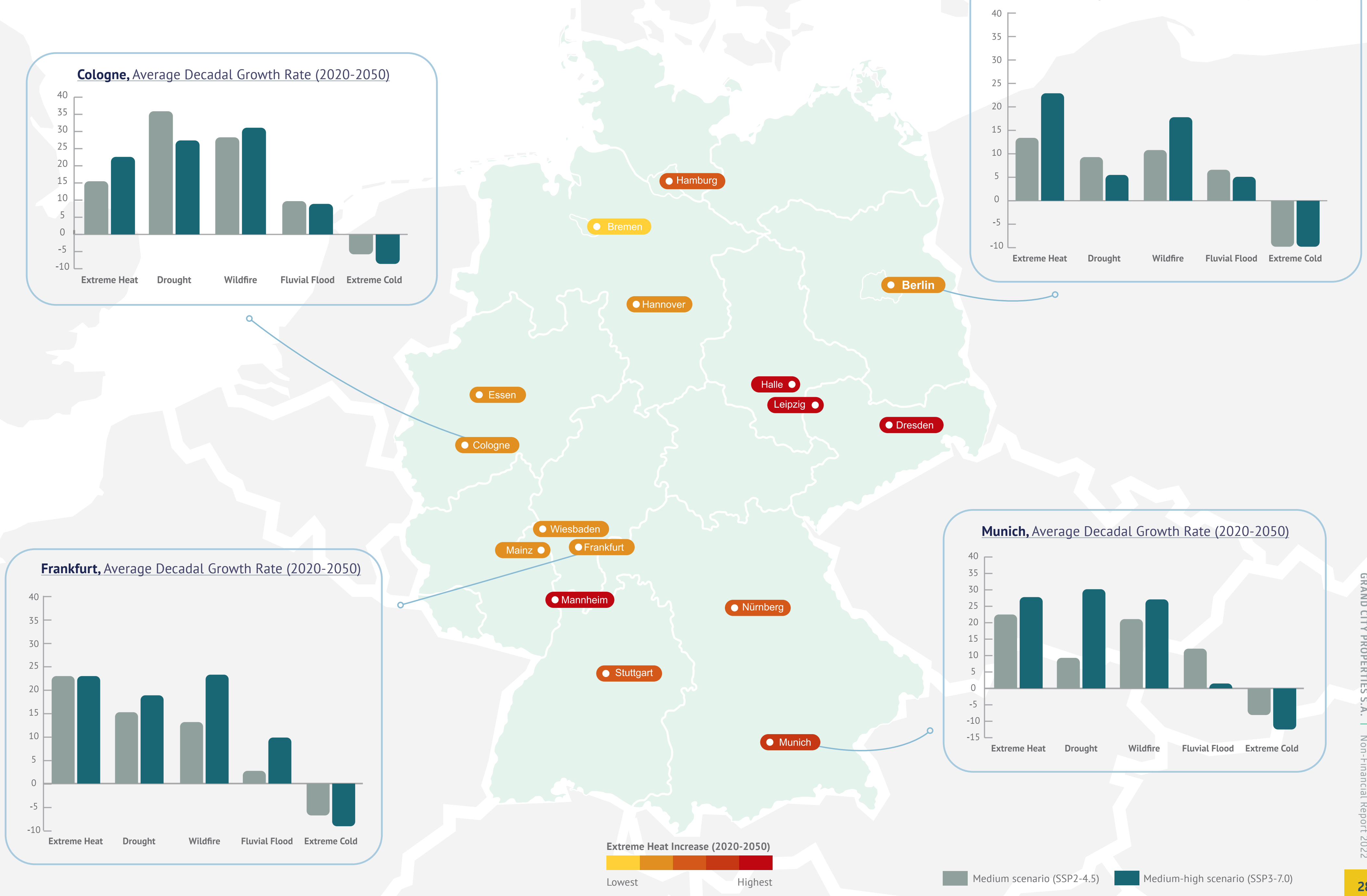
Risk	Potential Impacts	Potential Business Impacts	Variation under Climate Scenarios	Variation by Location
Extreme Heat	Deadly heat stress is a prominent risk across our countries of operation, particularly in urban areas with heat island effects. Other potential chronic impacts include worsening air quality due to wildfires; and the spread of disease vectors due to increased temperatures.	Under-adapted assets could become dangerous or unliveable in situations of heat stress, with potential effects on occupancy or rent levels. Household energy demand is likely to increase to manage extreme temperatures. Increased CapEx demands will be incurred to adapt to these risks with measures such as green rooftops or use of water permeable material.	Divergence in degree of exposure between scenarios is only observed in the latter half of the century. With actual extreme heat observations outpacing modelled estimates of our current warming path, our analysis indicates this risk is highly likely to become material, regardless of scenario.	Likely to be experienced at similar levels throughout given urban geographies, indicating the need for systemic adaptation plans in high-risk locations. Munich has a high rate of increase of exposure, as well as high absolute risk, alongside other South German cities such as Stuttgart.
Drought	Decreased precipitation and increased temperatures, in particular during extreme heat effects, could make water scarce across large geographic areas. This may have wider infrastructural effects, including to local agriculture.	Under-adapted assets could become dangerous or unliveable in drought conditions, with potential effects on occupancy or rent levels. CapEx requirements may be required to adapt high risk assets.	Divergence of risk level between the scenarios analysed is comparatively lower than for other risks, with the level of exposure of the Group's regions of operation high across all warming paths assessed.	Drought risks are observed to be correlated by region, with the East German cities of Leipzig, Halle, and Dresden among the most exposed. Almost all cities have near-maximum exposure scores by the end of the century, indicating that the solutions adopted need to be systemic across locations.
Wildfire	Wildfire events can cause substantial damage to life and property in short periods of time, displacing communities and rendering wider areas dangerous or unliveable. The resulting smoke also severely worsens air quality, leading to potential chronic impacts.	Acute property damage could prove highly costly to the business and dangerous to our occupants. The potential chronic impacts on air quality may also impact occupancy. Heightened physical risk is also likely to impact insurance premiums and vacancy rates.	Divergence of risk level between the scenarios analysed is comparatively lower than for other risks, with the level of exposure of the Group's regions of operation high across all warming paths assessed.	Local geographical conditions drive wide variations in exposure levels between cities. Despite the connection to heat and precipitation levels, the results differ from the scores for extreme heat and drought, indicating a need to assess local risk drivers at asset-level.
Fluvial Flood	Spontaneous flooding due to extreme precipitation can cause substantial damage, with the impacts depending strongly on location due to ground conditions and structural stability. Such flooding can also have collateral impacts on infrastructure and transportation.	Acute property damage could prove highly costly to the business and dangerous to our occupants. Impacts are extremely dependent on asset-level conditions, making it difficult to assess the value at risk with any accuracy. Heightened physical risk is also likely to impact insurance premiums and vacancy rates.	Some cities see considerable differences in risk scores between the SSP2-4.5 and SSP3-7.0 scenarios, with greater magnitude of increase between decades observed in the higher-warming scenario. The rate of increase of risk rating is most pronounced in the decades before 2050 in these more severe scenarios.	There are considerable differences in exposure scores at city level, indicating the very location-specific drivers of this risk. The cities with greatest exposure include London and Hamburg. London also ranks among the cities with the greatest rate of increase in exposure through 2050, along with the cities of Frankfurt, Mannheim, Mainz, and Wiesbaden, which are located near the confluence of the Rhein and Main rivers. The highly location dependent findings demonstrate the need to conduct asset-level assessments of this risk.
Coastal Flood	Rising sea levels may render coastal areas or river flood basins unliveable. Impacts will be widespread in affected locations, potentially leading to displacement of communities or substantial adaptation costs.	Surface water or river flooding could lead to severe damage to real estate, potentially incurring substantial costs for repair and maintenance, and losses from assets being removed from operation. Heightened physical risk is also likely to impact insurance premiums and vacancy rates.	Differences between scenarios are significant by the end of the century, but are less pronounced through to 2050, suggesting this risk will be material regardless of actual warming.	Naturally, this risk can only be assessed in coastal cities, with the highest scores found in Bremen and Hamburg. As the adaptation solutions required cannot be implemented at the scope of individual assets, in-depth consideration of the adaptation plans of local governments will be required to understand the value at risk of assets.

Three risks are excluded from the table above, as they were deemed less relevant to our portfolio following the analysis conducted. Tropical cyclones are excluded, as our assets have no potential exposure to such risks. Extreme cold is discounted as the scores against this risk fall in all scenarios. This risk is part of the historical norm for the European areas in which we operate, and so is not relevant as a climate risk. Finally, water stress is excluded, as the analysis conducted indicated decreasing risk levels. However, we consider that this does not incorporate the potential interrelations with other risks, and is not sufficiently clear as to the driving causes of the identified stress. We will seek to conduct more conclusive analysis of this risk in future.

The following map shows the 16 cities from the German portfolio included in the physical risk assessment conducted through S&P Global Sustainable1. The color scale ranks the cities according to their increasing exposure to extreme heat risk up until 2050 providing an indication of which German cities should be prioritized when implementing adaptation solutions.

The four bar charts demonstrate the growth rates in risk exposure through 2050, comparing between the Medium (SSP2-4.5) and Medium-High (SSP3-7.0) scenarios, for the strategically important cities of Berlin, Cologne, Frankfurt, and Munich. The differences between the scenarios, as well as the local risk variations indicate the need for a carefully informed approach when developing adaptation plans at the city- and asset-level. Consideration of multiple scenarios is critical for ensuring any plans implemented are robust to multiple climate change scenarios.

City-level Physical Risks Analysis



RISK MANAGEMENT

The Group categorizes our risk management systems into two main sections – internal risk mitigation and external risk mitigation. The assessment of physical and transitional risks linked to climate change are primarily external.

The Risk Committee commissions the Chief Risk Officer and the Sustainability Department to conduct physical risk assessments of GCP's portfolio in Germany and the UK. Other departments, including insurance, energy and technical due diligence provide additional support and expertise where necessary. Under our current procedures, we assess climate-related risk at the portfolio level; however, it is the Group's long-term ambition to conduct an asset-level analysis. Our focus is to prioritise information which provides the most accurate image of regional and local climate risks, as well as opportunities arising from the necessary transition.

In addition to governing risk assessment within the Group, the Risk Committee also monitors the effectiveness of risk management functions throughout the organization, ensuring that our infrastructure, resources and systems are adequate to maintain satisfactory risk management discipline.

A key priority in our current risk management efforts is the implementation of adaptation solutions and action plans. The joint work of the Chief Risk Officer ("CRO"), the Sustainability Department and the Building Resilience taskforce on this objective is presented to the Risk and ESG Committees and reported to the Management. These bodies then jointly authorise the risk management approach we will move forward with.

GCP's overall risk management is based on the COSO Enterprise Risk Management framework in order to determine the Group's material risks, define current and desired mitigating controls for each risk group (Strategic, Operational, Reporting and Compliance) and to provide a framework for Risk Management Program and risk-based Internal Audit Plan.

Climate-related risks are taken into account throughout the described process above. A comprehensive risk matrix catalogue for each risk group has been compiled for the Group, including physical and transitional climate-related risks. Each risk is rated based on combination of impact and likelihood resulting in four rating definitions: Inherent Risk, Target Residual Risk, Target Risk Reduction and Actual Residual Risk.

Where possible the impact is quantified and based on the current financial results of the company; the likelihood is based on the management's subjective judgement of the probability or on historical data, such as number of claims filed in recent years in relation to flooding.

The ability to quantify climate related risks depends on the availability of data and methodologies. The Carbon Risk Real Estate Monitor, CRREM, tool is an emerging best practice for stranding risk assessment in the real estate sector. Therefore, this tool has also been piloted by GCP's parent Aroundtown in 2022. An analysis of the German portfolio is ongoing, and this will also be applied to GCP's portfolio eventually.

Adaptation Solutions

A key priority in our current risk management efforts is the implementation of adaptation solutions and action plans. The joint work of the CRO, the Sustainability Department and the Building Resilience taskforce on this objective is presented to the Risk and ESG Committees and reported to the Management. These bodies then jointly authorize the risk management approach we will move forward with.

Potential adaptation solutions were identified by the Sustainability Department, taking into account the results of the physical risk analysis described above. In order to prioritize these measures, the Building Resilience Taskforce held a working session to assess the materiality and feasibility to the stakeholder departments within GCP. The results of this exercise were collated, to identify those measures which could deliver the greatest value for the required investment.

The outcome of this assessment process was a set of four adaptation programs which will be prioritized at our assets. The identified solutions are:

- *Tree planting program* – Planting and maintenance of trees in public areas, and unsealing spaces to create more green areas around buildings.
- *Flood analysis and planning* – Asset-level analysis of flood and drought to determine particular counter-measures. Development of flood scenarios plans and emergency plans.
- *Tenant guidebook for extreme conditions* – Creation of a behavioural guide for tenants to deal with extreme climatic conditions, including definition of the internal and external notification chain in such emergency circumstances.
- *Refurbishments* – Review of materials chosen at sites which are at risk, and roof maintenance works.

In line with the EU Taxonomy's prescribed climate risks and vulnerability assessment, it is the Group's goal to implement these adaptation solutions over the course of the next five years. These solutions will therefore guide our investment program to increase the resilience of our assets to physical climate risks. Our Sustainability Department will continue to analyse the vulnerabilities of our assets to identify further opportunities for adaptation in future.

METRICS AND TARGETS

We publish comprehensive environmental performance data in line with the EPRA Sustainability Best Practice Recommendations (sBPR). In 2022 we received the EPRA sBPR Gold award for this disclosure for the 6th time consecutively, demonstrating the high standard of the data we publish. As recommended by EPRA, we track our total energy consumption and Scope 1, 2 and 3 emissions, and the intensity ratios of these totals normalised by floor area, decomposed by the sectors within our portfolio. In 2022, we initiated the project of benchmarking these data against the pathways published by CRREM, the Carbon Risk Real Estate Monitor. We will expand the number of properties assessed by this project in 2023, in order to proactively monitor and mitigate the stranding risk of our assets.

We produced a CO_2 baseline report for 2019, with ISEA 3000 limited assurance, to provide a solid baseline for our reporting going forward. This report establishes our organisational and emissions boundary and will ensure that our future emissions reduction goals are assessed against a verified point of comparison.

As mentioned in the previous section, the Group has launched the process of assessing future exposure to the physical risks of climate change. As progress continues in this area, additional metrics will be identified to monitor progress in adapting to the risks of climate change, serving as the foundation for relevant targets as well.

Munich

Environmental Protection

Within GCP's overarching goal of environmental protection, we include other closely associated topics that were raised in our 2022 materiality assessment: the sustainable use of resources, circular economy, as well as biodiversity. Please refer to the sections on climate change mitigation and adaptation for more information on energy and carbon reduction topics.

The principles of a circular economy are to reduce waste and pollution, maximise the reuse and regeneration of resources, and restore greater balance between the economy and the environment. The concept aligns with our long-term commitment to tenants and society by ensuring that the resources we need to maintain a high quality of life are preserved.

Long-term Targets

- Focus on refurbishment over new construction and demolition
- Waste management as part of environmental policy, including waste minimization and separation
- Professional and environmentally friendly waste disposal
- Stronger consideration of biodiversity topics in development and construction projects

2023 Goals

- Engage more closely with our contractors regarding the recycling of demolition waste and higher recycling rates
- Improve data gathering on waste disposal and recycling rates
- Conduct biodiversity projects at our German portfolio

POLICIES AND ACHIEVEMENTS

We take our responsibility to safeguard the natural environment and reduce the adverse impacts of our business activities very seriously.

Circular Economy

Our goal is to reduce the total amount of waste produced at our properties, and to increase the proportion of this waste which is recycled or reused back into the circular economy.

To increase recycling rates, we are providing waste separation facilities on our sites, and engaging with our tenants on their waste management practices. As with other environmentally sustainable measures, reductions in waste output and landfill volume correspond to reductions in operating costs, alongside reducing our environmental impact.

Most of the waste produced in the operation of our properties falls outside our direct control, and so in order to reduce our environmental impact we engage with our tenants to reduce their footprint.

Our local technical teams are always available to support tenants who seek our advice on these issues. This coordination and engagement between stakeholders will be a crucial part of building a more circular, resource-efficient economy.

We also try to use the indirect influence that our properties can have on their tenants to produce more sustainable outcomes. This is often done through awareness raising activities. For example, GCP publishes leaflets and has produced information videos for tenants with advice on more environmentally friendly behaviour such as recycling, correct heating whilst not wasting energy and how to ventilate apartments properly. We are also investing in pay-by-volume waste systems at select locations, which monitor the volume of waste disposed by tenants and bill them accordingly. These systems are very effective in drawing tenants' attention to the cost-saving benefits of waste reduction.

As another key example of our waste reduction projects, in early 2023 GCP will digitalize its postal correspondence with tenants and switch to the new GOGREEN Plus services from Deutsche Post DHL. All postal correspondence with GCP tenants will be digitally transmitted to Deutsche Post, who offer a climate-neutral hybrid mail dispatch, by email, SMS, fax or post. This will substantially reduce the waste generated in the production and delivery of these leaflets. It will also support our tenants in reducing their carbon emission reductions. We will continue to look for innovative partnerships and strategies to improve our resource efficiency in future.

With regard to waste production, we are more able to control our disposal from refurbishment work, although in general we do not conduct a lot of major construction and renovation projects. Where we do undertake these larger projects, we conduct reviews of type and quantity of waste produced, to ensure lawful disposal of hazardous and non-recyclable waste streams. With the topic of circular economy being included in the six environmental objectives of the European Union, stipulated with the EU Taxonomy, the goal of a 70% recycling rate has been set for the real estate and construction sector. We therefore aim to engage even more closely with our contractors regarding the recycling of demolition waste and to improve data gathering on waste disposal and recycling rates. Lastly, we are also planning to explore potential collaborations with circular economy service providers for building materials in 2023.

Whilst our corporate policy gives preference to investment in buildings with 'green' credentials, poor environmental performance does not deter us from proceeding with a purchase that aligns with our commercial criteria, as the guiding principle of our strategy is to raise assets' environmental performance to the desired standard, even where this involves more significant structural interventions. Fundamentally, the findings of the environmental assessments undertaken as part of our due diligence enable us to develop comprehensive asset environmental improvement plans, including a defined catalogue of measures which are factored into the budget for asset repositioning.

Water Management

We aim to use water as efficiently as possible, and to comply with the high standards for water quality and wastewater disposal set at EU and national level. The importance of sustainable water usage has been highlighted by its inclusion as a core environmental objective in the EU Taxonomy.

Our operations do not entail significant water consumption; the most substantial impact occurs at distribution, before the tenants enter the value chain. However, we seek to positively influence tenants' water consumption, through engagement programs and advanced measurement technologies. We are prioritizing investment in water meters to provide tenants with accurate information about their water usage. This data is also used to identify inefficiencies and potential interventions from both a structural and management perspective. Based on these insights, we seek to implement technical improvements to reduce water consumption in our properties wherever feasible.

Acknowledging that this topic is of increasing importance, GCP will also create a specialized role for water management which has until now been handled by the energy department and various operation teams.

Biodiversity

The COP 15 conference in 2022[4] highlighted the growing international consensus that the loss of global biodiversity is a crisis of equal magnitude to climate change. We see it as part of our corporate responsibility to go beyond minimizing our negative effects on the natural environment, by contributing positively to biodiversity at our sites.

Our investment in outside areas also takes into consideration environmental aspects, design of green spaces that also provide opportunities for biodiversity projects.

One such example has been a project in Kley, Dortmund, where we worked together with our facility management partner to transform the grass lawn into a meadow with a bee hotel.

The project seeks to enhance biodiversity and the local ecosystem by nurturing a healthy pollinator pullulation and diverse meadow flowers. The initiative will also provide a please aesthetic environment for tenants, connecting them with nature.

It is our goal for 2023 to initiate more biodiversity projects, ideally in combination with foregoing biodiversity assessments which provide guidance on the local needs for the ecosystem.

KEY PERFORMANCE INDICATORS

KPI	2022	2021
Waste recycling rate	34.74%	35.39%
Building water intensity (m^3/m^2/year)	1.79	1.81

For more information on our approach and performance, please see the Environmental Protection Sustainability Insight, available to download from the sustainability section of our website.

4. https://www.unep.org/un-biodiversity-conference-cop-15

Berlin

Material Tenant Matters

Tenant Satisfaction

Our business has been built on the premise of exceptional customer service, driven by our desire to contribute directly to improving our tenants' quality of life. We aim to build long-term tenant relationships by striving for the highest possible standards in our properties and their surroundings, and customising our management approach to cater for each tenant's needs.

Long-term Targets

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

2023 Goals

- Maintain a high level of tenant satisfaction
- Expansion of service possibilities through the GCP app and our CRM system
- Renewal of our TÜV certification for Quality Management and Service Quality

POLICIES AND ACHIEVEMENTS

At GCP, we understand that satisfied tenants are key to our long-term success. Maintaining stable, satisfied tenancies supports high occupancy rates, reduces our administrative costs, and fosters community spirit between neighbours at our properties. This understanding drives our goals in this area: we aim to continually increase the satisfaction of our tenants, by creating high quality, attractive properties and supportive, affordable communities.

The GCP Tenant Satisfaction Policy sets out our management approach to this key topic for each stage of the tenant lifecycle, even pre-contract. The policy outlines how we monitor satisfaction in order to understand performance, address any issues and ensure the continuous improvement of our approach.

Our tenants are supported by a three-tier management approach. At the regional level, our asset managers work to enhance asset value by delivering excellent customer service and targeted asset re-positioning. They serve as the first point of contact for our prospective tenants and engage with them on longer-term aspects of the assets, the lease agreements, and tenant satisfaction. Our property managers are responsible for ongoing customer care. They make regular site visits, prepare budgets, plan technical improvements and maintenance works, and ensure that refurbishment and management activities are aligned to tenants' needs. At site level, facility managers provide day-to-day technical support and maintenance, accommodating the needs of our tenants with an accessible, flexible approach. Whenever facility managers are unavailable, tenants can also report issues directly to property managers, who can then raise them with facility managers for action.

High-Quality Customer Service

Effective communication is central to the service we provide to current and prospective tenants, who rely on the information and assistance they receive from GCP as their building operator. In addition to the support provided by our property managers, the GCP Service Centre offers tenants support for all kinds of day-to-day concerns, including requests for information and property viewings for prospective tenants. The Service Centre is available 24 hours a day, 7 days a week, in a variety of languages and through several communication channels.

The Service Centre targets minimum wait times, with the goal to answer 95% of calls in under 20 seconds. The GCP Service Centre boasts TÜV certifications for Proven Service Quality, re-certified by the TÜV Nord in April 2022 and Quality Management (DIN EN ISO 9001:2015). The quality management certification, which will be re-confirmed in February 2023, and continues to provide assurance that the Service Centre is being managed on a rigorous basis with regards to stakeholder engagement, risk management and continual improvement. In 2022, Focus Money rated the GCP service center's customer service as “fairest customer service” once again.

Community Engagement

In order to create supportive communities where people enjoy living and staying, we actively involve ourselves in the wider communities of our properties, to promote a sense of neighbourliness and connection. In addition to the support of our property managers and Service Centre, tenants can count on the support of our three dedicated Community Relations Officers to assist in matter such as communication with schools and local authorities or overcoming language barriers. We also offer a range of community facilities like playgrounds, fitness trails, BBQ areas and tenant libraries, and events based on seasonal celebrations, to bring neighbours together. To read more about our community outreach efforts, please see the ‘Local Communities' section in this report.

Innovation through Digital Systems

We are continuing to expand the use of digital solutions and channels, including our website and tenant app, to strengthen and enhance our engagement with tenants. This was originally driven in part by the COVID-19 pandemic, but the use of digital communication and workflows has proven to save time and costs for our company and our tenants. We can reach and respond to our tenants more quickly and offer a fast, transparent, and paperless solution to agreeing letting contracts and approving invoice payments. The GCP App offers a chat, online requests and damage claims and the possibility to send documents. Since September 2021, the average digital signing rate by our tenants has been at least 87% until the end of the year. The proportion of tenants contacting us through the GCP App, chat or through email has increased from 21% in 2021 to 29% in 2022, showing the positive response to these more convenient solutions.

We also seek to improve our tenants' experience of our properties through the GCP tenant app and GCP loyalty program. We continue to offer our tenants exclusive benefits through the GCP loyalty program, which issues shopping discounts for new tenants and loyalty points for existing tenants who can exchange them for vouchers or settle them against rent payments. For example, tenants can benefit from special offers with partners like Vodafone, O2 and Media Markt, as well as up to 30% off on hotel accommodation and special deals on food and drinks in the hotel. In keeping with our commitments to reduce our environmental impact and to encourage sustainable lifestyle choices, we have initiated a scheme by which tenants can receive points on their loyalty account for switching to a renewable electricity provider.

KEY PERFORMANCE INDICATORS

KPI	2022	2021
Repositioning CapEx	€71m	€63.1m
EPRA Vacancy Rate	4.2%	5.1%
Tenant Rating of Resolution Time	4.78 out of 5	4.75
Tenant Rating of Service Centre Friendliness	4.90 out of 5	4.83

We track and review quantitative indicators of satisfaction on a continual basis, covering the tenant life cycle from the first prospective enquiry interaction with GCP through to departure following the termination of a rental agreement. In 2022 our tenant retention rate remained strong and our EPRA vacancy rate decreased by a further 0.9% from 5.1% in 2021 to 4.2% in 2022 – an indicator of the consistent appeal of our properties and customer service.

Once a request received by the GCP Service Centre has been answered, a survey goes to the tenant who is asked to assess GCP's performance in terms of friendliness; reachability; quality of work conducted and time to resolution. In addition to the KPIs shown above, in 2022 GCP was rated 4.88 (out of 5) for accessibility and 4.90 (out of 5) for the friendliness of the staff of our service providers, an improvement in both areas compared to 2021. Our target is to improve our score across all areas year-on-year, aiming for a minimum performance of 4.5, and to answer 95% of calls within 20 seconds. In 2022 we improved our scores in 4 of the 5 tracked category, with a decrease of only 0.03 in our score for quality of work, and all scores above the target of 4.5.

For more information on our approach and performance, please consult our Tenant Satisfaction Sustainability Insight, available to download from the sustainability section of our website.

Tenant Health and Safety

Guaranteeing high standards of health and safety within our buildings is a fundamental obligation we have to our tenants, and a prerequisite to ensuring their satisfaction with our service. Through the dedication of our property management teams, we work continually to instil a positive health and safety culture across our operations.

Long-term Targets

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

2023 Goals

- Continue to further develop the digital solutions and focus on wider offers for self-service in the GCP tenant app, such as presentation of monthly energy consumption, tenant account statement and digital tenant notice
- Continuous development of our quality control processes

POLICIES AND ACHIEVEMENTS

Health and safety are central to our asset management approach at every stage of a property's life-cycle. At acquisition, we conduct a comprehensive due diligence risk assessment which enables us to identify risks and implement preventative maintenance solutions. We assess the building's structural characteristics to establish which refurbishment activities should be targeted. Safety is a priority throughout these assessments, especially fire safety, and we commission expert advice from external fire safety specialists where necessary. If deficits are identified, these are documented and reported to the construction department who are then responsible for seeing that the required work is carried out. The proper implementation of these corrections is confirmed by appropriate follow-up processes, through cooperation between the constructions department and the property managers.

More broadly, our acquisition stage assessments look for opportunities to improve the quality and accessibility of the property. Various measures are implemented to support tenants' wellbeing, easier movement around the building, and additional communal space and services.

During the operational phase, we pursue our aim to continually enhance the quality of our residential units and their surroundings. Through regular checks and maintenance work conducted by our property teams, we seek to identify and mitigate all potential health and safety risks before they materialise.

Our Tenant Health and Safety Policy sets out clear time frames for such defects to be remedied, and property managers' bonuses are performance-based and depend on the satisfaction of our tenants with their delivery of these improvements.

All our properties are subject to continuous safety assessment as part of our operational monitoring activities. The quarterly site inspections performed according to our internal protocol are conducted in accordance with national and federal legislation. These comprise scheduled technical inspections, covering aspects such as water quality (legionella), elevator safety and fire protection systems, as well as inspections of physical and organisational aspects such as accident risk assessments and fire protection audits. The combination of these regular site visits also helps to prepare budget decisions for each property.

KEY PERFORMANCE INDICATORS

We continued to prioritize investments in fire and safety and hazard prevention across our assets, with our total spend increasing by 19% throughout the year.

KPI	2022	2021
Investment in fire, life and safety	€3.08m	€2.57m
Proportion of properties covered by health and safety inspections	100%	100%
Number of safety incidents 2022 (insurance cases)	1	0

For more information on our approach and performance, please consult our Tenant Health & Safety Sustainability Insight, available to download from the sustainability section of our website.

Local Communities & Neighbourhood Development

Investors in the built environment are expected to think beyond their commercial interest, to create long-term socio-economic benefit for the communities they operate in. By building productive relationships with the local community, we can contribute to the development of prosperous neighbourhoods, which in turn will benefit our tenants' quality of life.

Long-term Targets

- Build supportive and affordable communities where people want to live and stay
- Target investments toward the creation of high-quality shared spaces for tenants and support local community-building organisations
- Invest up to €500,000 p.a. in community building activities until 2030 via the Grand City Properties Foundation

2023 Goals

- Maintain our level of community investment through the Grand City Properties Foundation at €200,000 p.a.
- Employee volunteering through 'Social Days', including our annual blood drive day at the Berlin office
- Host events with social responsibility themes in cooperation with external partners

POLICIES AND ACHIEVEMENTS

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

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

We are also proud of our work to make our properties as affordable as possible to the communities in which they are situated. This includes taking a considered approach to modernisation rent increases and being responsive to hardship applications where such increases are implemented.

Support for Charitable Organisations

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

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

We also provide in-kind support for social and charitable purposes. GCP currently lets 9 units rent-free and a further 5 at reduced rent. This is equivalent to a donation of €81,733 in rental income. One example of this is our cooperation with local non-profits providing childcare and educational assistance in our properties; we offer rent-free access to housing units or commercial space, as well as furniture, equipment and funds to cover operational costs.

Neighbourhood Development

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

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

Volunteering and Outreach

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

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

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

To enhance our lines of communication with our local communities, we also employ three Community Relations Officers, as well as one Collector & Social Tenants Manager who provides social advice and individual support to tenants and implements social projects. In areas where there is no dedicated Community Relations Officer, property managers provide a point of contact, and reach out to tenants personally by participation in community events.

Affordable Housing

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

Modernization Rent Increases

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

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

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

KEY PERFORMANCE INDICATORS

KPI	2022	2021
Total community contribution	€218,360	€159,829
Total number of GCP foundation projects	53	44[5]
Volunteered time	88 hours	30 hours
Modernization cost allocation waivers	6	-
Cost of housing affordability/ cold rental cost burden	24% of the German net minimum wage salary	-

Although we increased our community contribution slightly, we seek to increase this further in 2023 and come closer to our long-term target.

Thanks to the happening of our Social Day in 2022, we were able to almost triple our volunteered time in comparison to 2021 and hope to further increase this number in 2023.

For more information on our approach and performance, please consult our Local Communities Sustainability Insight, available to download from the sustainability section of our website.

84. Oberschule

Strassenkinder e.V.

5. Although our Social Day could not take place in 2021 due to COVID-19 restrictions, a few GCP employees from the Duesseldorf office volunteered in the flood relief efforts in NRW.

Material Governance Matters

Fair Business & Compliance

Our business strategy is underpinned by our fundamental commitment to ethical conduct, robust corporate governance and high levels of transparency. Our compliance framework seeks to embed our principles of integrity, respect, performance, accountability, and sustainability into all of our business activities.

Long-term Targets

- Keep our level of fair business relationships with our customer and suppliers
- Maintain zero tolerance towards compliance violations

2023 Goals

- Maintain high-level awareness and engagement with our company compliance policies
- Relaunch our corporate Compliance Day for this purpose which was paused due to Covid
- Alignment of our Group policies to the new Supply Chain Act in Germany

POLICIES AND ACHIEVEMENTS

To ensure our high ethical standards are embedded in our business, we have developed a comprehensive compliance framework. This system is designed to adapt to increasingly complex legal frameworks, and to protect our business from the risks associated with unethical conduct. The expectations and requirements of this framework are clearly set out through our Group-level policies and standards. Alignment with these standards is monitored by internal control mechanisms, and in case of deviations we have a clear reporting and response process.

At the heart of our internal policies for compliance is our Employee Code of Conduct. This sets out the principles of our commitment to ethical behaviour and is a contractual requirement for our staff at every level. The Code of Conduct covers our standards on topics including bribery, corruption, fair competition, conflict of interest and discrimination. An updated Code was rolled out in 2022, as we continue to improve and solidify our compliance practices.

Supporting this code are a number of specific policies, such as our Anti-Corruption, Anti-Discrimination, and Global Information Security Policies. Another crucial subject in our compliance program is the management of ethical standards in our supply chain. This is addressed in detail below in the section 'Supply Chain & Human Rights'.

In 2022 we launched the compliance site on our company intranet, where these policies are available to all our employees. This is a major step towards our overarching goal to unify our internal policies across all our operating regions. Through the intranet platform, we can now ensure that policies are available in a standard form to the whole organisation, and that updates to these policies are rolled out immediately.

This intranet page also supports the measures which ensure ongoing alignment with these compliance standards. Firstly, it contains a dedicated page on our breach reporting and whistleblowing processes and provides access to our whistleblowing platform. Ensuring continued alignment to our high ethical standards requires a frictionless way for employees' concerns to be registered. This is the spirit of our "Speak Up" approach, through which employees are encouraged to voice any concerns they may have about breaches of the law, the Code of Conduct or other internal policies, without any fear of repercussions. Issues can be reported in person, but to guarantee total anonymity we use a third-party web application to allow stakeholders to register any suspected misconduct. Our intranet page ensures availability and awareness of this platform for our employees and the whistle-blowing system can also be accessed via our website by external stakeholders. This whistleblowing process is key to the effectiveness of the compliance framework.

Additionally, the intranet platform provides links to our e-learning tool, CREA, which provides training on anti-corruption, bribery and data protection topics. This continual training and communication ensures that understanding of our standards is always being reinforced. Compliance training through CREA is included in our Welcome Days for new employees, as is training on the use of our whistleblowing platform. Employees are then required to undergo annual refresher training on these policies, to reaffirm their commitment to these standards.

In addition to unifying our compliance approach across our operating locations, we want awareness and consideration of compliance issues to be straightforward and commonplace for our employees. To this end, in 2022 we began to introduce compliance ambassadors in our regional offices, to serve as first contacts for staff on compliance subjects. These have currently been embedded in our UK office, as well as some regional offices in Germany. In order to enable an open culture around compliance questions, these ambassadors are not officers of the Compliance department, but are empowered to serve as sources of information and guidance for staff across the organization. We aim to intensify our collaboration with our local compliance ambassadors in 2023.

GCP does not engage in any unlawful lobbying activities or make donations to political parties. However, as a member of bodies such as the German Sustainable Building Council (DGNB), German Property Federation (ZIA) and the European Public Real Estate Association (EPRA) we participate in consultations on public policy. For example, we have been involved through EPRA in consultation with the EU on the real estate applications of their Sustainable Finance and Taxonomy Regulations.

KEY PERFORMANCE INDICATORS

KPI	2022	2021
Number of confirmed compliance violations	0	0

We monitor the effectiveness of our compliance framework by tracking the number of compliance violations. We continue to carefully analyse the evolving market and regulatory environment in conjunction with further appropriate development of internal structures. In 2022, zero relevant compliance cases were reported within the Group.

For the purpose of this report, Grand City Properties considers a compliance case to be relevant either when it has the potential to materially harm the reputation of GCP, will have a significant impact on an investor's decision to invest in GCP or if it may lead to a significant financial damage (of > €500,000). Those cases reported to the compliance department in 2022, were treated with the highest attention and considered carefully based on the provided definition of relevance. It was determined that none of the cases could be considered relevant.

For more information on our approach and performance, please see the Fair Business & Compliance Sustainability Insight, available to download from the sustainability section of our website.

Supply Chain & Human Rights

GCP believes that respect for human rights is a non-negotiable foundation for any business. As such, our commitment to maintaining stringent standards of ethical behaviour extends throughout our value chain as well as to our own operations.

Long-term Targets

- Maintain zero human rights violations in the supply chain
- Increase the number of business partner audits

2023 Goals

- Distribution of our new Business Partner Code of Conduct, together with the new Business Partner Questionnaire.
- Alignment of our policies to the new Supply Chain Act in Germany.

POLICIES AND ACHIEVEMENTS

In our regions of operation, human rights are protected by the strict legal framework of the European Union, meaning that concrete human rights violations are not a substantial risk. This means that the most material business impact of this topic is as a compliance issue, so our comprehensive controls on human rights throughout our value chain are managed through our compliance framework.

The Supply Chain Act in Germany has been a significant development in 2022. Adapting our supply chain management procedures in preparation for compliance with the new law has been a focus for our compliance team this year, and will be a major ongoing project in 2023. As with all our compliance framework procedures, we aim to unify our procedures across operating locations to create a consistent, best-practice approach.

Our Human Rights Policy sets out our commitment to act in accordance with internationally recognised standards of human rights, including the UN Guiding Principles on Business and Human Rights, the Declaration of the International Labour Organization (ILO) on Fundamental Principles and Rights at Work, and the International Bill of Human Rights. These principles cover equality, freedom of association, safe work environments, and education and development. The policy also sets out our expectations for suppliers, our process for monitoring and responding to violations and infringements, and requirements for reporting.

Prior to contracting our Business Partners, we conduct checks regarding their reputation, ability to provide the proposed work and their compliance with the respective local laws. GCP's Code of Conduct for Business Partners is a contractually binding part of all of our business partner relationships. In 2022, we undertook a comprehensive review process for this Code of Conduct, and the new Code will be brought into operation in 2023. To ensure that our requirements are both practical and sufficiently thorough, we worked closely with leading experts to develop a robust system for reporting and monitoring which can be integrated into their operations smoothly. The Code requires an explicit commitment to the core principles of the Agreement of the Governing Body of the ILO, the Principles of the UN Global Compact, and the OECD Guidelines for multi-national companies.

The requirements imposed by the Code are flexible, depending on the materiality of the potential risks. This ensures that greater scrutiny is placed on companies whose operations are deemed to be a greater risk for human rights violations. Based on this continuous monitoring of their safety and compliance practices, we categorise our business partners internally according to their associated risk level, informing the level of attention required in future risk management.

Since our business model includes on the refurbishment of underperforming properties, much of our supply chain consists of building work carried out by construction companies and their subcontractors. Since these sub-contractors do not operate under our direct oversight, this introduces a risk area for human rights violations, for which specific controls are in place.

Each construction undertaking is managed by a dedicated GCP project manager, who engages directly with the on-site contractors and sub-contractors. These project managers evaluate compliance with the Code of Conduct during their site visits, such as inspections and acceptance of partial deliveries. We also conduct spot checks of business partners' compliance through our operational departments. This supplements our standard systems for auditing the activities of our business partners to control for the different risk potential.

Our property management business also outsources facilities management services. These companies are required to have their own human rights guidelines in place and are also subject to the Code of Conduct for Business Partners. Our facilities managers are required to complete questionnaires regarding their compliance practices, in which they must confirm that they have conducted their own human rights checks on any sub-contractors and that they comply with all relevant human rights laws.

KEY PERFORMANCE INDICATORS

KPI	2022	2021
Reported human rights violations	0	0

No instances of human rights' violations of any form were brought to our attention.

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

Leipzig

Mannheim

Data Protection

We have a deep commitment to protecting the privacy of our stakeholders' data, which goes beyond what is required of us by regulation. The volume of data handled in the course of business increases every year, and we take the trust placed in us to protect the confidentiality of this data very seriously.

Long-term Targets

- Identify risks proactively, to detect and eliminate weaknesses before they can become threats
- Embed a culture of awareness and vigilance throughout our staff, through consistent training and reinforcement
- Pursue continual improvement of the security of our digital systems

2023 Goals

- Conduct further technical crises training and simulations to enhance our ability to respond to cybersecurity events
- Work with an external partner to improve our data loss prevention strategy
- Carry out additional audits on our ISMS to ensure that it conforms to all relevant criteria
- Deploy advanced security technologies
- Introduce a digital "Welcome Day" to provide assistance and guidance to new employees

POLICIES AND ACHIEVEMENTS

The development of our Information Security and Privacy Strategy has been a years-long project. The strategy is spearheaded by our in-house cybersecurity leads, who sit in on the board's Risk Committee meetings to reflect data security considerations in our top-level risk management processes. Our ISO 27001 certification for our Information Security Management System (ISMS) at our headquarters in Berlin, which we received in 2021, was maintained in 2022 with no issues for correction raised. The certification only applies to our head office, but our local German offices fall under the same implementation scope, and apply all relevant policies and procedures. For operational reasons, all digital information flows through Berlin, making this the most material location to focus our certification effects.

The core principles of our Information Security Management System are:

- Confidentiality: encryption wherever data is stored or accessed
- Integrity: establishing procedures to prohibit unauthorized personnel to alter information
- Availability: designing systems to minimize downtime
- Security: securing business information pertaining to company operations
- PII: enforcing the security and confidentiality of processed personal information
- Regulations: satisfying regulatory (such as GDPR) and other information security requirements
- Awareness: training employees on how to identify threats and act according to company guidelines
- Resilience: protecting our systems and networks as well as the data contained therein from malicious activities
- Information Assets: ensuring that all networks, systems and applications comply with confidentiality, integrity and availability

As part of our proactive approach to risk identification, in 2022 we also conducted internal audits in London and our regional offices across Germany. These were designed to compare the effectiveness of measures at these offices to the implementation at our HQ, to ensure that application of our procedures is unified across our business locations. The results demonstrated good levels of compliance across the organisation, and opportunities to improve practice at these sites further were identified. A new team member joined our data protection team in 2022, increasing our resources and expertise for such data protection audits. Our goal is to continue to conduct more audits, to pinpoint weaknesses before they can become threats.

Data protection requires more than robust procedures for our staff; proper security also requires proper digital systems. In 2022, we upgraded our main firewall to a new product, which provides us with unique capabilities to support the company's digital resilience. It will allow us to improve our redundancy in case our main data centre is down, detect sophisticated network threats better, connect to multiple tenants from the same computer, and more.

layer for external IT service providers which enforces MFA, session recording, least privileges and requires approval before each session. For our external business service providers, we have implemented DUO, which checks the compliance of the operating systems that connect to ensure that they are well protected with a recent operating system, a malware solution and encryption. External service providers can only connect if all these standards are fulfilled.

To ensure adequate security in our processes for saving and sharing information, all documents are labelled with an information security classification, from Public to Restricted, which requires password protection for the document. In 2022 as part of our ongoing Data Loss Prevention Project, we analysed all data on its keywords and attributes to create a system which automatically attributes this security label in the footer of all documents. When completed in early 2023, this project will considerably streamline the workload of these security procedures, allowing for standardized information control across the organisation.

To embed our data protection system across the Company, we place great importance on training and awareness for our staff. All our employees are required to complete video-based training modules on data protection. These are regularly developed to keep the training provided up-to-date. A new course on the GDPR was launched on our e-learning platform CREA in October 2022. CREA also offers Information Security training modules for temporary employees and business partners with access to GCP's IT systems. All personnel are required to sign a company statement of their commitment to data protection.

Beyond initial training on our data protection procedures, we emphasise continued learning and awareness efforts. The GCP's Standard Operating Procedures (SOPs) set out expected courses of action for day-to-day activities, such as saving and storing information or handling requests for data. Permanent employees must complete mandatory refresher trainings every 18 months, to reinforce their knowledge of these procedures and awareness of data protection risks. We issue regular internal campaigns and communications emphasizing alertness to phishing and malware attacks, such as a new awareness video on the importance of data protection at work which was produced in 2022.

We monitor potential security incidents and data protection breaches as an indicator of the effectiveness of our operational procedures. In 2022, GCP reported one data protection breach. Generally speaking, in the event of any confirmed incident, a response team is formed to immediately investigate the matter and recommend remedial actions to prevent a similar occurrence.

KPI	2022	2021
Number of reportable data protection breach instances	1	0
ISO 27001: number of major non-conformities	0	4
ISO 27001: number of minor non-conformities	6	-

For more information on our approach and performance, please see the Data Protection Sustainability Insight, available to download from the sustainability section of our website.

EU Taxonomy

The EU Taxonomy is a classification system for the identification of sustainable economic activities. Its purpose is to offer companies, investors and policymakers a standard set of definitions for which economic activities can be considered sustainable in order to create security for investors, protect against greenwashing and encourage investment into more sustainable activities. The EU Taxonomy is currently comprised of six environmental objectives: Climate Change Mitigation; Climate Change Adaptation; Sustainable Use and Protection of Water and Marine Resources; Transition to Circular Economy; Pollution Prevention and Control; and the Protection and Restoration of Biodiversity and Ecosystems. To date, detailed criteria to determine the Taxonomy eligibility and alignment have been developed for the first two of these. Draft criteria for the other four objectives, as well as a draft Social Taxonomy, have been published and are expected to be officially adopted in the near future.

In 2021, GCP has already reported on its Taxonomy-eligible activities in accordance with Article 8 of the EU Taxonomy Regulation[6] and its supplementary Delegated Acts[7]. In 2022, GCP undertook for the first time an assessment of the the Company's Taxonomy-aligned turnover, capital expenditure (CapEx) and operating expenses (OpEx) relating to the EU Taxonomy environmental objectives Climate Change Mitigation and Climate Change Adaptation for the financial year ending 31 December 2022.

METHODOLOGY

Approach taken to determine Taxonomy-eligible activities

In order to determine Taxonomy eligibility, GCP first identified all activities undertaken by the Company. This assessment was first conducted in 2021 and involved multiple discussions with various departments, including energy, operations, construction, finance and was managed by the Sustainability Department. During this identification process, the list of eligible activities was reviewed with a focus on those activities relevant for the energy sector (section 4), the construction and real estate sector (section 7) and other activities, such as "Professional, scientific and technical activities" (section 9).

In 2022, the Sustainability Department reviewed the activities identified previously and determined the list was still up to date with the exception that any installation of photovoltaic systems would be reported under activity 7.6 (installation, maintenance and repair of renewable energy systems), instead of activity 4.1 (electricity generation using solar photovoltaic technology) in light of further clarification published by the European Commission in December 2022.

Hence, the following seven Taxonomy-eligible activities, as defined within Annex I and II of the delegated act, were identified as being undertaken by GCP:

- Construction of new buildings (7.1)
- Renovation of existing buildings (7.2)
- Installation, maintenance and repair of energy efficient equipment (7.3)
- Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4)
- Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (7.5)
- Installation, maintenance and repair of renewable energy systems (7.6)
- Acquisition and ownership of buildings (7.7).

The above activities were determined as relevant for both environmental objectives – Climate Change Mitigation and Climate Change Adaptation.

Despite the activities' contribution to both objectives, GCP considers itself as contributing more to Climate Change Mitigation than Climate Change Adaptation through the energy efficiency improving renovations of its assets. Nevertheless, with the refurbishment of our properties, they also become more climate resilient. GCP has also adopted several specific adaptation solutions which will increase the contribution to the second environmental objective in the upcoming years.

As a consequence, the Taxonomy Key Performance Indicators (KPIs) are reported with regard to climate change mitigation only. Whereas turnover and OpEx are relevant only for activity 7.7, CapEx may be relevant for all other activities of category 7 that GCP reports on.

We note that the amendment of the Delegated Regulation published by the European Commission in July 2022 with regard to the inclusion of economic activities in certain energy sectors does not apply to the Company. Under the amended delegation atomic energy and fossil gaseous fuels activities may be considered as environmentally sustainable under certain conditions. GCP does not engage in such activities.

6. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852

7. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R2139; https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2178

Attributing data to economic activities

Although our construction and operations departments have started to put into place processes in 2022 that allow for the allocation of projects or activities to the relevant economic activities, the majority of bookings had to be analysed and evaluated manually for eligibility and alignment. Using determined commodity codes relevant to each identified economic activity, based on information provided in guidelines and resources by the European Commissions, the bookings could be allocated to the correct eligible economic activity. This attribution process was necessary for CapEx mostly.

The majority of turnover is generated in relation to activity acquisition and ownership of buildings (7.7), in the form of rental income. The Group also derives a comparatively small amount of other income that is not related to eligible economic activities. Additionally, OpEx is also reported as relating to activity 7.7, since it corresponds to the maintenance measures at GCP's properties.

Assessment of aligned activities

In order for an economic activity to be aligned with the EU Taxonomy, three requirements need to be fulfilled:

1. it has to make a substantial contribution to the achievement of one or more EU environmental objectives ("substantial contribution")
2. it does not significantly harm any other EU environmental objective ("do no significant harm")
3. it is in compliance with minimum social standards on topics such as Human Rights, Labour Standards and Anti-Corruption ("minimum social safeguards")

Based on these requirements, checks for Taxonomy alignment relate to different business levels at GCP. Whereas substantial contribution to climate change mitigation is assessed at the individual asset or project level, the "do no significant harm" (DNSH) criteria apply rather to the economic activity itself. The DNSH criteria for Climate Change Adaptation which requires a climate risk and vulnerability assessment, was conducted for GCP as a whole.

Compliance with minimum social safeguards was also evaluated for GCP at a company level.

8. https://index-esg.com/

Substantial Contribution Assessments

This section outlines the checks conducted for substantial contribution to Climate Change Mitigation relevant to GCP's eligible economic activities.

Starting with acquisition and ownership of buildings (7.7), this is the only activity for which GCP reports turnover and OpEx. Turnover is only considered as making a substantial contribution to 7.7 if the relevant buildings – provided they were constructed before 31 December 2020 – have been assigned energy efficiency class A (or better) or are among the top 15 percent of regional or national housing stock in terms of primary energy demand. For buildings constructed after 31 December 2020, the same criteria for significant contribution to climate change mitigation apply as for new constructions, activity 7.1 (see below).

As GCP Group acquires existing buildings with renovation potential, they are mostly built before 31 December 2020.

After thorough review of the available methodologies, the Company has adopted the 15% benchmark approach based on data published by a publicly available index[8], that has been endorsed by the German Sustainable Building Council (DGNB), a non-profit focused on making buildings more sustainable. The index uses average yearly primary energy consumption data per asset type from its vast database of European clients' consumption data to establish top 15% and top 30% benchmarks for Germany, the UK, Benelux and other countries. We note that this approach was adopted for the German portfolio only, whereas for the UK portfolios for which EPC ratings were readily available, the EPC rating approach was followed.

Hence, aligned turnover and OpEx was only calculated in relation to the properties that fall within the top 15% of building stock (German portfolio) or have an EPC rating A and above (UK portfolio). However, due to issues with data availability on energy performance for our UK assets, these are not fully captured in the turnover and OpEx calculations and it is therefore likely that our aligned percentages are actually higher than presented.

As for the substantial contribution criteria for the activity new construction (7.1), the relevant building has to show a primary energy demand that is at least ten percent below the national standard for nearly zero-energy buildings. In addition, for buildings larger than 5000m^2 further criteria have to be fulfilled upon completion in order to be aligned: tests for air-tightness and thermal integrity, as well as a life-cycle Global Warming Potential of the building. At GCP, new constructions constitute a very small percentage of its business activities. Due to lack of data with regard to the fulfilment of substantial contribution criteria for new construction (7.1) projects – which only presents a small percentage of our activities – it is therefore reported as eligible only in this year's report.

The substantial contribution criteria for the renovation of existing buildings (7.2) involve that the refurbishment results in at least a 30% reduction in primary energy demand within three years or qualifies as a major renovation. GCP checked compliance with these criteria by assessing whether the renovation project touches 25% of the building envelope or more and meets the cost-optimal minimum energy performance requirements as laid out in the German buildings energy act, *Gebäudeenergiegesetz* (GEG), implementing the EU Directive 2010/31/EU. If this is the case, the CapEx can be considered as aligned. If this is not the case, the CapEx is assessed under the substantial contribution criteria for individual energy efficiency measures as described in 7.3, the activity regarding the installation, maintenance and repair of energy efficient equipment. Depending on the individual measure that was conducted, compliance with the relevant technical criteria laid out in the GEG is evaluated. Only if these were met CapEx allocated to 7.3 is considered as aligned.

There are no additional technical screening criteria for activities 7.4, 7.5 and 7.6 beyond the list of individual measures described for each activity. In 2022, GCP did not incur any CapEx for activities 7.4 and 7.6, just for 7.5.

Do No Significant Harm Assessments

As mentioned above, in order for an economic activity to be aligned, the EU Taxonomy employs the principle of 'do no significant harm' (DNSH). As such, in addition to making a substantial contribution to one of the environmental objectives, it must be shown that each activity does not significantly harm any of the other objectives, as defined by the Technical Screening Criteria in the First Delegated Act to the Taxonomy.

Since all eligible activities were assessed for making a substantial contribution to climate change mitigation, the DNSH assessments were performed only for those that met the technical criteria for substantial contribution. As data with regard to the fulfilment of substantial contribution criteria was not readily available for our new construction (7.1), projects no further DNSH checks were conducted for this activity and is therefore reported as eligible only in this year's report.

Regarding activity 7.2, substantial contribution criteria were met, which therefore required checks with regard to compliance with four DNSH criteria: Climate Change Adaptation, Protection of Water and Marine Resources, Circular Economy, Pollution.

For activity 7.3, DNSH criteria exist for the environmental objectives of Climate Change Adaptation and Pollution Prevention, whereas for the activities 7.4 - 7.7 only Climate Change Adaptation applies. Note that 7.4 and 7.6 are not reported for GCP as no CapEx incurred in 2022 for these activities.

The assessments performed against these different DNSH criteria are discussed in turn below.

- **Climate Change Adaptation:** All economic activities in category 7 (construction and real estate), require that a robust climate risk and vulnerability assessment is conducted following the steps laid out in Appendix A of the Delegated Act[9]. Please refer to the section on Climate Change Adaptation in this report for further information on this assessment and the adoption of relevant adaptation solutions.
- **Protection of Water and Marine Resources:** Water appliances for bathrooms and kitchens need to follow specifications on maximum water flow and flush volume outlines in Appendix E of the EU Taxonomy Regulation. As GCP renovates only residential buildings, this DNSH does not apply.
- **Transition to a Circular Economy:** At least 70% by weight of non-hazardous construction and demolition waste generated on the construction site are prepared for reuse, recycling and other material recovery. GCP complies with national legislation on recycling requirements, and so do its renovation projects in Germany. The German Circular Economy Act *Kreislaufwirtschaftsgesetz (KrWG)*, which implements EU Directive 2008/98/EC on waste, as well as its amending Directive 2018/851/EU[10], stipulates a recycling rate of 70% by weight for construction and demolition waste.
- **Pollution Prevention:** In order to prevent pollution through toxic and environmentally harming chemicals, non-financial undertakings are required to confirm that a number of chemical substances mentioned in Appendix C of the EU Taxonomy Regulation are not manufactured, placed on the market or being used in any economic activity. As this DNSH criteria is relevant for three of our economic activities (7.1, 7.2 and 7.3), the Company has created a questionnaire outlining the specifications of Appendix C which has been sent to our largest contractors to confirm non-usage of these chemicals in our building materials and at our construction sites. It has been made clear in the European Commission's FAQ document from December 2022 that such proof must come from the supplier itself.

9. https://ec.europa.eu/sustainable-finance-taxonomy/assets/documents/CCM%20Appendix%20A.pdf

10. https://www.bmuv.de/gesetz/kreislaufwirtschaftsgesetz

Minimum Social Safeguards

The EU Taxonomy states that activities may not qualify as environmentally sustainable unless they comply with minimum social safeguards. This requires alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as the fundamental conventions of the International Labor Organization (ILO) and the International Bill of Human Rights.

GCP has several corporate policies in place that make reference to these international standards and frameworks to ensure alignment with these social minimum safeguards. These policies include our Human Rights Policy, the Business Partner Code of Conduct and Employee Code of Conduct, as well as the Anti-Corruption Policy.

To assess the alignment of this framework to the required minimum safeguards, in particular on the topic of human rights, the Company has made reference to the report of the Platform on Sustainable Finance of October 2022[11], in which two criteria to determine compliance with the safeguards were established. These are:

1. That the company has established adequate human rights due diligence (HRDD) processes, as outlined in the UNGPs and OECD Guidelines for Multi-nation Enterprises (MNE).
2. That there are no indications that the company does not adequately implement HRDD, resulting in human rights abuses.

Demonstrating adequate HRDD for the purposes of the first criterion requires that the following six key steps have been implemented:

Six-Steps of Human Rights Due Diligence

1.	Adopting and embedding a commitment to Human Rights Due Diligence into policies and procedures
2.	Identification and assessment of adverse impacts, including through stakeholder engagement
3.	Taking actions to cease, prevent, mitigate and remediate adverse impacts
4.	Tracking the implementation of these actions and its results
5.	Communicating publicly on the approach of HRDD and actions taken to avoid and address adverse impacts
6.	Providing or cooperating in remediation, incl. establishing or participating in grievance mechanisms where individuals and groups can raise concerns about adverse impacts

11. https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

GCP has addressed and implemented these six steps through embedding the topic of Human Rights in its policies, including the Human Rights Policy, as well as Employee and Business Partner Codes of Conduct and by conducting annual Human Rights online trainings with its employees.

Taking into account adverse impacts on human rights in the Company's materiality assessments and risk management, GCP has identified and addressed potential risks in the areas of construction and refurbishment/maintenance of the business through a number of measures and processes. For instance, GCP's critical suppliers (those with a contract volume of >€500,000 per annum) are required to sign the Company's HR questionnaire and during project implementation site visits are conducted by construction or operation departments on a quarterly basis. Furthermore, through GCP's whistle-blowing system that is accessible to employees and externals, potential human rights violations may be reported.

Any reports are tracked and investigated by our compliance department, which is responsible for the HRDD overall. Following an internal investigation procedure as documented in our Investigation Policy for handling potential violations, employees or business partners receive a warning, are fined, or banned from doing further business with the Company should the claim be confirmed. The Company may also decide to consult with authorities if necessary.

Please also see the sections 'Fair Business and Compliance' and 'Supply Chain and Human Rights' in this report, which provide further information on compliance with social minimum safeguards on corruption and fair business.

None of the negative indicators described by the Sustainable Finance Platform report with regard to human rights, corruption, fair business and taxation for the second criterion are applicable to GCP. We therefore assess that this criterion is met for GCP, and thus that the required minimum safeguards are implemented as required by Article 18 of the EU Taxonomy.

CALCULATION OF KEY PERFORMANCE INDICATORS

Based on the determination above of Taxonomy-eligible activities, GCP calculated the proportions of eligible and non-eligible activities, and the proportion of these eligible activities which is aligned, in accordance with the calculation methodologies defined in the Commission Delegated Regulation 2021/2178 published on 6 July 2021.

In general, all three Key Performance Indicators (KPIs) are calculated in accordance with IFRS in line with our consolidated annual report.

Double accounting is avoided by direct allocation of eligible and aligned KPIs to a specific economic activity, as well as a clear separation in our accounting system of CapEx and OpEx accounts. This division is further aggravated through separate bookkeeping systems at GCP's various business entities.

As mentioned earlier in this report, GCP reports KPIs only for Climate Change Mitigation and not for Climate Change Adaptation. Therefore, no separation of KPIs reporting against both environmental objectives was necessary.

The Turnover, OpEx and CapEx KPIs for aligned activities are determined according to the following calculations:

Turnover KPI

Numerator	Share of turnover derived from products and services associated with Taxonomy-aligned activities.
Denominator	Total net turnover, calculated in accordance with "IAS 1.82 a) Revenue" and consistent with the accounting principles applied to the preparation of the Group's financial statement. Please see our website for the financial statement.

The only activity from which revenue is derived that is deemed to be Taxonomy-eligible is Activity 7.7, acquisition and ownership of buildings. GCP's turnover consists to a great degree of revenue generated from rental income and operating income. The Company also derives a comparatively small amount of other income that is not related to eligible economic activities, which is not counted to the numerator but is included in the denominator. Other revenue includes mainly management fee, consulting fees as well as income from loans in connection with real estate transactions.

GCP's denominator is taken from the Company's 2022 Consolidated Annual Report. [12]Please refer to section 6 on "revenue".

The Taxonomy-aligned numerator is the sum of turnover obtained from those GCP assets that qualify as the top 15% using the earlier described methodology.

12. https://www.grandcityproperties.com/fileadmin/user_upload/03_investor_relations/Downloads/2022/GCP_FY_2022.pdf

OpEx KPI

The definition of the OpEx KPI pursuant to the EU Taxonomy Regulation:

Numerator	Share of operating expenditure that is – 1. Related to assets or processes associated with Taxonomy-aligned economic activities, including: • training and other human resources adaptation needs • direct non-capitalised costs that represent research and development 2. Part of the CapEx plan (expand / upgrade of activities) 3. Related to the purchase of output from Taxonomy-aligned economic activities 4. Related to measures allowing activities to be carried out in a low-carbon manner or with reduced greenhouse gas emissions and individual building renovation measures 5. Part of OpEx for the adaptation of economic activities to climate change
Denominator	Total operating expenditure, as the sum of direct non-capitalised costs, including – 1. Research and development 2. Building renovation measures 3. Short-term lease 4. Maintenance and repair 5. Any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party. Please see our website for the financial statement.

As such the denominator of the OpEx KPI is defined differently and is comprised only of specific accounts summarised in "property operating expenses" (section 8) disclosed in our 2022 Consolidated Annual Report. The OpEx denominator amount is therefore not mentioned as such in the Consolidated Annual Report.

Whereas in our non-financial report in 2021, reported OpEx in relation to activities 7.3 and 7.5, it is now considered as overall operating expenses that are linked to the acquisition and ownership of buildings, 7.7, and therefore to the overall maintenance and day to day servicing of properties.

Hence, for the calculation of the Taxonomy-aligned OpEx, it is linked to the extent possible, to the properties that fall within the 15% top building stock in Germany or are labeled with an EPC A or higher in the UK.

OpEx linked to research and development could not be allocated to individual properties as would be required for alignment.

CapEx KPI

The definition of the CapEx KPI pursuant to the EU Taxonomy Regulation:

Numerator	Share of capital expenditure that is – 1. Related to assets or processes that are associated with Taxonomy-aligned economic activities 2. Part of a CapEx plan (expand / upgrade of activities) 3. Related to the purchase of output from Taxonomy-aligned economic activities 4. Related to measures allowing activities to be carried out in a low-carbon manner or with reduced greenhouse gas emissions 5. Part of the CapEx for adaptation of economic activities to climate change
Denominator	Total capital expenditure, as the sum of – 1. Additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including - • IAS 16.73 e) i) and iii) Property, Plant and Equipment • IAS 38.118 e) i) Intangible Assets • IAS 40.76 a) and b) Investment Property (for the fair value model) • IAS 40.79 d) i) and ii) Investment Property (for the cost model) • IAS 41.50 b) and e) Agriculture • IFRS 16.53 h) Leases (Leases that do not lead to the recognition of a right-of-use over the asset shall not be counted as CapEx) 2. Revaluations and impairments, additions resulting from business combinations and excluding fair value change Please see our website for the financial statement[13].

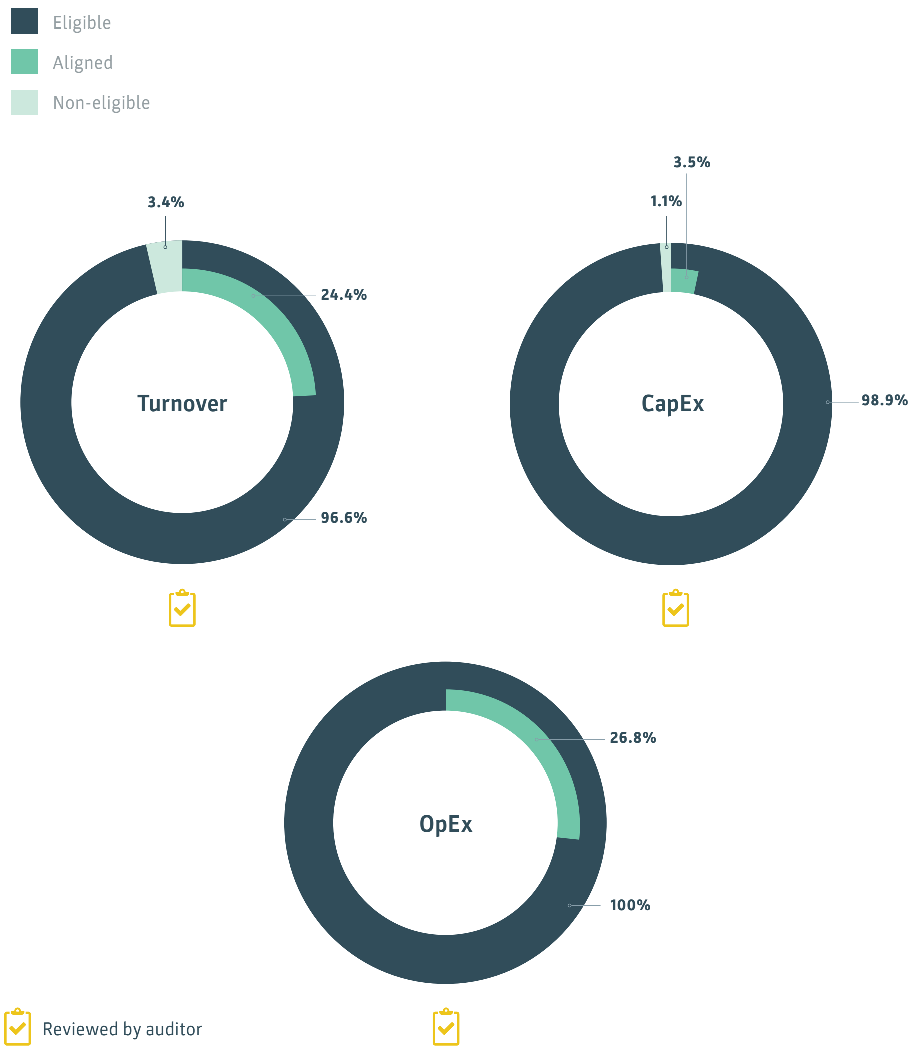
The CapEx denominator is composed of net additions to "property, furniture, fixtures and office equipment" (section 15) of €3.3m; "goodwill, software and other intangible assets" (section 15) of €1.2m, as well as "reconciliation of investment property, capital expenditure on investment property" (section 16.1) of €139.6m, as well as "Acquisition of investment property" in the amount €277.7m.

The Taxonomy-aligned Capex comprises costs incurred from economic activities 7.2,7.3 and 7.5. Where refurbishment, energy efficiency projects or renewable energy projects last for several years, only those expenses that were capitalized in the relevant reporting year are calculated as Taxonomy-eligible or aligned CapEx.

13. https://www.grandcityproperties.com/fileadmin/user_upload/03_investor_relations/Downloads/2022/GCP_FY_2022.pdf

The majority of CapEx is currently invested by our partner company. CapEx linked to activity 7.7 represents acquisitions of new assets in 2022. The CapEx numerator did not include CapEx as part of a CapEx plan.

Taxonomy-aligned, eligible and non-eligible percentages of GCP's KPIs



Reviewed by auditor

Grand City Properties - EU Taxonomy KPIs overview for the year 2022

Proportion of **turnover** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
ECONOMIC ACTIVITIES	Code(s)	Absolute turnover EUR	Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change migration Y/N	Climate change adaption Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy aligned proportion of turnover, 2022 Percent	Taxonomy aligned proportion of turnover, 2021 Percent	Category (enabling activity or) E	Category (transitional activity) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings (7.7)	L68	142,028,150	24.4%	24.4%	0.0%					N/A	Y	N/A	N/A	N/A	N/A	Y	24.4%	-		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		142,028,150	24.4%	24.4%	0.0%												24.4%	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Acquisition and ownership of buildings (7.7)	L68	420,531,783	72.2%	72.2%	0.0%													-		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		420,531,783	72.2%	72.2%	0.0%													-		
Total (A.1 + A.2)		562,559,933	96.6%	96.6%	0.0%													-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		19,944,930	3.4%																	
Total (A + B)		582,504,863	100.0%																	

Proportion of **OpEx** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

ECONOMIC ACTIVITIES	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria ('Does Not Significantly Harm'): Climate change migration	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of OpEx, 2022	Taxonomy aligned proportion of OpEx, 2021	Category (enabling activity or)	Category (transi-tional activity)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings (7.7)	L68	60,128,166	26.8%	26.8%	0.0%					N/A	Y	N/A	N/A	N/A	N/A	Y	26.8%	-		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		60,128,166	26.8%	26.8%	0.0%												26.8%	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Acquisition and ownership of buildings (7.7)	L68	164,561,608	73.2%	73.2%	0.0%													-		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		164,561,608	73.2%	73.2%	0.0%													-		
Total (A.1 + A.2)		224,689,774	100.0%	100.0%	0.0%													-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Opex of Taxonomy-non-eligible activities (B)		-	0.0%																	
Total (A + B)		224,689,774	100.0%																	

Proportion of **CapEx** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
ECONOMIC ACTIVITIES	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change migration	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of CapEx, 2022	Taxonomy aligned propor-tion of CapEx, 2021	Category (enabling activity or)	Category (transi-tional activity)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES		%																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Renovation of existing buildings (7.2)	F41, F43	12,391,794	2.94%	2.94%	0.0%					N/A	Y	Y	Y	Y	N/A	Y	2.94%	-		T
Installation, maintenance and repair of energy efficiency equipment (7.3)	F42, F43, M71	2,307,947	0.55%	0.55%	0.0%					N/A	Y	N/A	N/A	Y	N/A	Y	0.55%	-	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (7.5)	F42, F43, M71	10,014	0.00%	0.00%	0.0%					N/A	Y	N/A	N/A	N/A	N/A	Y	0.00%	-	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**14,709,756**	**3.49%**	**3.49%**	0.0%												**3.49%**	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Development of new buildings (7.1)	F41.1, F41.2	2,156,024	0.51%	0.51%	0.0%													-		
Installation, maintenance and repair of energy efficiency equipment (7.3)	F42, F43, M71	2,598,989	0.62%	0.62%	0.0%													-		
Acquisition and ownership of buildings (7.7)	L68	397,849,765	94.31%	94.31%														-		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**402,604,778**	**95.44%**	**95.44%**	0.0%													-		
Total (A.1 + A.2)		417,314,534	98.93%	98.93%	0.0%													-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		4,533,000	**1.07%**																	
Total (A + B)		421,847,534	**100.00%**																	

EPRA Sustainability Best Practices Recommendations

Introduction

Our sustainability reporting consists of two main publications: our Non-Financial Report and our accompanying Sustainability Insights which can be downloaded from the sustainability section of our website: https://www.grandcityproperties.com/sustainability/.

As members of the European Public Real Estate Association (EPRA), we also choose to report on our ESG impacts in accordance with the 3rd edition of the EPRA Sustainability Best Practice Recommendations (sBPR). Our reporting response has been split into two sections:

1. Overarching recommendations
2. Sustainability performance measures.

Overarching Recommendations

Organisational Boundaries

The information and data in this report covers the operations of Grand City Properties (GCP) spanning our direct employees and residential portfolio. As of 31 December 2022, the Company portfolio held €9.5 billion of investment property.

Landlord and Tenant Boundaries

We have followed the methodology established in last year's report for allocating energy consumption between landlord-controlled areas and tenant-controlled areas. In our 2019 baseline, we use a common area/total area ratio to apportion shared-service heating consumption between landlord and tenant spaces, based on the floor area distribution found with the property types classification appendix (3a) of the GRESB Real Estate Assessment reference guide. Thus, the whole building consumption is attributed to landlord or tenant control in proportion to the ratio of shared spaces to tenant areas expected for the property. Correspondingly, emissions from this heating are attributed to Scope 1 and 2 or to Scope 3 in the same proportion. For electricity, the consumption for tenant-controlled areas is estimated based on industry standard energy benchmarks, namely those of CIBSE.

Therefore, the energy consumption and the corresponding CO_2 emissions will now represent the entire building area i.e., of both landlord and tenant-controlled area. We recognise that under an operational control approach, the allocation of CO_2 emissions between Scope 1 or 2 and Scope 3 is dependent on the metering and sub-metering arrangement in place between tenants and landlords. However, to create an accurate representation of the entire building, we have classified indirect emissions by area apportioned between landlord and tenant spaces, as described in the methods above.

Coverage

Absolute and like-for-like portfolio data relates to the assets outlined in our Organisational Boundaries. The like-for-like subset contains all the properties which we have operated continuously for the full two-year period from 1st Jan 2021 to 31st December 2022.

Actual environmental performance data is only reported on assets for which we have operational control and for which we can collect utilities data. On an absolute basis, this included a net lettable area of 3,653,672 m^2 out of a total portfolio covering a net lettable area of 4,069k m^2 (excluding assets held for sale and properties under development) at the end of 31 December 2022. During 2022, we continued to increase the scope and quality of our environmental data collection, and are now able to report like-for like data from 89% of the net lettable area for which data is reported.

Further information relating to maximum coverage on an absolute and like-for-like basis per utility type is provided within our EPRA tables.

Data relating to our employees covers all direct employees employed by Grand City Properties, including part time and temporary workers as well as inactive employees. Accordingly, it excludes contractors and those not directly employed by us.

Reporting Period

All data relates to our financial year which coincides with the calendar year, and consequently runs from January 1 to December 31 of the year under review.

Estimation of Landlord-obtained Utility Consumption

Utility bills for the reporting year were not fully available in time for publication. In instances where the available heating data is not representative, estimations were calculated based on known consumption from other periods, following the ratio-based heating-degree-days normalization method. In the case of electricity, the consumption was extrapolated based on the weighted arithmetic mean of other known periods. In instances this was not possible for heating. Here we calculated an estimation by extrapolating expected heating consumption according to the EPC rating of the building and weather normalisation was not performed.

3. Data is only available for a proportion of units under our management control, for example regarding recycled waste. In this instance we have extrapolated data for the units where we are able to collect complete data given the similarities between our units and tenants.

We have reported the percentage of estimation that this represents per utility type in our EPRA sBPR tables.

Furthermore, we have disclosed the proportion of overall consumption that our estimation of tenant consumption represents, according to our methodology described in the section 'Landlord and Tenant Boundaries'.

Regarding only landlord-obtained utility consumption, as per the ERPA sBPR requirements, we have detailed the extent of estimations below:

- Electricity: 100 % of landlord-obtained consumption is based on available utility consumption data, with 0 % estimated.
- Heating: 86.7% of landlord-obtained consumption is based on available utility consumption data, with the remaining 13.3% estimated.

The total volume of waste is based on the contracted waste volumes at properties where this information was available. No additional estimation occurred. The total proportion of recycled waste is based on household averages published by the German environmental protection authority which represents the highest authority in the country.

Our own office utilities consumption is estimated based on the proportion of the total rental floor area occupied by Grand City Properties as we do not occupy the whole building and no sub-meters exist.

Units of Measurement & Normalization

Utilities data are reported based on absolute consumption measured in kWh (energy), t CO_2e (GHG emissions), m^3 (water) and m^3 and tons (waste).

GHG emissions are reported using location-based conversion factors published by the German Environmental Protection Association.

Where consumption is normalised, we calculate intensity indicators using floor area (m^2) for whole buildings, including tenant areas. Since we are now estimating the tenant consumption, we believe that our numerator and denominator provide a representative intensity figure.

Employee coverage rates are expressed as a percentage of GCP's total direct employees at year end.

Health and safety performance measures are calculated using the following formulae:

- Injury rate = Number of reportable injuries/Number of Full Time Employees (FTEs)
- Lost Day Rate = Number of days lost due to workplace injuries/Number of working hours
- Absentee rate = Number of days absent due to illness/ Total number of working days

Segmental Analysis (by Property Type, Geography)

Segmental analysis by geography is not relevant for our portfolio. Our assets are located within Germany and London, and therefore in the same climatic zone. Segmental analysis is instead provided by asset type and is consistent with our financial reporting.

Disclosure on Own Offices

Our own occupied office consumption is excluded from our portfolio data as we are a tenant in the building.

Restatements of Information

2021 figures for our Lost Day Rate have been restated due to a technical error in last year's reporting, where an internal metric using total number of working days as the denominator was reported in place of the Lost Day Rate as prescribed by the EPRA sBPR guidelines, which uses total number of working hours as the denominator. 2021 figures for the absolute waste have been restated due to a technical error where data had not been converted to cubic meters from litres, all 2021 waste data is now reported in cubic meters.

Narrative on Performance

Explanation and analysis of our performance in relation to the following Performance Measures are available in the relevant Sustainability Insights that are available to download on the sustainability section of our website:

- Elec-Abs; Elec-LfL; DH&C-Abs; DH&C-LfL; Fuels-Abs; Fuels-LfL; Energy-Int; GHG-DirAbs; GHG-Indir-Abs; GHG-Int: please see Energy & Climate Change
- Water-Abs; Water-LfL; Water-Int; Waste-Abs; Waste-LfL: please see Water & Waste
- Cert-Tot: please see Energy & Climate Change
- Diversity-Emp; Diversity-Pay: please see Diversity & Equal Opportunities
- Emp-Training; Emp-Dev: please see Training & Development
- Emp-Turnover: please see Employee Satisfaction
- H&S-Emp: please see Occupational Health & Safety
- H&S-Asst; H&S-Comp: please see Tenant Health & Safety
- Comty-Eng: please see Local Communities

Please see our Consolidated Annual Report for the Year Ended December 31, 2022 for further information on our Board composition and selection process.

Assurance

This Non-Financial Report and the data included within it has been assured according to the International Standard on Assurance Engagements (ISAE) 3000 (Revised), and a statement from the auditors can be found on page 63. The scope of the assurance includes the following EPRA Performance Measures in this report:

- Energy-Int (portfolio)
- GHG-Dir-Abs (portfolio), GHG-Indir-Abs (portfolio)
- GHG-Int (portfolio)
- Emp-Training
- Emp-Turnover

Sustainability Best Practice Performance Measures

EPRA ENVIRONMENTAL PERFORMANCE MEASURES: ABSOLUTE AND LIKE-FOR-LIKE

IMPACT AREA	EPRA SUSTAINABILITY BEST PRACTICE PERFORMANCE MEASURES				Total portfolio Absolute measures (Abs)		Total portfolio Like-for-like (LfL)	
Environmental impacts	EPRA code	Measurement unit	Indicator	Boundaries	2021	2022	2021	2022
ENERGY	Elec-Abs Elec-LfL	kWh	Electricity	for landlord shared services	12,442,873	13,925,039	13,189,796	12,264,324
				Total landlord-obtained electricity	12,442,873	13,925,039	13,189,796	12,264,324
				Total tenant-obtained electricity	136,411,707	155,876,902	139,165,315	139,165,315
				Total electricity	148,854,580	169,801,942	152,355,111	151,429,639
				% from renewable sources (landlord shared services)	100	100		
	Fuel-Abs Fuel-LfL	kWh	Fuel	for landlord shared services	56,980,974	52,339,825	50,177,118	46,096,296
				tenant allocated	178,364,129	165,375,643	158,103,590	145,075,075
				Total landlord-obtained fuel	235,345,103	217,715,468	208,280,708	191,171,371
				Total fuel	235,345,103	217,715,468	208,280,708	191,171,371
				% from renewable sources	0	0	0	
	DH&C-Abs DH&C-LfL	kWh	District heating & cooling	for landlord shared services	62,221,593	63,160,262	61,973,343	55,029,469
				tenant allocated	190,647,326	200,095,968	197,701,544	175,482,386
				Total landlord-obtained heating & cooling	252,868,919	263,256,230	259,674,888	230,511,855
				Total heating & cooling	252,868,919	263,256,230	259,674,888	230,511,855
				% from renewable sources	0	0	0	
GHG EMISSIONS	GHG-Dir-Abs GHG-Dir-LfL	t CO_2e	Direct	Total landlord-obtained	48,735	44,875	43,107	39,534
				Total Scope 1	11,798	10,787	10,383	9,531
	GHG-Ind-Abs GHG-Ind-LfL		Indirect	Total landlord-obtained	71,880	79,787	78,583	69,949
				Total Scope 2	17,688	23,039	22,453	20,137
			Indirect	Total tenant-obtained	91,128	90,836	56,130	49,812
				Total tenant-obtained	50,172	57,332	51,185	51,185
				Total Scope 3	141,300	148,167	107,315	100,997
	Total		Scope 1 + Scope 2		29,487	33,826	32,836	29,668
			Scope 1 + Scope 2+ Scope 3		170,786	181,994	140,151	130,665
WATER	Water-Abs Water-LfL	m³	Water	Total landlord-obtained water (Tenant sub-metered)	5,718,452	2,694,813	1,499,871	1,480,683
WASTE	Waste-Abs Waste-LfL	m³	Waste	Total landlord-managed waste (Incl. Tenants)	1,565[1]	81,450	75,529	76,953
		%		% Recycled	37.05	33.90	35.39	34.74
		tonnes		Total landlord-managed waste (Incl. Tenants)	175	8,575	10,425	8,127
		%		% Recycled	23.15	37.22	29.78	38.20
CERTIFIED ASSETS	Cert-Tot	%	Mandatory (Energy Performance Certificates)	% of portfolio certified by floor area	98.50	95.93	90.93	
				% of portfolio certified by number of properties	97.28	97.09	96.72	

(1) 2021 figures for the absolute waste have been restated due to a technical error where data had not been converted to cubic meters from litres, all 2021 waste data is now reported in cubic meters

EPRA ENVIRONMENTAL PERFORMANCE MEASURES: INTENSITIES

IMPACT CATEGORY	EPRA SUSTAINABILITY PERFORMANCE MEASURES				Total portfolio Absolute measures (Abs)		Total portfolio Like-for-like (LfL)	
Environmental impacts	EPRA code	Measurement unit	Indicator	Boundaries	2021	2022	2021	2022
ENERGY	Energy-Int	kWh / m² / year	Heating Energy Intensity		142.73	131.64	144.63	130.33
		kWh / m² / year	Total Energy Intensity (partly estimated)		186.18	178.11	191.72	177.13
GREENHOUSE GAS EMISSIONS	GHG-int	kg CO_2e / m² / year	GHG Intensity	(Scope 1+ Scope 2) / m²	8.62	9.26	10.15	9.17
				(Scope 1+ Scope 2+ Scope 3) / m²	49.93	49.81	43.32	40.38
WATER	Water-Int	m³ / m² / year	Water Intensity		3.27	2.11	1.81	1.79

EPRA ENVIRONMENTAL PERFORMANCE MEASURES: COVERAGE AND ESTIMATION

IMPACT CATEGORY		EPRA SUSTAINABILITY BEST PRACTICE PERFORMANCE MEASURES		Total portfolio Absolute measures (Abs)		Total portfolio Like-for-like (LfL)	
Environmental impacts	EPRA code	Indicator		2021	2022	2021/2022	
ENERGY	Elec-Abs Elec-LfL	m² of applicable properties	Electricity disclosure coverage	3,425,770	3,653,672	3,235,538	
		%	Proportion of electricity estimated	90.63	91.21	91.34	91.90
	Fuel-Abs Fuel-LfL	m² of applicable properties	Fuel disclosure coverage	1,391,922	1,431,792	1,256,527	
		%	Proportion of fuel estimated	24.20	8.15	5.60	
	DH&C-Abs DH&C-LfL	m² of applicable properties	Heating & cooling disclosure coverage	2,028,696	2,221,880	1,979,011	
		%	Proportion of heating & cooling estimated	35.20	17.51	18.28	
GHG EMISSIONS	GHG-Dir-Abs GHG-Ind-Abs GHG-Dir-LfL GHG-Ind-LfL	m² of applicable properties	GHG Emissions Disclosure Coverage	3,420,618	3,653,672	3,235,538	
WATER	Water-Abs	m² of applicable properties	Water disclosure coverage	1,751,269	1,277,110	829,201	
WASTE	Waste-LfL	m² of applicable properties	Waste disclosure coverage	954,054	1,099,517	954,054	

EPRA SBPR ENVIRONMENTAL PERFORMANCE MEASURES: BUILDING CERTIFICATIONS

IMPACT CATEGORY	UNIT	EPRA SUSTAINABILITY BEST PRACTICE PERFORMANCE MEASURES			EPC RATING								
					A+	A	B	C	D	E	F	G	H
CERTIFIED ASSETS	%	Cert-Tot	Mandatory (EPC) energy certificates	% of portfolio certified by floor area	0,1	0,4	9,1	27,4	24,4	19,7	9,8	5,7	3,3

EPRA SBPR OWN-OFFICES

IMPACT AREA	UNIT	EPRA SUSTAINABILITY BEST PRACTICE PERFORMANCE MEASURES			OFFICE DÜSSELDORF		HEADQUARTERS BERLIN		HEADQUARTERS BERLIN + OFFICE DÜSSELDORF	
					Like-for-like (LfL)		Like-for-like (LfL)		Like-for-like (LfL)	
					2022	2021	2022	2021	2022	2021
ENERGY	kWh	Elec-LfL	Electricity (indirect)	Total Grand City Properties obtained	49.919,00	66,232.00	652,583.64	801,794.00	702.502,64	868,026.00
		DH&C-LFL	Heat (indirect)	Total Grand City Properties obtained	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		Fuels-LfL	Fuels (direct)	Total Grand City Properties obtained	219.314,00	287,225.65	2,151,322.23	2,009,027.21	2,370,636.23	2,296,252.86
		№ of applicable locations			3\3	3\3	9\9	9\9	12\12	12\12
		applicable net rent area (m²)			2,063.82	2,413.63	18,897.31	18,593.00	20,961.13	21,006.63
GREENHOUSE GAS EMISSIONS	t CO_2e	GHG-Dir-LfL	Direct	Scope 1	44.12	57.79	432.82	404.20	476.94	461.98
		GHG-Indir-LfL	Indirect	Scope 2 (location-based)	18.36	24.36	240.02	294.90	258.38	319.26
			Indirect	Scope 2 (market-based)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		№ of applicable locations			3\3	3\3	9\9	9\9	12\12	12\12
		applicable net rent area (m²)			2,063.82	2,413.63	18,897.31	18,593.00	20,961.13	21,006.63
WATER	m³	Water-LfL	Water	Total Grand City Properties obtained	2,840.00	1,058.76	3,768	3,946.19	6,608	5,004.95
		№ of applicable locations			3\3	3\3	9\9	9\9	12\12	12\12
		applicable net rent area (m²)			2,063.82	2,413.63	18,897.31	18,593.00	20,961.13	21,310.63
WASTE (LANDLORD HANDELED)	m³	Waste LfL	Waste	Total waste	472.80	228.80	1,033.58	1,033.58	1,290.98	1,262.38
				% recycled	47	50	33	33	39	41
	tonnes			Total waste	59	59	129	129	188	188
				% recycled	57.08	57.08	57.08	57.08	57.08	57.08
		№ of applicable locations			3\3	3\3	9\9	9\9	12\12	12\12
		applicable net rent area (m²)			2,063.82	2,413.63	18,897.31	18,593.00	20,961.13	21,006.63
CERTIFIED ASSETS	%	Cert-Tot	Mandatory (EPC) energy certificates	% of locations certified	100.00	100.00	100.00	100.00	100.00	100.00
		№ of applicable locations			3\3	3\3	9\9	9\9	12\12	12\12
		applicable net rent area (m²)			2,063.82	2,413.63	18,897.31	18,593.00	20,961.13	21,006.63

IMPACT AREA	UNIT	EPRA SUSTAINABILITY BEST PRACTICE PERFORMANCE MEASURES		2022	2021	% CHANGE
ENERGY	kWh/m²/year	Energy-Int	Building energy intensity	146,61	150,63	-2,67
GREENHOUSE GAS EMISSIONS	kg CO_2/m^2	GHG-int	Greenhouse gas Scope 1 and 2 intensity from building energy	35,08	37,19	-5,67

EPRA SBPR SOCIAL & GOVERNANCE PERFORMANCE MEASURES

EPRA CODE	UNIT OF MEASURE	2021	2022
Diversity-Emp	% female (Board)	33	33
	% female (Management)	40	40
	% female (all employees)	52	52
Diversity-Pay	Ratio of basic salary and remuneration of women to men (Board)	n/a	n/a
	Ratio of basic salary and remuneration of women to men (Management)	0.65:1	0.77:1
	Ratio of basic salary and remuneration of women to men (Non-management)	0.84:1	0.92:1
Emp-Training	Average hours of training per year per employee	6.88	15.98
Emp-Dev	% of total workforce with performance appraisals	20.38	16.53
Emp-Turnover	Total number of new hires	167	222
	Rate (%)	19	25
	Total number of leavers	232	214
	Rate (%)	20.30	19.33
H&S-Emp	Injury Rate	0.0024	0.0087
	Lost day rate	0.00005[(2)]	0.00005
	Absentee rate	6.6	9.3
	Fatalities (Total Number)	0	0
H&S-Asset	% of assets undergoing health & safety assessments	100	100
H&S-Comp	Total number of incidents of non-compliance from health & safety assessments	0	0
Comty-Eng	% of assets with community engagement initiatives		
Gov-Board	Total number of executive members	1	1
	Total number of Independent members	2	2
	Average Tenure	6.8	7.8
	Total number with competencies relating to environmental and social topics	2	2
Gov-Select	Description	Please see the Corporate Governance section of our website: https://grandcity-properties.com/en/corporate-governance.html	
Gov-Col	Description	Please see the Board of Directors' Report page 36 of our Consolidated Annual Report for the year ended 31 December 2022.	

(2) 2021 figures have been restated due to a technical error in last year's reporting, where an internal metric using total number of working days as the denominator was reported in place of the Lost Day Rate as prescribed by the EPRA sBPR guidelines, which uses total number of working hours as the denominator.

Glossary

CAPEX	Capital expenditure
CCHP	Cooling heat and power solutions
CHP	Combined heat and power
CO2	Carbon dioxide
CO2e	Carbon dioxide equivalent, used to standardize the climate effects of various greenhouse gases
CR	Corporate Responsibility
CREA	Contemporary Real Estate Academy
CRM	Customer Relationship Management
DJSI	Dow Jones Sustainability Index
DGNB	Deutsche Gesellschaft für Nachhaltiges Bauen (German Sustainable Building Council)
DNSH	Do No Significant Harm (related to EU Taxonomy)
EPRA	European Public Real Estate Association
ERP Software	Enterprise resource planning software
ESG	Environmental, social and governance
EV	Electric vehicle
FFO	Funds from Operations
GDPR	EU General Data Protection Regulation
GEG	Gebäudeenergiegesetz (German Building Energy Act)
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HQ	Headquarters
HRDD	Human Rights Due Diligence
ILO	International Labour Organisation
ISMS	Information Security Management System
KrWG	Kreislaufwirtschaftsgesetz (German Circular Economy Act)
KPI	Key Performance Indicator
kWh	Kilowatt hour, a unit of energy
LTV	Loan-to-Value
MFA	Multi-Factor Authentication
OECD	Organization for Economic Co-operation and Development
OPEX	Operational expenditure
PPA	Power purchase agreement
PV	Photovoltaic
REC	Renewable Energy Certificates
SDGs	Sustainable Development Goals (of the United Nations)
SOPs	Standard operating procedures
S-ROI	Sustainable return on investment
TCFD	Task Force on Climate-Related Financial Disclosures
WALT	Weighted average lease term
ZIA	Zentraler Immobilienausschuss (German Property Federation)

Independent Practitioner’s Report on a Limited Assurance Engagement of a separate non-financial group report

To Grand City Properties S.A., Luxembourg

Conclusion

We have performed a limited assurance engagement on the separate non-financial group report (hereinafter the "non-financial group report") of Grand City Properties S.A., Luxembourg, (hereinafter the "Company" or "Grand City") for the purpose of complying with the principles of Luxembourg Law of 23 July 2016 and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework for facilitating sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the delegated acts adopted in this respect for the financial year from 1 January 2022 to 31 December 2022.

Not subject to our limited assurance engagement are the external sources of documentation, expert opinions, visual material (photos, screenshots, etc.) and the Chairman’s Statement mentioned in the non-financial group report.

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the attached separate non-financial group report for the period from 1 January 2022 to 31 December 2022 has not been prepared, in all material aspects, in accordance with the relevant national legal and European regulations and the substantiating criteria outlined by the company's legal representatives.

We do not express an audit opinion on the external sources of documentation, expert opinions, visual material (photos, screenshots, etc.) and the Chairman’s Statement mentioned in the non-financial group report.

Basis for the conclusion

We have performed our limited assurance engagement in accordance with the draft German auditing standard: Limited assurance engagement on non-financial (group) reports outside the scope of an audit of financial statements (IDW EPS 991 (11.2022), as issued by the Institute of Public Auditors in Germany, Incorporated Association [Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)] and the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibility is further described in the section "Practitioner’s Responsibility for the limited assurance engagement related to the separate non-financial group report".

Our audit firm has applied the quality assurance system requirements of the International Standard on Quality Management (ISQM 1) as issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We have complied with the German professional requirements on independence and other ethical requirements.

Emphasis of Matter - Principles for the preparation of the non-financial group report

Without modifying our conclusion, we draw attention to the explanations in the non-financial group report, in which the principles for the preparation of the non-financial group report are described. The non-financial group report was prepared by the company to meet the requirements of Luxembourg Law of 23 July 2016 and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the delegated acts adopted in this respect. Consequently, the non-financial group report is not suitable for other purposes.

Responsibility of the legal representatives and the supervisory board for the non-financial group report

The legal representatives are responsible for the preparation of the non-financial group report in accordance with the relevant national legal and European regulations and with the specific criteria outlined by the legal representatives, as well as for such internal control as the legal representatives determine it necessary to enable the preparation of a non-financial group report that is free from material misstatement, whether due to fraud or error (e.g. manipulation of the non-financial group report).

This responsibility includes the selection and application of appropriate methods to prepare the non-financial group report as well as making assumptions and estimates about individual non-financial disclosures that are reasonable under the circumstances.

The relevant regulations contain phrases and terms that are subject to considerable uncertainties of interpretation and for which authoritative comprehensive interpretations have not been published yet. Accordingly, the legal representatives have provided their interpretations of such phrases and terms in the section on the EU Taxonomy Regulation of the non-financial group report. The legal representatives are responsible for the reasonableness of these interpretations. As such phrases and terms may be interpreted differently by regulators or courts, the legality of such interpretations is uncertain.

The supervisory board is responsible for overseeing the process of preparing the non-financial group report.

Practitioner’s responsibility for the limited assurance engagement related to the non-financial group report

Our objective is to express a conclusion with limited assurance, based on our limited assurance engagement performed, as to whether any matters have come to our attention that cause us to believe that the non-financial group report has not been prepared, in all material respects, in accordance with the relevant national legal and European regulations as well as the substantiating criteria outlined by the legal representatives of the company.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a significantly lower level of assurance is obtained. The selection of the assurance procedures is at the practitioner’s discretion.

In the course of our limited assurance engagement, we performed the following assurance procedures and other activities, among others:

- Gaining an understanding of the structure of the Group’s sustainability organization and of stakeholder engagement,
- Interviews of personnel responsible for the materiality analysis to gain an understanding of Grand City’s approach to identifying material issues and corresponding reporting boundaries,
- Interviews of personnel involved in the preparation of the non-financial group report about the preparation process, internal controls relevant to that process and the disclosures in the non-financial group report,
- Identifying and assessing the risk of material misstatement of the non-financial group report,
- Performing analytical procedures on selected disclosures in the non-financial group report,
- Reconciliation of selected disclosures with the corresponding disclosures in the financial statements,
- Evaluation of the processes of identifying taxonomy-relevant economic activities and the corresponding disclosures in the separate non-financial group report.

As set out in the description of the legal representatives' responsibilities, the legal representatives have interpreted the wording and terms contained in the relevant regulations; the legality of these interpretations is subject to the inherent uncertainties mentioned in this description.

Restriction on Use and Distribution of our Report

We draw attention to the fact that the limited assurance engagement was carried out for the purposes of the Company and that the report is only intended to inform the Company of the result of the limited assurance engagement. Consequently, it is not suitable for any other purpose than the aforementioned. Thus, the report is not intended for third parties to make (financial) decisions based on it. Our responsibility is to the company alone. We do not accept any responsibility to third parties. Our conclusion is not modified in this respect.

General Terms of Engagement

The General Engagement Terms for Certified Auditors and Audit Firms as of 1 January 2017 (https://www.mazars.de/Home/Services/Audit-Assurance/Auftragsbedingungen) as well as our Special Engagement Terms for audits and audit-related services of Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft [Besondere Auftragsbedingungen für Prüfungen und prüfungsnahe Leistungen der Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft] as of 1 June 2019 shall apply during our limited assurance engagement. Clause 9 of the General Engagement Terms regulates the liability of our profession and contains a limitation of liability with respect to third parties. We shall not assume any responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the third party or such exclusion of liability would be ineffective.

We expressly point out that we do not update the report with regard to events or circumstances occurring after it was issued, unless there is a legal obligation to do so. Whoever takes note of the result of our work summarised in the above report must decide on his own responsibility whether and in what form he considers this result useful for his own purposes and extends, verifies or updates it by his own investigative actions.

Hamburg, 27 April 2023

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Philipp Killius
Partner

Corinna Kaufhold
Wirtschaftsprüferin
[German Public Auditor]